Mitsubishi Corporation

SUSTAINABILITY REPORT 2023

As of March 1, 2024

Environment

Social

Governance

Please refer to the Sustainability Website for the latest information.

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Sustainability Management

Top commitment

Message from Senior Vice President

Mitsubishi Corporation (MC), since its establishment, has held the Three Corporate Principles as its core philosophy, and aims to contribute to the sustainable development of society by conducting its global business activities with integrity and fairness in line with these principles.

The need to find solutions to the challenges facing the global environment and society is becoming more urgent, and expectations upon the private sector to be part of those solutions to societal issues such as climate change, human rights, and biodiversity are increasing year by year.

In Oct 2021, MC formulated its “Roadmap to a Carbon Neutral Society” in which we declared our goal of achieving a carbon neutral society, fulfilling our responsibility as an active player in industries including resources and energy by maintaining stable energy supply while providing decarbonization solutions.
In this Roadmap, in addition to committing to halve GHG emissions by FY2030 (FY2020 baseline) and to achieve Net Zero by 2050, we have also established “Integrated EX (Energy Transformation)/DX (Digital Transformation) initiatives to ’Create a New Future’” as a common theme for company-wide business promotion.

Furthermore, in Midterm Corporate Strategy 2024, we defined and announced our goal of creating "MC Shared Value (MCSV)" as the continuous creation of significant shared value by enhancing the MC Group’s collective capabilities in order to address societal challenges.

In addition, we also announced the redefinition of our "Materiality" as the eight crucial societal issues that the MC Group will prioritize through our business activities. We intend to continuously create MCSV by addressing the societal issues laid out in our Materiality, including ‘Contributing to Decarbonized Societies’, while pressing ahead with our growth strategies such as utilizing integrated EX/DX initiatives.

Lastly, as a company that has continued to grow alongside the society by developing business in response to the needs of the changing times, it is vital for MC to collaborate and grow together with its diverse stakeholders. With this in mind, we have established the position of Chief Stakeholder Engagement Officer (CSEO) in April 2023, and I have been appointed.

By engaging with our increasingly diverse stakeholders interactively and continuingly, we aim to grow sustainably through the creation of MCSV by incorporating third-party perspectives into our growth strategies.

Kenji Kobayashi
Senior Vice President
Corporate Functional Officer, CSEO

Sustainability Management

Philosophy and Approach Related to Sustainability

The Three Corporate Principles
Corporate Standards of Conduct
Mitsubishi Corporation Code of Conduct
Mitsubishi Corporation Environmental Charter
Mitsubishi Corporation Social Charter
Human Rights Policy
Value Creation Process

Philosophy and Approach

The Three Corporate Principles

Contributing to Society through Business Firmly Rooted in Principles of Integrity and Fairness

The Three Corporate Principles Corporate Responsibility to Society, Integrity and Fairness, and Global Understanding Through Business have served as MC's core philosophy since MC's inception, inspiring us to conduct fair and sound business activities at all times. We have constantly endeavored to enhance our compliance initiatives. Measures have included establishing the Corporate Standards of Conduct to set forth our expectations with regard to how business should be conducted, in conjunction with developing various compliance-related internal rules, introducing a compliance officer system, and expanding and upgrading risk management frameworks. The Mitsubishi Corporation Code of Conduct requires employees to conduct business in compliance with laws and regulations as well as global standards such as the Universal Declaration of Human Rights established by the United Nations (UN) and the core labor standards of the International Labor Organization (ILO). It also requires officers and employees (including full-time and part-time employees, secondees and temporary staff; hereinafter only referred to as "officers and employees") to act in a socially responsible manner by complying with the highest ethical standards, and to acknowledge commitment to the Mitsubishi Corporation Code of Conduct. MC adopted the Environmental Charter Social Charter, and Human Rights Policy in accordance with the Three Corporate Principles, and we commit to increase our corporate value as well as to contribute to the sustainable development of society, as a globally integrated business enterprise. MC Group companies share a common history and philosophy* as they continue to grow together and learn from one another.

MC will fulfill our mission of simultaneously generating economic value, societal value, and environmental value through our business activities.

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.

(The modern day interpretation of the Three Corporate Principles, as agreed on at the Mitsubishi Kinyokai meeting of the companies that constitute the so-called Mitsubishi group in January 2001.)

* The Three Corporate Principles, Corporate Standards of Conduct, Code of Conduct, Environmental Charter, Social Charter, and Human Rights Policy are shared with all MC Group employees globally via a portal site for MC Group companies as well as through various internal training programs.

Corporate Standards of Conduct

1. **Aim of Corporate Business Activities**
   Through its business activities, Mitsubishi Corporation will endeavor to increase its value. At the same time, MC will strive to enrich society in all ways, developing and offering its customers the best services and products, with the highest regard for safety.
2. **Fairness and Integrity in Corporate Business Activities**
   Mitsubishi Corporation will continue to develop its business activities in compliance with all relevant laws, international regulations and internal rules. MC will act responsibly and will respect the highest social standards.
3. **Respect for Human Rights and Employees**
   Mitsubishi Corporation will respect human rights and will not engage in any discrimination. MC will preserve and improve its corporate strengths through the development of its employees, all the while respecting the character and individuality of each employee.
4. **Information Security and Disclosure**
   While Mitsubishi Corporation will continue to develop, implement and improve the effectiveness of its information security management system, at the same time MC will disclose information accurately and in a timely fashion, so as to maintain transparency and be correctly understood by both its stakeholders and the general public.
5. **Consideration for Environmental Issues**
   Mitsubishi Corporation understands that an enterprise cannot continue to prosper without consideration for its environmental performance, and will strive to protect and improve the global environment and pursue sustainable development through all aspects of its business activities.
6. **Contribution to Society**
   As a responsible member of society, Mitsubishi Corporation will actively carry out philanthropic programs in an effort to promote the enrichment of society. Moreover, MC will support efforts of its employees to contribute to society.

Mitsubishi Corporation Code of Conduct

Basic Policy

All officers and employees of Mitsubishi Corporation (the “Company”) must comply with all applicable laws, rules and regulations where they operate, international standards and rules, and all internal corporate rules and policies. In addition, all officers and employees of MC must act in a socially responsible manner by complying with the highest ethical standards in the conduct of their business.

Basic Principles

1. Respect human rights, and do not discriminate on any basis or engage in any form of harassment.
2. Maintain a high regard for environmental considerations in conducting our business operations, and ensure that our business is conducted in an environmentally sustainable manner,and comply with treaties, laws and regulations concerning the environment.
3. Promote fair business practices and comply with trade rules, regulations, and internal corporate rules and policies.
4. Comply with the rules and regulations of international trade.
5. Protect and properly use confidential and proprietary information, protect the rights of MC and respect the rights of others.
6. Do not engage in insider trading.
7. Avoid conflicts of interest with MC; maintain a distinction between corporate and private business.
8. Record and report accounting and financial information timely and accurately.
9. Maintain proper legal and ethical standards with respect to gifts and entertainment.
10. Resolutely oppose any organization, group or individual engaged in unlawful activities and do not provide money or other types of economic benefits to them.
11. Promptly report to or consult the superiors, the Group Compliance Officers, the relevant departments, the Secretariat for the Compliance Committee, or the outside counsel in charge of Compliance upon discovering or committing any violations of this “Code of Conduct.”

Mitsubishi Corporation Environmental Charter

At Mitsubishi Corporation we consider the Earth itself to be our most important stakeholder and are continually working towards the realization of a sustainable society through our business activities.

- We will strive to reduce greenhouse gas emissions by continually implementing new efficiency measures and embracing new technologies.
- We will promote the sustainable use of natural resources including energy, minerals, food stocks and water throughout our global business operations.
- We recognize the critical importance of what ecosystems can provide and are committed to protecting ecosystems and mitigating any potential impacts on biodiversity.
- We will strive to create and enhance environmental value through environmental conservation and environmental impact reduction measures including pollution prevention.
- We will continue to actively engage and work with our various stakeholders openly and transparently and disclose information on the environmental impacts of our business operations in an appropriate and timely manner.
- We will conduct all of our activities in compliance with environmental laws while adhering to international rules and social standards.

Mitsubishi Corporation Social Charter

Mitsubishi Corporation strives to achieve sustainable societal value though our business operations by contributing towards lasting solutions to the wide spectrum of sustainability challenges facing today's global society.

- We will work to address local societal challenges in the regions and communities in which we operate, contributing towards lasting and sustainable development through our business activities.
- We will continue our wide-ranging philanthropic commitments while regularly adapting our approach in line with ever-evolving societal needs and challenges.
- We will fully respect human rights and indigenous peoples' rights.
- We will fully respect fundamental labor rights and endeavor to ensure the provision of proper working environments with consideration for safety, health, and other aspects.
- We will not engage in corruption of any kind and will take appropriate preventative measures to safeguard against such practices.
- We will continue to actively engage and work with our various stakeholders openly and transparently and disclose information on the social impacts of our business operations in an appropriate and timely manner.

Human Rights Policy

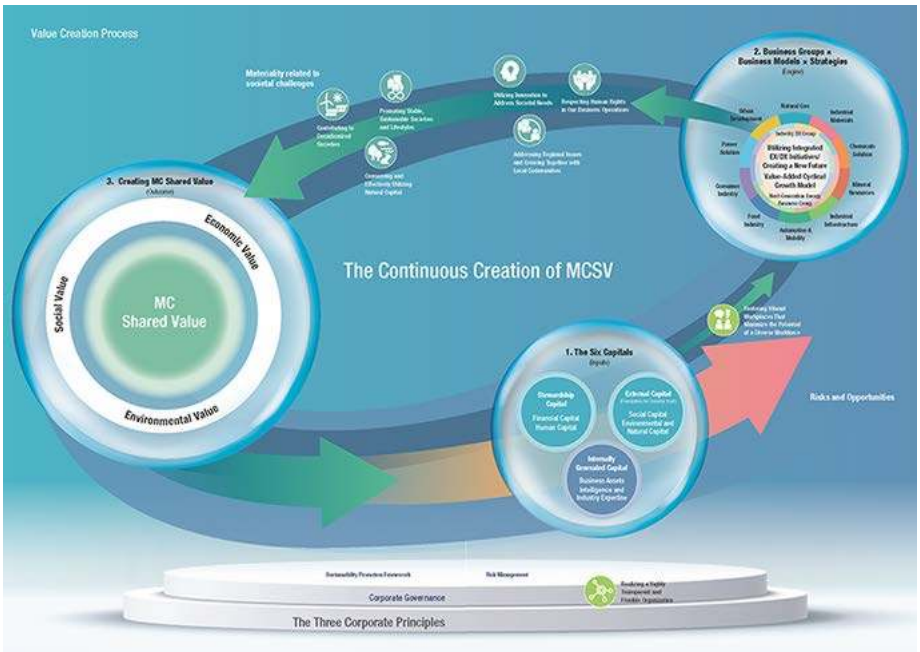
MC has formulated a Human Rights Policy to organize and clarify its approach to human rights and to promote efforts to respect them.

Value Creation Process

MC's businesses are underpinned by financial and other capitals which exist both internally and externally.

We invest the capitals into businesses to address social challenges through our businesses and continuously create significant shared value. The created shared value strengthens the capitals and becomes a source of further value creation. By repeating this cycle, we aim to achieve sustainable growth.

For more details of Value Creation Process,please refer to our Integrated Report (Integrated Report / Annual Report | Mitsubishi Corporation).



Sustainability Management

MC’s Sustainability Promotion Framework

MC’s Sustainability Promotion Framework
Companywide Sustainability Framework
Promoting Sustainability Through Business
Disclosure (about the Sustainability Website)
Dialogue with Stakeholders (Incorporating External Perspectives)

MC’s Sustainability Promotion Framework

Sustainability Initiatives

MC's Three Corporate Principles call upon us to "strive to enrich society, both materially and spiritually, while contributing towards the preservation on the global environment".

In recent years, expectations and demands for companies to address various societal challenges have been increasing. Guided by our Materiality, a set of crucial societal issues that we will prioritize through our business activities, we aim to continue to grow together with society by continuously creating MC Shared Value, as set forth in Midterm Corporate Strategy 2024.

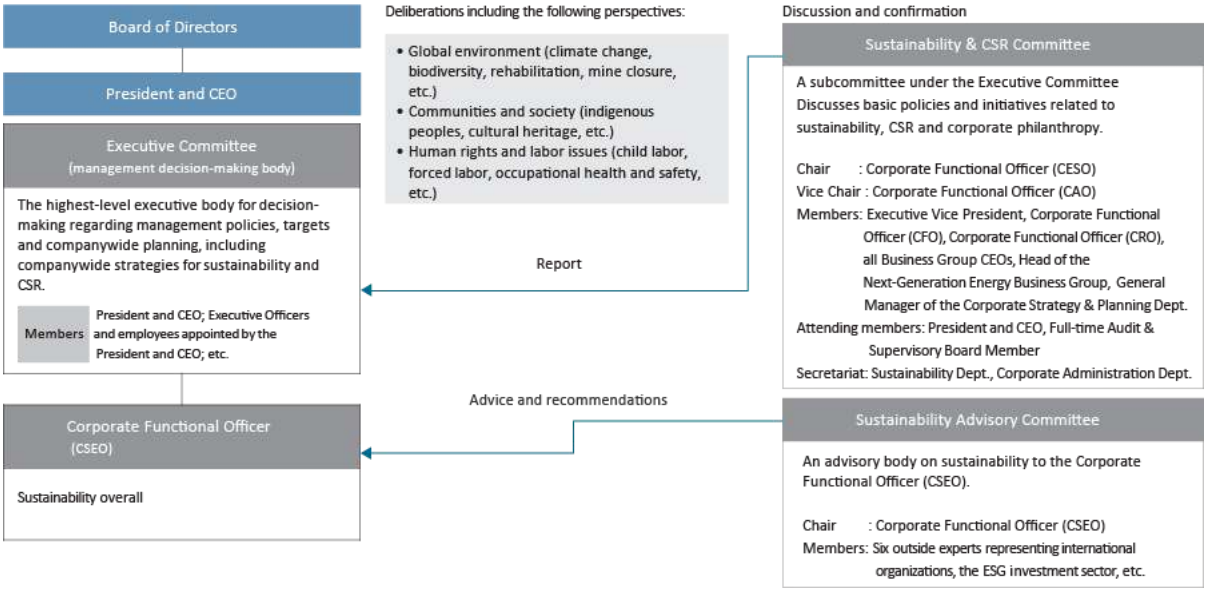
Furthermore, in order to increase our corporate value in line with the ever-changing demands of society, we have established an effective promotion framework that recognizes the importance of dialogue with our stakeholders and a cycle of business strategy execution based on this dialogue.

Cycle of Dialogue and Business Strategy Execution

- Determination of policy
- Execution led by each Business Group
- Disclosure
- Dialogue with stakeholders

Companywide Sustainability Framework

In MC's management framework, sustainability initiatives are overseen by the Corporate Functional Officer in charge of Sustainability. The Sustainability Department plans and drafts related policies and measures. Following deliberations by the Sustainability & CSR Committee, which convenes approximately twice a year, items are put forward or reported to the Executive Committee and the Board of Directors.



Reference: Sustainability Advisory Committee

Main Discussion Themes for the Sustainability & CSR Committee in FY2023

- Climate change
- Materiality
- Biodiversity
- Human rights / Supply chain management
- Environmental conservation projects
- Corporate philanthropy activities

Promoting Sustainability Through Business

In order to continuously create societal and environmental value through our business activities, we have established a framework through which both Corporate StaffDepartments as well as Business Groups proactively promote sustainability.

Cycle for Integrating Sustainability into Business Strategy

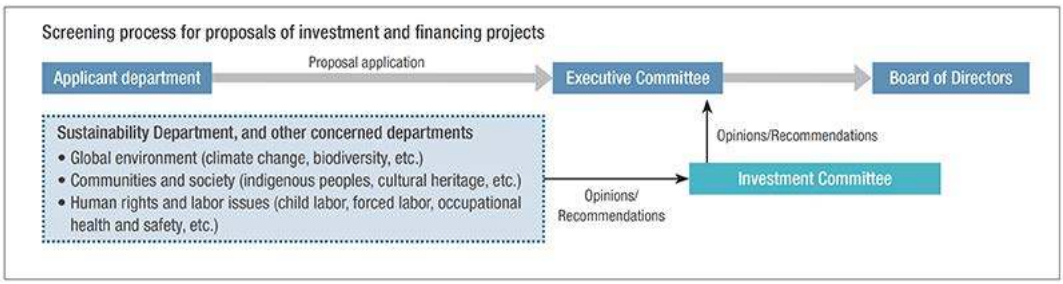
- Following deliberations by the Sustainability & CSR Committee, the President and CEO as well as each Group CEO hold further Business Strategy Committee Meetings to discuss future strategy.
- In these meetings, policies for businesses that are deemed to be most affected by climate change are checked against the results of our 1.5℃ scenario analysis.

Sustainability Promotion Framework in Each Business Group

- To build-in and promote sustainability within the Business Group initiatives further, management personnel responsible for promoting business strategy in each Business Group have been appointed as Group Chief Sustainability Officers.
- To promote collaboration for sustainability within MC, MC holds meetings with Group Sustainability Managers as needed in order to share information and explain measures related to sustainability.

Incorporating Sustainability into Individual Projects

- Framework for putting forward proposal applications
  MC confirms the significance of each business against our Materiality when screening proposals of investment and financing proposals. Identification of environmental and social risks and opportunities (including scenario analysis and carbon pricing impact analysis) is mandatory.
- System for Screening Proposals
  Within Sustainability Department, dedicated staff are appointed for each Business Group and are tasked with providing support and checks on both environmental and social risks and opportunities for individual proposals based on the latest external trends, stakeholder demands, and international standards. In addition, by having the General Manager of Sustainability Department serve as a member of the Investment Committee, MC has put a screening system in place to facilitate decision-making that takes into account specialized insight on environmental and social impacts.



Disclosure (about the Sustainability Website)

We believe that the cycle of disclosing our sustainability initiatives in a timely and appropriate manner based on the requests of our stakeholders, gaining their understanding, and reflecting their feedback on our initiatives is crucial. We will continue to proactively disclose sustainability-related information based on the recognition that this cycle contributes to enhancing our corporate value over the medium to long term.

Disclosures are made through the Sustainability Website after approval by the Corporate Functional Officer in charge of Sustainability and after reporting to the Disclosure Committee, a subcommittee of the Executive Committee.

The website was established with the aim of centralizing ESG-related information disclosed separately through such channels as the Integrated Report and the ESG Data Book, and of responding in a timely manner to the increasingly complex requirements of ESG evaluation bodies and disclosure standards. The website is primarily aimed at stakeholders who have a strong interest in ESG investment. Referring to multiple ESG reporting guidelines, it has been organized according to ESG topic for easier reference. Disclosures can also be downloaded in a conventional report format as a PDF.

Looking ahead, we will continue striving to ensure that our ESG disclosure serves as an effective communication tool that contributes to constructive stakeholder dialogue by improving the clarity of our reporting based on the valued feedback we receive from our stakeholders.

Collecting Sustainability Information on a Consolidated Basis

To fully grasp qualitative and quantitative information around sustainability, MC annually conducts environmental and occupational health and safety surveys targeting all consolidated companies. The aggregated results are reported to management and used as basic information for planningsustainability initiatives and other measures.

Selection of target companies for the survey (March)	Target companies are determined by the Sustainability Department and the relevant Section/Business Groups. In principle, the survey covers all consolidated companies, including subsidiaries affiliates, joint operations and joint venture.
Start of survey (March)	Survey items include greenhouse gas(GHG) emissions, water, waste, occupational health and safety data, expenditures for philanthropic activities, environmental management measures and other management policies.
Completion of survey / Reporting (June)	The survey results are reported to the Sustainability & CSR Committee, the Executive Committee and the Board of Directors.
Disclosure (from July)	A portion of the data has received independent practitioner’s assurance from Deloitte Tohmatsu Sustainability Co., Ltd. to improve data reliability, and is disclosed on the Sustainability Website, in our Sustainability Report and our annual response to CDP.

Dialogue with Stakeholders (Incorporating External Perspectives)

MC places great importance on its ability to identify and appropriately address the ever-changing demands of society. We engage in direct dialogue with investors including shareholders and NGOs, and hold discussions with local communities on individual projects. In addition, MC carries out supply chain surveys as part of its supply chain management. We see constructive dialogue with all of our stakeholders and the reflection of input from that dialogue in our policies and actions as being vital to the achievement of sustainable medium- to long-term improvement in our corporate value.
Moreover, to better understand global environmental and societal trends, MC has established sustainability departments in Europe, the Americas, Southeast Asia and other regions to share and coordinate information. MC is also a signatory of the UN Global Compact and a member of organizations such as the World Business Council for Sustainable Development (WBCSD). In addition, the Sustainability Advisory Committee, which MC established in 2008, is working to incorporate external perspectives into its sustainability activities. The committee meets twice a year to provide advice and recommendations.

Dialogue with Stakeholders in FY2022

In FY2022, MC held approximately 40 direct dialogues with shareholders on the topic of sustainability. MC also conducted 85 direct dialogues with NGOs, including 9 in Japan, 32 in Europe and 44 in the Americas. These meetings provided valuable insights into stakeholders' perspectives, including expectations in relation to our strategies toward the transition to a low-carbon/decarbonized society, as well as policies around individual fossil fuel projects. MC will consider the suggestions received and will strive to provide timely and appropriate disclosure of the response measures and policies it formulates.

Sustainability Advisory Committee

MC established the Sustainability Advisory Committee in 2008, consists of six external experts representing the perspectives of MC's diverse stakeholders including international agencies and the ESG investment sector. The Committee acts as an advisory body to the Corporate Functional Officer (CSEO) and meets twice a year. MC conveys its thinking on sustainability policies to Committee members and, with the aim of improving stakeholder engagement, receives advice and recommendations from them. Moreover, MC conducts tours of business sites for Committee members in order to deepen their understanding of MC's businesses. At the Sustainability Advisory Committee meeting held inJune 2023, MC received feedback on the following topics:

Main Topics

- Materiality
- Initiatives toward a low-carbon/decarbonized society
- Natural capital/Biodiversity
- Human rights/Supply chain management
- Stakeholder engagement

Sustainability Advisory Committee Members

Eiichiro Adachi:
Senior Counselor
Director of the Institute for Societal Values in Future Generations
The Japan Research Institute, Limited

Peter D. Pedersen:
Professor
Graduate School of Leadership and Innovation, Shizenkan University

Masaru Arai:
Chair
NPO Japan Sustainable Investment Forum

Miwa Yamada:
Director-General
Inter-disciplinary Studies Center
Institute of Developing Economies
Japan External Trade Organization (IDE-JETRO)

Tokutaro Nakai:
Executive Advisor
Nippon Steel Corporation

Soichi Noguchi:
CEO
Mirai Space Co., Ltd
Astronaut

On-Site Observation Tour

In the fall of 2023, MC's Sustainability Advisory Committee members visited the Tomakomai CCS Demonstration Project, in which we participate as an investor, and Hokkaido Airports Co., Ltd. (Hokkaido Airports), the operator of New Chitose Airport, established by a consortium of which MC is a member.

The Tomakomai CCS Demonstration Project is the first large-scale CCS demonstration test in Japan aimed at commercial scale CCS. Through the tour, we deepened our understanding of the effectiveness and safety of CCS and exchanged opinions on issues to be addressed to make CCS commercially viable.

Hokkaido Airports Co., Ltd., the operating company of New Chitose Airport and other airports in Hokkaido, informed us about the latest issues for the industry and local communities. In addition, we heard about the feasibility studies conducted by the New Energy and Industrial Technology Development Organization (NEDO) on the production and use of hydrogen at New Chitose Airport and surrounding areas. We were also able to exchange opinions on the future possibilities of utilizing renewable energy with consideration for the airport as a starting point for this.

Group photo

Meeting

Sustainability Management

Materiality

Based on the Three Corporate Principles, which have served as MC's core philosophy since its inception, MC identified a set of Key Sustainability Issues in 2016 as mileposts for proactively realizing "triple-value growth" through the simultaneous generation economic, societal and environmental value. While responding to the requests of all stakeholders, MC has worked to address various societal issues through its business activities and has contributed towards the sustainable development of society as well as value creation. After reaching the six-year point since the establishment of the Key Sustainability Issues, stakeholder expectations of companies regarding issues such as climate change had grown even higher, and the issues that companies must address had evolved. Against this backdrop, in order to further raise our corporate value over the medium to long term, we conducted a review of our Key Sustainability Issues from the perspective of their importance to our business activities. The revised "Materiality" was announced in Midterm Corporate Strategy 2024 as a set of crucial societal issues that we will prioritize through our business activities, towards the strategy's goal of continuous creation of MC Shared Value.

Out of the eight redefined material issues, the six that we will pursue through our business activities are categorized as "Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually", while the two that we will pursue through organizational management are grouped as "Striving to Serve as a Platform for Generating Triple-Value Growth". Guided by our Materiality, we will continue to strengthen our efforts toward sustainable corporate growth.

Overview of Materiality

Issues		Overview	
Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually			
	Contributing to Decarbonized Societies	Contribute to the realization of decarbonized societies by striving to reduce greenhouse gas (GHG) emissions, while providing products and services that support decarbonization during the transition period.	more
	Conserving and Effectively Utilizing Natural Capital	Recognizing the Earth itself to be our most important stakeholder, strive to maintain biodiversity and conserve natural capital, and work to create circular economies while reducing our environmental footprint.	more
	Promoting Stable, Sustainable Societies and Lifestyles	Promote sustainable societies and lifestyles of the future through businesses in a diverse range of countries and industries, while fulfilling our responsibility to provide a stable supply of resources, raw materials, products, services, etc., in line with the needs of countries and customers.	more
	Utilizing Innovation to Address Societal Needs	Create businesses that help to address societal needs while working to spur major industry reforms that are supported by business innovation.	more
	Addressing Regional Issues and Growing Together with Local Communities	Strive to contribute to the development of economies and societies by addressing issues facing countries and regions, while seeking to grow together and collaborate with diverse stakeholders, regions and communities.	more
	Respecting Human Rights in Our Business Operations	Respect the human rights of all stakeholders involved in promoting our diverse operations worldwide, and pursue solutions for value chain-related issues, while considering the local conditions in each country.	more
Striving to Serve as a Platform for Generating Triple-Value Growth			
	Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce	Recognizing that our human resources are the great assets of our businesses, foster a diverse and versatile talent pool that drives efforts to generate triple-value growth throughout our organization, and also seek to develop an organization where diverse human resources share common values and grow together while furthering their connections and inspiring one another to excel.	more
	Realizing a Highly Transparent and Flexible Organization	While swiftly responding to changes in the business environment, strive to realize effective governance on a global, consolidated basis and maintain/strengthen a sound organization that is transparent and flexible.	more

Integrating Materiality into Management

MC regards its Materiality as a guideline for the continuous creation of significant MC Shared Value, as we aim to create this value by strengthening the MC Group's collective capabilities to address societal challenges. To effectively achieve this target, each Division and Business Group establishes "Action Plans", which serve as mid-term plans related to the relevant material issues for each business or initiative, and tracks their progress through annual reviews. MC has thereby established a mechanism to confirm how our Materiality serves our business strategies, initiatives and organizational management that lead to the creation of MCSV.

Here is a typical example of such an Action Plan.

Relevance of MC's Materiality to the SDGs

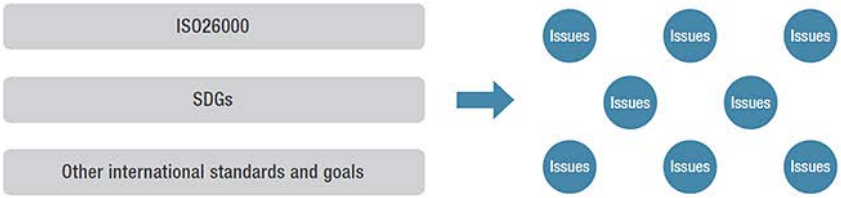
By leveraging its collective capabilities and engaging in a variety of businesses, our company will contribute to addressing a wide range of societal challenges and ensure sustainable growth. We believe that promoting businesses based on our material issues will also help to achieve the Sustainable Development Goals (SDGs) related to each key issue.

Issues	Overview	
Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually		
Contributing to Decarbonized Societies	7, 9, 13	more
Conserving and Effectively Utilizing Natural Capital	6, 7, 12, 14, 15	more
Promoting Stable, Sustainable Societies and Lifestyles	2, 3, 6, 7, 8, 9, 12, 14, 15	more
Utilizing Innovation to Address Societal Needs	7, 9, 13	more
Addressing Regional Issues and Growing Together with Local Communities	4, 6, 7, 9, 11	more
Respecting Human Rights in Our Business Operations	1, 8, 10, 16	more
Striving to Serve as a Platform for Generating Triple-Value Growth		
Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce	5, 8, 10	more
Realizing a Highly Transparent and Flexible Organization	5, 16, 17	more

Materiality Identification Process

STEP 1 Creating a list of potential issues

In keeping with commonly used materiality setting procedures*, MC compiled a list of around 80 potential issues that should be taken into account in order to achieve sustainable growth for the MC Group, which were based on international standards and goals such as ISO 26000 and the SDGs.

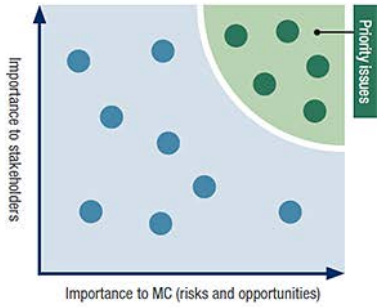


*Referencing reporting guidelines such as those of the Global Reporting Initiative (GRI), an international NGO.

STEP 2 Gauging the importance of each issue based on internal and external perspectives

MC gauged the importance of each theme, in terms of both opportunities and risks, and selected priority issues based on the perspectives of MC's Business Groups as well as those of external stakeholders.

- Through interviews and questionnaires with a variety of stakeholder groups, MC determined each issue's degree of importance to stakeholders.
- The Corporate Staff Section and every Business Group evaluated and prioritized each theme to determine its importance to MC.



STEP 3 Identifying the Key Sustainability Issues

MC re-examined the selected priority issues while incorporating the views of the Sustainability Advisory Committee. Following deliberations by the Executive Committee and the Board of Directors, the Key Sustainability Issues were determined.

- Harmony with local communities
- Utilization of advanced technology
- Pollution prevention/ countermeasures
- Response to climate change
- Sustainable use of resources
- Expanded presence of developed countries
- Respect for human rights
- Work environmental/ labor issues
- Effective water use
- Response to increasing food demand
- Response to population fluctuations
- Response to geopolitical risks

STEP 4 Redefining our Materiality

In conjunction with the establishment of Midterm Corporate Strategy 2024, we redefined our former "Key Sustainability Issues" as "Materiality".

Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually

Striving to Serve as a Platform for Generating Triple-Value Growth

- In order to further strengthen our efforts to address societal issues which have become increasingly important in recent years such as "respect for human rights", "coexistence/ co-creation with stakeholders", "natural capital and biodiversity/circular economy", "human capital and DE&I (diversity, equity and inclusion)", and "governance", we updated and revised the former "Key Sustainability Issues" as our new "Materiality".
- With the aim that all employees will work together to address the eight material issues, we have divided them into the categories of "Pursuit through Business" and "Pursuit by the Organization as a Whole", which advocates for the overarching concepts of "Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually" and "Striving to Serve as a Platform for Generating Triple-Value Growth" respectively.

Sustainability Management

Materiality Details

Contributing to Decarbonized Societies
Conserving and Effectively Utilizing Natural Capital
Promoting Stable, Sustainable Societies and Lifestyles
Utilizing Innovation to Address Societal Needs
Addressing Regional Issues and Growing Together with Local Communities
Respecting Human Rights in Our Business Operations
Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce
Realizing a Highly Transparent and Flexible Organization

Contributing to Decarbonized Societies

Contribute to the realization of decarbonized societies by striving to reduce greenhouse gas (GHG) emissions, while providing products and services that support decarbonization during the transition period.

Related SDGs Themes

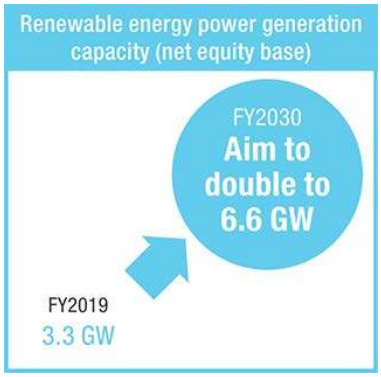
Action Plan Regarding this Material Issue

We regard achieving a decarbonized society as one of our important corporate issues that should be challenged, and we are promoting carbon reduction and decarbonization through our business activities with “Contributing to Decarbonized Societies" as one of our materialties. By leading this transformation and "connecting" it to our own business growth, we will create MC Shared Value. In addition to promoting our own decarbonization (Halve by FY2030 (compared to FY2020) and net zero by 2050), we will contribute to the decarbonization of society by creating avoided emissions through EX-related investments on a scale of 1.2 trillion yen over the three-year period of Midterm Corporate Strategy 2024.

Doubling Renewable Energy Power Generation Capacity

MC is expanding its renewable energy business in Japan and abroad to achieve a decarbonized society. In connection with this initiative, MC is moving ahead with the goal of doubling its renewable energy equity generation capacity from 3.3 GW in FY2019 to 6.6 GW in FY2030.

Current generation capacity (net equity basis), including assets under construction, is 3.9 GW (as of the end of September 2023).



Major Progress

- MC Signs Loan Agreement for Monsoon Cross-border Wind Project in Laos

Implementation of Next Generation Energy Supply Chains

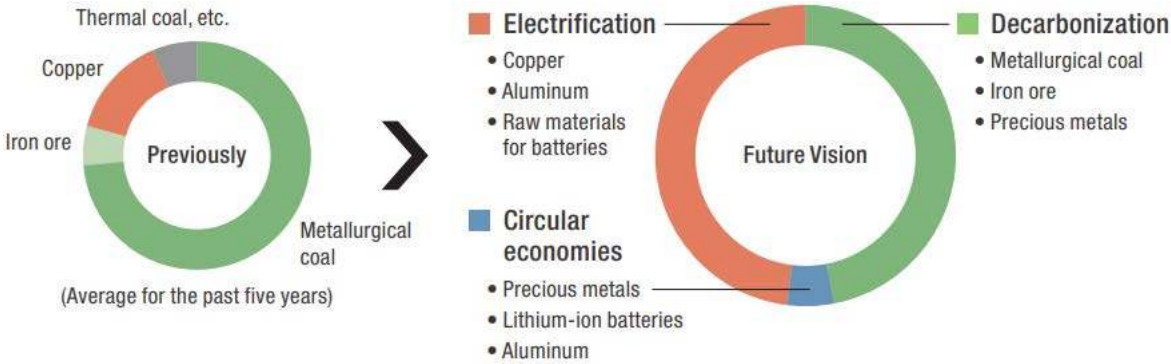
MC is focusing on the practical implementation of hydrogen in society and the commercialization of ammonia, an excellent means of transporting and storing hydrogen. MC is proceeding with joint testing with our partners at each stage of the value chain, “production,” “transportation” and “usage.” We are also promoting the societal implementation of Sustainable Aviation Fuel (SAF) in the area of aviation fuel, where electrification and hydrogenation are difficult.

Major Progresses

- Mitsubishi Corporation and Amogy with SK Innovation join forces to unlock the potential of Amogy’s ammonia cracking technology in Japan and South Korea
- New Company for Green Hydrogen Business Eneco Diamond Hydrogen'' Established in Europe
- Participation of Sempra Infrastructure to the Detailed Study regarding the Introduction of e-methane to Japan Utilizing Cameron LNG Terminal
- Establishment of a “Council for utilizing Namikata Terminal as a Hub for introducing Fuel Ammonia”
- RWE, LOTTE CHEMICAL Corporation and Mitsubishi Corporation enter into a Joint Study Agreement to develop a clean ammonia project in Port of Corpus Christi in Texas, USA
- Joint Feasibility Study on the Commercialization of Sustainable Aviation Fuel

Supply of Mineral Resources to Promote an Electrified Society

Mineral resources such as copper are essential products which are used for renewable energy and electrification and are vital to achieving a decarbonized society. MC aims to expand our copper business through organic growth opportunities in existing assets, which boast some of the world’s largest copper reserves, increasing our interest in existing assets, acquiring new assets and utilizing new technologies to improve resource recovery.

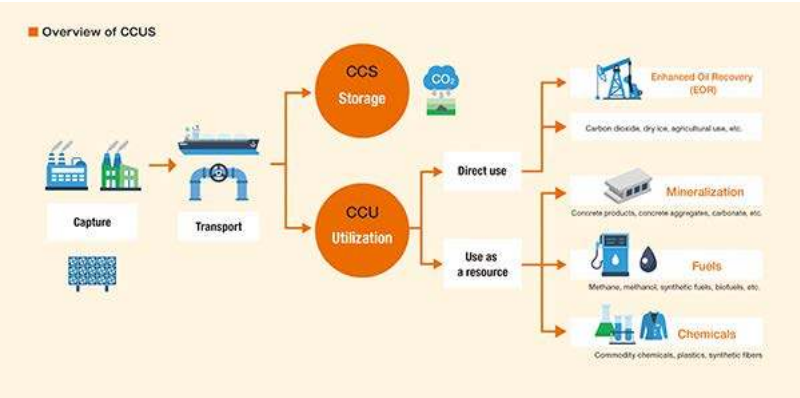


Major Progress

- New Participation in the Marimaca Copper Project in Chile

CCUS Initiatives

MC, as a company aiming to contribute towards achieving the goals of the Paris Agreement, recognizes that CCUS will play a major role in achieving those goals. The International Energy Agency (IEA) has stated that CCUS must be used to reduce roughly 1.5 billion tons of CO_2 emitted in 2050 in order to achieve the 1.5°C target (the remaining amount to be reduced through renewable energy and energy-saving technology), and the Intergovernmental Panel on Climate Change (IPCC) has also emphasized the role that technology should play. CCUS is a field that spans multiple industries, from those that are the source of CO_2 emissions, to those that produce end-products such as fuel and chemical materials. Therefore, MC recognizes CCUS as a business opportunity to demonstrate its collective capabilities as a company that interacts with many industries. To take advantage of this business opportunity, MC will promote the commercialization of CCUS by establishing a task force spanning multiple business groups as well as a liaison committee.



Here are our representative low-carbon and decarbonization related projects that contribute to the realization of this Action Plan.

Further details regarding MC's initiatives on climate change are available here.

Conserving and Effectively Utilizing Natural Capital

Recognizing the Earth itself to be our most important stakeholder, strive to maintain biodiversity and conserve natural capital, and work to create circular economies while reducing our environmental footprint.

Related SDGs Themes

Action Plan Regarding this Material Issue

Every business in our company is built on the foundation of the natural capital benefits that the ecosystem provides. Therefore, we recognize that the conservation and effective utilization of this natural capital are indispensable to achieving sustainable growth together with society. MC is committed to realizing a circular economy by taking advantage of business opportunities while trying to diminish our negative impact on the global environment.

Promotion of a Circular Economy

MC considers the realization of a circular economy to be a pillar of our EX initiatives. To achieve this, it is essential to make effective use of limited resources and ensure they are able to circulate as efficiently as possible. MC is committed to the environmentally friendly materials manufacturing business through the recycling of materials by utilizing new technologies, bio-carbon recycling, new businesses related to product recycling, and materials and products that support a low-carbon, decarbonized society.

PET Chemical Recycling Business with Thai Shinkong

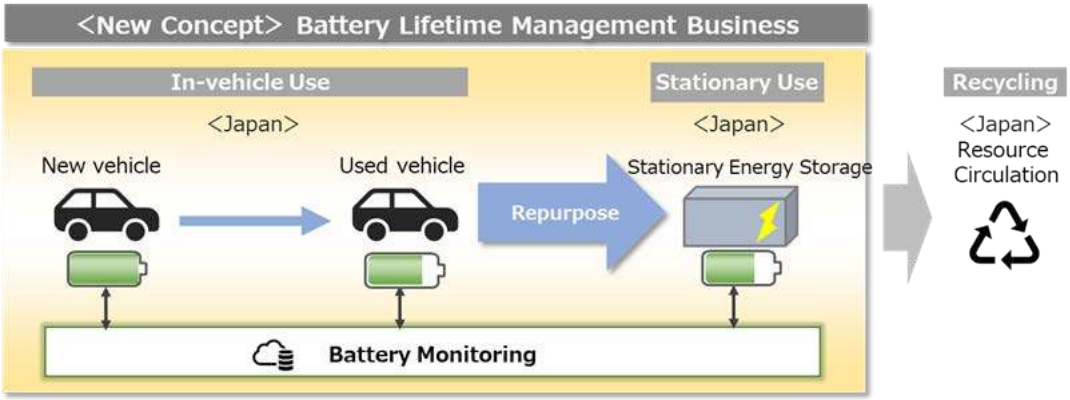
MC entered the PET chemical recycling business through an investment in Thai Shinkong Industry Corporation Ltd., which produces PET resins for beverage bottles with a new production line having started operation in June 2023. PET is highly recyclable mono-material with a wide range of applications, including in food and beverage containers as well as in textiles, thanks to its excellent transparency, barrier properties, and well-established collection and recycling systems. As the transition to a circular economy progresses worldwide, we will expand our capacity for producing PET resins, for which demand is expected to grow in line with the shift towards mono-materials, and by introducing chemical recycling technologies through our participation in the PET chemical recycling business with the aim of “Conserving and Effectively Utilizing Natural Capital”.

Partnership with Honda

MC and Honda Motor Co., Ltd. (Honda) have signed a memorandum of understanding to begin discussions toward the creation of new businesses with an aim of leveraging the strengths of both companies to build sustainable business models, with a focus on expanding EV adoption in a decarbonized society. Moving forward, the two companies will strive to increase the value offered to customers through their EV and EV battery businesses. Details about the commercialization of these businesses are explained below.

1 . Battery Lifetime Management Business

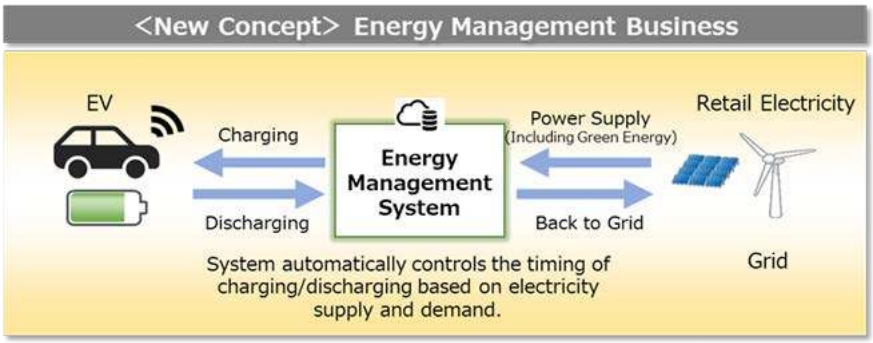
This new business aims to maximize the value of batteries installed in Honda electric light motor vehicle models, that are scheduled to go on sale in Japan in 2024. By employing sophisticated battery-monitoring functions, the new business would manage and maximize the value of batteries throughout their lifetime by repurposing them from powering EVs (in-vehicle use) to then using them as stationary energy storage (stationary use).



<Expected Benefits> Effective use of battery materials and reduction of TCO (total cost of ownership) for EV users

2. Smart-charging*1 and V2G*2 Energy Management Business

This new business helps EV users optimize their electricity costs by offering access to smart-charging, V2G services, and green (renewable) power through advanced control technologies.



<Expected Benefits> More opportunities for EV users to gain economic benefits (e.g. lower electricity bill)

*1 Smart-charging systems automatically adjust the timing of EV charging to avoid peak load periods and optimize energy consumption.

*2 Vehicle to Grid: In a V2G system, EVs will not only be charged with electricity from the grid but will also supply electricity to the grid itself to help meet local electricity needs.

Major Progress

- Building a sustainable PET bottle supply chain

Identifying and Responding to Nature-related Issues

Almost all MC businesses interact with the environment and depend upon the benefits ecosystems can provide. In order to ensure the future continuity of our business activities, MC needs to understand the extent of our environmental dependencies and impacts, analyze risks and opportunities, minimize excessive reliance and negative impact on the natural environment, and pursue initiatives that contribute to environmental recovery.

Trial Analysis Using the TNFD Framework

From this perspective, MC conducted a trial analysis based on the TNFD framework recommendations from FY2022 to FY2023. In the future, we will utilize the knowledge obtained from the trial analysis in the management of individual businesses and continue to identify and respond to nature-related issues using the TNFD framework, thereby improving the MC Group's sustainability and corporate value.

More details regarding MC's initiatives on biodiversity are available here.

Promoting Stable, Sustainable Societies and Lifestyles

Promote sustainable societies and lifestyles of the future through businesses in a diverse range of countries and industries, while fulfilling our responsibility to provide a stable supply of resources, raw materials, products, services, etc., in line with the needs of countries and customers.

Related SDGs Themes

Action Plan Regarding this Material Issue

Ensuring the stable lives of people is one of our company's greatest mandates, and we believe it is important to fulfill this in a sustainable manner through our business. While continuing to provide the goods and services necessary for maintaining the operation of the current societal system, we will promote businesses which move society forward towards a more sustainable future.

Fulfilling Our Responsibility for Ensuring a Stable Energy Supply to Support the Transition Period

Global energy demand is expected to increase mainly due to population growth and economic development. While the switch to renewable energy is expected to progress in the power sector in the future, dramatic technological innovation is essential to supplement renewable energy sources in terms of intermittency, location and other factors. Therefore, to meet the world's growing energy demand and at the same time realize a carbon-neutral society, it is essential to decarbonize fossil fuels.

MC is committed to fulfilling its responsibility to provide a stable supply of natural gas and LNG, which will support the transition period with its relatively low environmental impact among fossil fuels, as well as reduce GHG emissions throughout the value chain via improvements in operational efficiency, CCUS and other methods.

Tangguh LNG Project Initiatives

Tangguh is the largest gas-producing project in Papua Barat Province of Indonesia, accounting for around 20% of the country's gas output. MC is participating in the project as a joint venture with bp, the project operator. Tangguh LNG Project began operations in 2009 and has safely delivered more than 1,500 cargoes to global markets including Indonesia and Japan. In October 2023, the expansion of a third LNG train added 3.8 million tons per year of LNG production capacity to the existing 2 trains (production capacity: 7.6 million tons per year), increasing the total LNG production capacity of the Tangguh LNG Project to 11.4 million tons per year.

In addition, we are planning the next phase of development including CCUS project, which is based on a Plan of Development approved by SKK Migas (Special Task Force for Upstream Oil and Gas Business Activities Republic of Indonesia) in 2021. Once the CCUS project is implemented, which is subject to a final investment decision by Tangguh Partners, it will remove up to 90% of the reservoir-associated CO_2 which represents nearly half of Tangguh's LNG emissions, making Tangguh one of the lowest GHG intensity LNG plants in the world.

Ensuring a Stable Supply of High-quality Metallurgical Coal

Since steel is a basic material that is difficult to replace, its demand is expected to remain strong over the long term in line with global economic growth. In the steel industry, the ironmaking process (blast furnace method), which uses primarily iron ore as raw materials, emits a high amount of GHG emissions. Therefore, it is expected that the use of electric furnaces, which mainly use steel scrap, and the use of hydrogen in the ironmaking process will expand in the future. However, it will take considerable time to realize the necessary technological innovations and switching of production facilities. Therefore, decarbonization of the blast furnace ironmaking process, which is currently the mainstream process, will be an important issue for the time being. MC will continue to contribute to the decarbonization of the steel industry by fulfilling our responsibility to provide customers with a stable supply of high-quality metallurgical coal as one of raw materials for the blast furnace ironmaking process, one of MC's major commodities, and contribute to the decarbonization of the existing blast furnace method.

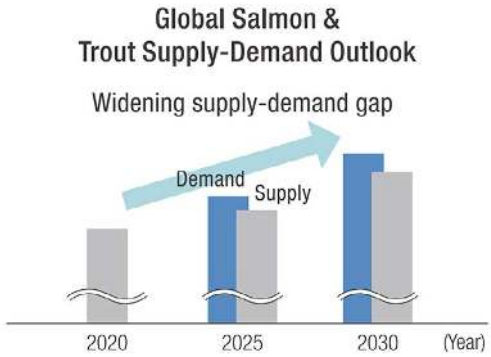
MDP Initiatives

Mitsubishi Development Pty Ltd. (MDP) which conducts exploration, development, production, and sales of mineral resources, jointly operates its metallurgical coal business, BMA, together with its partner. BMA operates one of the world's largest metallurgical coal operations, with an annual production volume of approx. 60 million tons and a share of approx. 30% of seaborne trade volume. BMA is fulfilling its responsibility to provide a stable supply of high-quality metallurgical coal that contributes to the decarbonization of the blast furnace method of steelmaking. In October 2023, MDP and BHP agreed to sell some of its coal mines and promoted further consolidation of its high-grade/quality mines.

Also, while staying aware of changes in the business environment, MDP will strive to reduce GHG emissions from BMA's production processes. Furthermore, together with its metallurgical coal business partner BHP, MDP is working to support research that contributes to reducing emissions throughout the entire metallurgical coal value chain. In October 2022, MDP entered into a collaboration agreement with ArcelorMittal, Mitsubishi Heavy Industries, Ltd. and BHP regarding the application of CO_2 capture technology in the field of steel making and will jointly conduct demonstration tests for the application of CO_2 capture technology at ArcelorMittal's steel works.

Sustainable Food Supply

With demand for food rising in line with global population growth, and an increased interest in sustainability, the establishment of a sustainable production and supply system is becoming increasingly important. MC is working to develop sustainable production, processing and sales business model, as well as increasing products that have international fishing/farming certifications such as MSC/ASC, and promoting transactions with suppliers that comply with our Policy for Sustainable Supply Chain Management.



Source: Calculations based on Kontali Analyse AS data

Cermaq Initiatives

Cermaq is one of the major salmon (including coho) farming, processing and sales companies in the world which became a subsidiary of MC in 2014. Cermaq produces salmon in Norway, Chile and Canada for a total production quantity of around 200 thousand metric tons per year and supplies sustainable, safe and secure farmed salmon to consumers around the world.

Cermaq, has identified biodiversity protection as a key part of its license to operate in all the countries where it has operations. Cermaq works actively in cooperation with local stakeholders to protect wild salmonids in all areas where they are present, removes marine litter and tracks bird and marine mammal mortalities at its sites in compliance with all laws the countries where they operate and regulations of requirements set by the ASC standard. In its feed supplier Code of Conduct, Cermaq mandates that no fish meal or fish oil used in the feed for its fish shall originate from IUU (Illegal, unreported, unregulated) fisheries.

Major Progress

- MC and Maruha Nichiro Agree to Establish New Joint Venture in Salmon (land-based)

Utilizing Innovation to Address Societal Needs

Create businesses that help to address societal needs while working to spur major industry reforms that are supported by business innovation.

Related SDGs Themes

Action Plan Regarding this Material Issue

We recognize that innovation has great potential to enable us to solve societal and industrial issues and to considerably enrich people's daily lives. MC will achieve sustainable growth by dynamically transforming our current businesses, whilst approaching business opportunities that are generated by innovation.

Building a Cross-industry Digital Ecosystem

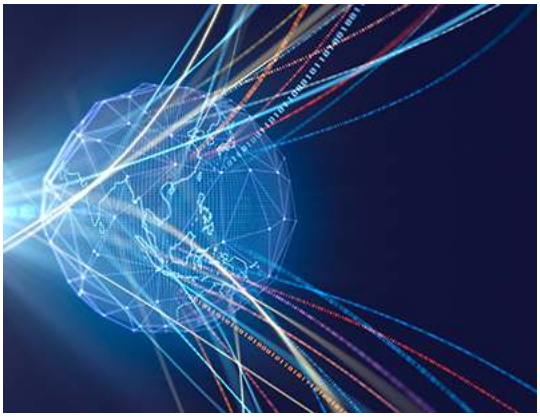
MC has many physically based businesses that require DX-driven solutions. By providing DX functions to these businesses, we will optimize logistics and improve productivity, increase business value, and contribute to the development of the industry as a whole and the realization of vibrant local communities.

By developing cross-industry DX functions that leverage our broad business knowledge and then providing them as services, MC will help to improve the value of industries themselves. Toward this end, we aim to improve the productivity of industry and society as a whole and create sustainable value by building a “cross-industry digital ecosystem” in which industries, companies, local communities and others can organically connect and coexist.

In FY2023, to accelerate the development and realization of further projects, MC narrowed down the focus of its DX projects from a longlist which included over 100 candidate projects.

Activity at MC Digital

MC develops business in a wide range of industries, but there are areas where further value can be added by utilizing cutting-edge IT. MC Digital's mission is to update business models by leveraging technology, and the company will utilize the latest technology, such as AI, to generate innovative solutions to issues in all the industries that MC conducts business in. MC Digital will also collaborate with overseas innovation ecosystems, as well as academic and administrative institutions, while striving to develop new businesses and provide solutions for various fields.



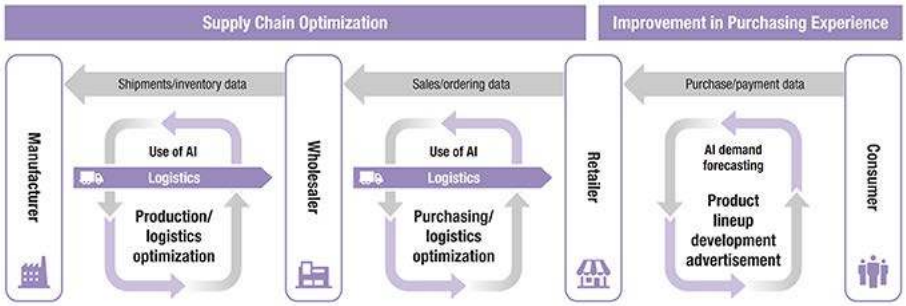
Major Progress

- MC and ENEOS launch a Joint Venture for Last One Mile Delivery Business based at Gas Stations

Reduction of Food Waste

Food waste in Japan has been calculated to be 5,700,000 tons (2019), and the scale of this food waste is equivalent to 1.4 times the amount of the WFP's (World Food Programme) world food aid (2020). Additionally, around 54% of Japan's total food waste is comprised of commercial food waste that is disposed of during the distribution and production process. This is recognized as a key issue to be solved for the food distribution industry.

MC is proceeding with initiatives to reduce food waste using digital technology, including AI. Some of MC's subsidiaries and affiliates have set a goal of reducing food loss by 50% by 2030 through initiatives such as improving distribution efficiency.



DX Business in Food Distribution

Specifically, MC has begun developing solutions to enable the prediction of demand and automation of ordering at food wholesalers. Through the utilization of AI to calculate appropriate order quantities, in order to not cause shortages, while reducing the stock amount at food wholesalers and then connecting this to actual orders, the "purchasing of the necessary amounts of necessary items" will become possible. Therefore, MC can contribute to the reduction of food waste at food wholesalers. In the demonstration experiment, compared to current manual ordering processes, it was possible to reduce stock volume while also reducing the probability of stock shortages. This solution is anticipated to display sufficient efficacy.

Going forward, by popularizing this solution that MC is currently developing throughout the entire food wholesale industry, MC will contribute to the reduction of food loss in the food wholesale industry. MC will also aim for distribution optimization and reduction of food waste across the entire foodstuff distribution value chain by providing solutions for food manufacturers and food retailers.

Mitsubishi Shokuhin, which operates a core function in the food distribution business, has completed the introduction of an inventory optimization solution that utilizes AI demand forecasting into all Lawson centers and is aiming to reduce food waste by 50% in 2030 compared to FY2016 levels.

DX Business in Food Distribution

Solution to Wasteful, Inconsistent and Burdensome Practices by Optimizing the Entire Supply Chain through Digital Technology

Supply chains connecting producers and consumers are made possible through effective combinations of storage and transportation-based logistics capabilities. Japan's domestic warehousing market is central to those supply chains and worth approximately seven trillion yen. Various negative pressures including labor shortages, dependencies on specific individuals for certain jobs and lease agreements have resulted in inflexible inventory capacities, which has in turn contributed to wasteful, inconsistent and burdensome fulfillment practices throughout numerous industries. Other countries, such as the US and China, are facing similar challenges, which has prompted innovators to develop new business models such as self-driving warehouse robots and schemes that allow users to share vacant warehouse spaces.

Gaussy's Warehouse DX Services

Considering that the "Roboware" subscription service allows anyone, regardless of their background or skills, to use robots to easily manage their warehouse facilities, it presents a viable solution to the labor-shortage and overreliance problems mentioned above. "WareX" is a similarly straightforward system that anyone can use to share available warehouse space, thus addressing the problems of limited or excess capacities.

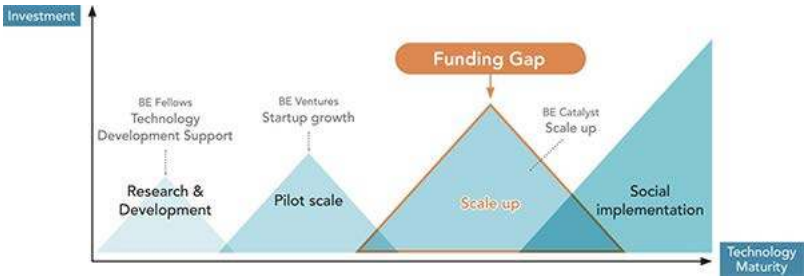
Gaussy will offer customers both of these services, the former (Roboware) of which employs six types of warehouse robots and has already been rolled out in more than 25 facilities across Japan, and the latter (WareX) of which has more than 1,400 facilities (as of December 2023) registered on its nationwide system. Large, medium and small enterprises alike have been taking advantage of "WareX," as it provides them with an efficient way to lease vacant warehouse spaces on a pay-as-you-go basis.

Driven by its vision to create new opportunities in logistics, Gaussy is committed to developing flexible mechanisms that will adapt to evolving warehousing needs and cargo volumes. All of its partners look forward to offering fulfillment customers with new and unprecedented options for their businesses.

Contributing to the Realization of a Carbon-Neutral Society through Technological Innovation

Decarbonization is an urgent issue that requires fast-paced initiatives on a global scale. To this end, MC believes it is important not only to develop completely new decarbonization technologies, but also to innovate at the scale-up stage, moving technologies that have already completed R&D to implementation as quickly as possible.

In order to realize a carbon neutral society, MC is already promoting the development of EX-related businesses such as next-generation energy. In order to complement and further accelerate these initiatives, MC will work to scale-up innovative decarbonization technologies through public-private partnerships.



Participation in Breakthrough Energy Catalyst Program to Accelerate the Application of Decarbonization Technologies in Society

MC is the first company in Asia to participate in Breakthrough Energy Catalyst (BEC), a program dedicated to accelerating the application of innovative decarbonization technologies in society.

BEC is a brand new model that was launched as part of Breakthrough Energy, a network of initiatives founded in 2015 by global philanthropist Bill Gates. The BEC program provides investment and other support for individual projects based on new decarbonization technologies for which research and development have already been completed.

MC is active in the renewable energy field and has begun to explore the introduction of next-generation energy sources, such as hydrogen, ammonia, and methanation. We recognize the need to use new technologies and innovations to meet the global challenge of transitioning to a carbon-neutral society.

In addition, BEC acts as a 'Catalyst', organically linking funds from private sector partners and philanthropic organizations, product off-take support for consumers of green products, and assistance from government agencies. Through these activities, BEC is establishing a framework to support the scaling up of projects based on innovative decarbonization technologies that are nearing commercialization, contributing to the realization of a carbon-neutral society.

The current five focus areas for BEC are (1) clean hydrogen production (and related infrastructure), (2) long-duration energy storage (LDES), (3) sustainable aviation fuels (SAF), (4) direct air capture (DAC), and (5) green manufacturing industries (steel, cement, plastics, etc.). In the future, BEC may expand its focus to include other technologies that are also important for decarbonization. MC also considers these technologies vital to its own EX Strategy and its Roadmap to a Carbon-Neutral Society.

Our participation in BEC will allow us to support the adoption of innovative technologies that will accelerate the transition to a carbon-neutral world and contribute to further reductions in environmental impact without compromising people's well-being.

MC will contribute to the transition to a carbon-neutral society by making full use of the expertise and networks that it has cultivated in Japan and throughout Asia to collaborate with other BEC partner companies who represent a broad range of industries, including steel, aviation, and finance.

Major Progresses

- Launch of Marunouchi Climate Tech Growth Fund L.P.
- MC invests in KyotoFusioneering, a spin-off from Kyoto University
- NextGen – a South Pole/Mitsubishi Corporation joint venture – establishes world's largest diversified portfolio of permanent carbon dioxide removals to scale the market
- Toyobo and MC Launch Operations at New Joint Venture Company – ''Toyobo MC Corporation'' to Specialize in Functional Materials-

Addressing Regional Issues and Growing Together with Local Communities

Strive to contribute to the development of economies and societies by addressing issues facing countries and regions, while seeking to grow together and collaborate with diverse stakeholders, regions and communities.

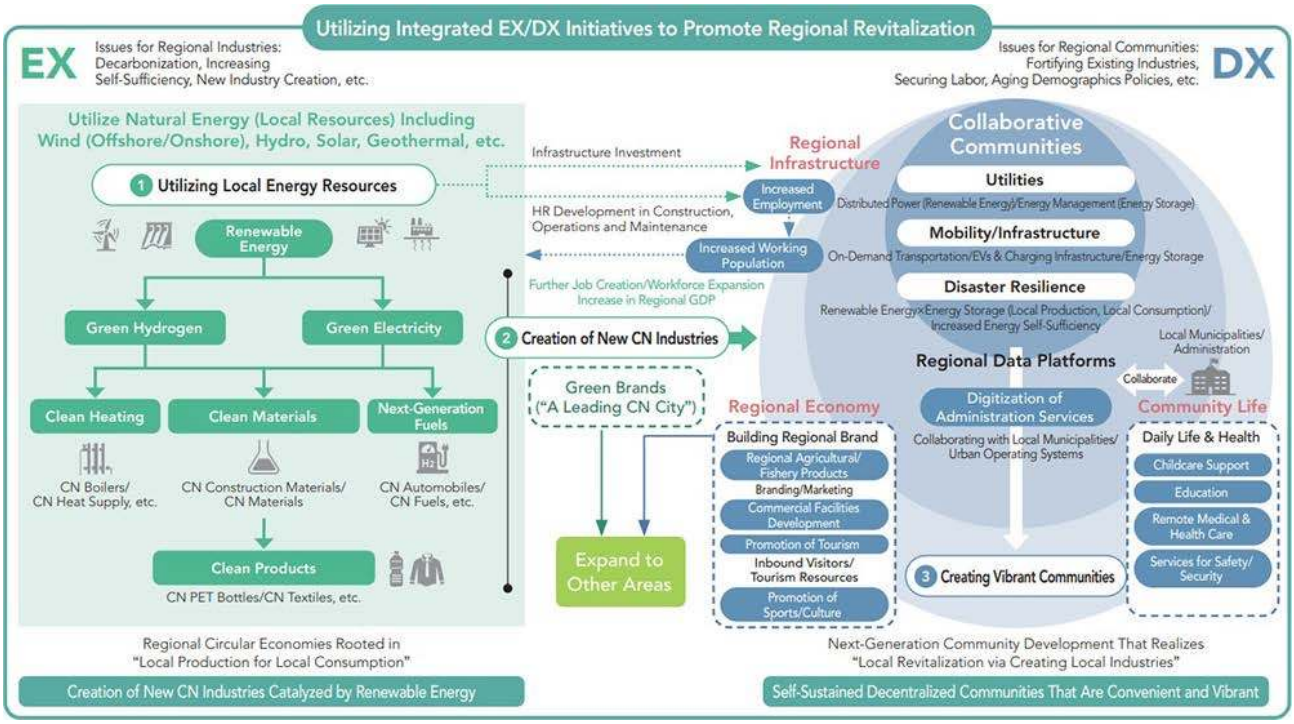
Related SDGs Themes

Action Plan Regarding this Material Issue

We believe that MC can create significant value by leveraging our company's unique collective capabilities and connections with various industries, and by interconnecting with diverse stakeholders and local communities. We will pursue sustainable growth together with local communities by resolving issues that communities are facing and also by approaching peripheral business opportunities.

Creating self-sustained decentralized communities

In May 2022, MC announced its new management plan, entitled “Midterm Corporate Strategy 2024 – Creating MC Shared Value.” The plan details MC’s growth strategy to promote regional revitalization through utilizing integrated EX and DX initiatives. MC has embarked on initiatives to promote specific measures for regional revitalization throughout the company, including the creation of new carbon-neutral industries, supporting smooth transitions to decarbonized societies and developing vibrant communities.



Establishment of New Branches in Akita and Choshi

In November 2022, MC opened new domestic branches in Japan for the first time in 35 years in both Akita and Choshi. MC was appointed as one of the operators of Japan’s first, general-sea-area fixed-foundation wind farms which are being developed off the coasts. With the themes of utilizing local energy resources such as renewable energy, creating new carbon neutral industries, and creating vibrant communities by addressing regional issues, MC aims to create a new future through the fostering of new industries and regional revitalization, such as by addressing challenges facing society and industry through collaboration with various stakeholders including partners and local government authorities, while taking advantage of our unique, wide-ranging industrial network. The Akita and Choshi regions are a precedent for this, and MC will continue to work closely with our electric power subsidiaries and offshore wind project companies that will develop the offshore wind power business for more than 30 years to come, with the aim of developing not only offshore wind power, but also of realizing MC’s goal of promoting regional revitalization through the integrated EX and DX initiatives.

Akita Branch

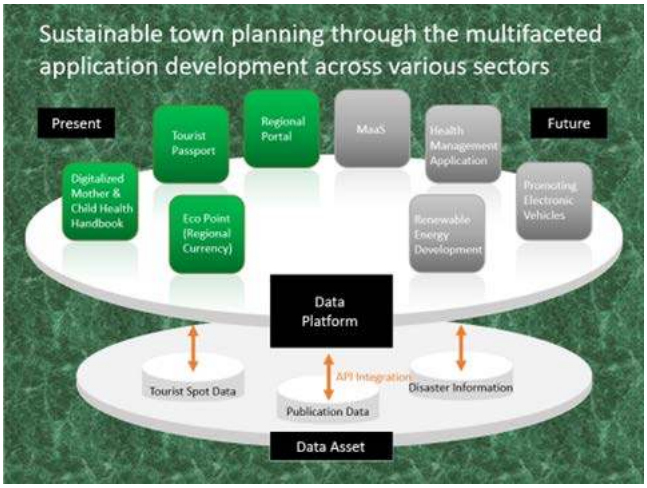
Choshi Branch

Regional Development Agreement with Local Governments

MC signed partnership agreements with the five cities by 2023:Yatsushiro in Kumamoto Prefecture, Kurashiki in Okayama Prefecture, Nasushiobara in Tochigi Prefecture, Choshi in Chiba prefecture and Chitose in Hokkaido prefecture, to resolve regional issues and promote initiatives for regional development and revitalization. Specific cooperation items cover a wide range of areas, including the revitalization of local and regional communities using digital technology and improvement of civic services such as energy, mobility, and health.
As a first step with the agreement with Nasushiobara City, we have started two services.

① Community portal apps: This app. digitally consolidates communication from all local communities (such as schools and neighborhood associations) and public announcements from local governments in order to provide residents with essential daily life information. Currently, we are in the process of building a public relations creation system using generative AI to streamline the information distribution tasks of the local government and to ensure that residents can receive the information they desire.

② Regional Data Platform: To provide a data platform for Nasushiobara City, ensuring secure data integration with high extensibility. Moreover, the IDs of the services are integrated into a shared ID, which is connected with My Number, a digital ID assigned to each resident by the Japanese government.



Major Progresses

- Choshi City and MC Sign Regional Development Agreement
- Agreement Signed to Promote Urban Development towards Carbon Neutral City of Chitose
- Yatsushiro City, Kyushu Electric Power Co., Inc., NTT Anode Energy Co., Ltd., and Mitsubishi Corporation Conclude a Partnership Agreement to Expedite Carbon Neutrality in Yatsushiro City

Development and Management of Smart Cities

The explosive expansion of the middle class and rapid urbanization, particularly in emerging economies, has increased the need for development and management of social infrastructure projects that take into account social and environmental values.

In the midst of such changes in the external environment, MC aims to contribute to the economic growth of the countries in which it operates, while also helping to reduce environmental impacts, by promoting the development and management of large-scale, high-value-added urban development projects to sustainably create high-quality living, working, medical, educational, logistics, and transportation environments.

Urban Management and Urban Development Projects to Enhance Urban Value in Indonesia

MC is exploring an urban management project and promoting a large-scale urban development project in collaboration with Sinar Mas Land (SML), one of the largest real estate developers in Indonesia.

MC signed an MOU with SML in March 2020, initiating a joint execution of urban management as well as the implementation of smart and digital solutions (urban services) in BSD City (6,000 hectares). This partnership between MC and SML aims to implement urban services throughout BSD City, including an AI/IoT data platform, city portal, mobility, and energy-related content, in collaboration with various MC Group companies and partners across different business sectors.

After the signing of the MOU, we initiated the first trial operation of autonomous electric vehicles (AEVs) in Indonesia, followed by the sharing service experiment designed to promote a shift in behaviour from “owning” to ”renting”. Furthermore, we have recently embarked on another experiment involving a mobile convenience store operated by electric vehicle. Through these initiatives, we have been actively exploring different city service experiments and implementations aimed at addressing social issues while promoting city sustainability.

At the same time, in the same city, MC is working with SML on a large-scale developmentThis project is the first transit-oriented development＊Urban development based on public transit, aiming for a society that is not dependent on automobiles.＊ in Indonesia, and it will develop a smart city that combines urban functions such as residential units, commercial properties, schools, hospitals, parks, and public transportation nodes on a new development site of over 100 hectares.

By encouraging a modal shift towards expanding and promoting the use of public transport, we aim to contribute not only to the economy, but also to society and the environment by helping to address issues such as traffic congestion and air pollution. Another goal is to create convenient, safe, and secure urban developments through the implementation of urban services such as AI/IoT data platform, city portal, mobility, and energy-related content.

Project image

Major Progresses

- PoC Launched in Portland, Oregon to Develop Smart Multifamily Apartment
- Pilot Project for Lifelog-based Health Services in Muraoka-Fukasawa District

Solutions for Regional Transportation Challenges through On-demand Mobility Services

In regional communities facing depopulation, there is a growing need for on-demand transportation services that allow for the streamlining of transportation, and more services utilizing digital technology. MC will work to address societal challenges through our mobility services business and aim for further expansion by further strengthening our business foundation, which includes functions we have developed over many years and our ability to build community-based networks.

Trials of “KnowRoute” in Shiojiri City

MC is part of a consortium that has commenced trial operations of a mobility-as-a-service (MaaS) project in Shiojiri City, Nagano Prefecture. The “Shiojiri Project” is being undertaken as part of an initiative launched by Japan’s Ministry of Economy, Trade and Industry (METI) to promote new, regional MaaS applications. MC’s partners in the consortium include Next Mobility Co., Ltd., a joint venture between MC and Nishi-Nippon Railroad Co., Ltd., and the municipal government of Shiojiri City.

Based on the successful results of the demonstration project, we are now shifting to full-scale operation and expanding certain service areas. Other than rail, the only means of public transportation in Shiojiri City is a community bus service, but it has been hampered by problems such as a lack of drivers, and a limited fleet. The city is also aging. About 28% of its roughly 67,000 residents are at least 65 years old, which has led to an even greater need for public transportation. To address both of these needs, the consortium that MC is participating in will work to solve the problems facing public transportation in Shiojiri City through promotion of the “Shirojiri Project”.

Respecting Human Rights in Our Business Operations

Respect the human rights of all stakeholders involved in promoting our diverse operations worldwide, and pursue solutions for value chain-related issues, while considering the local conditions in each country.

Related SDGs Themes

Action Plan Regarding this Material Issue

It is impossible to conduct sustainable business or to increase corporate value without respecting the human rights of the people we involve in our business activities. MC will not only respect human rights when promoting its businesses but will also pursue business opportunities which create added value by tackling human rights issues.

Implementing Human Rights Due Diligence for Business Activities

MC's current activities have expanded far beyond its traditional trading business to include project development, production and manufacturing operations, working in collaboration with our trusted partners around the globe. Furthermore, since MC handles a wide range of products and services around the world, we believe in the importance of identifying and analyzing the negative impacts of our business on human rights and the environment in order to ensure that such impacts are avoided/mitigated. MC is conducting human rights and environmental due diligence with this in mind.

Further details of MC's initiatives on human rights are available here.

Procurement based on MC's Policy for Sustainable Supply Chain Management

In order to monitor suppliers' compliance with our Policy for Sustainable Supply Chain Management, we have identified products with high environmental and social risk in 2016 and 2020 with advice from consultants and external advisors. MC conducts annual surveys of suppliers (via our Sustainable Supply Chain Survey), with a focus on those industries where social risks including human rights and labor conditions, as well as environmental risks, are considered higher. In addition, MC has formulated individual procurement guidelines for each product as needed. Most recently, in January 2024, we formulated our Soybean Procurement Guidelines.

Mitsubishi Corporation Fashion Co., Ltd., a wholly-owned subsidiary of MC, is working to enhance sustainable procurement of apparel products, strengthen communication and dialogue with suppliers through our Sustainable Supply Chain Survey, and promote the development of a sustainable supply chain.

Ensuring the Safety of Employees

The MC Group has a global workforce of approximately 86,000 professionals, who we recognize as some of our most important stakeholders. In order for the MC Group to continue generating corporate value sustainably, it is necessary for diverse human resources, regardless of gender, nationality, etc. to be able to fully demonstrate their respective capabilities in response to the further diversification and globalization of business. We believe that the fundamental premise for this is the development of a working environment based on respect for human rights, starting with ensuring workplace safety.

For further details of initiatives and progress, please also visit here.

Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce

Recognizing that our human resources are the great assets of our businesses, foster a diverse and versatile talent pool that drives efforts to generate triple-value growth throughout our organization, and also seek to develop an organization where diverse human resources share common values and grow together while furthering their connections and inspiring one another to excel.

Related SDGs Themes

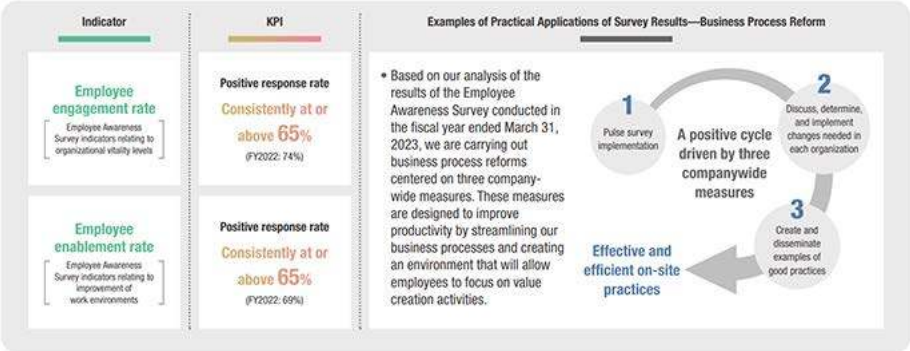
Action Plan Regarding this Material Issue

Our human capital is most powerful and vital asset and the source of all value creation at MC. To continue creating MC Shared Value (MCSV) in a rapidly changing business environment, we recognize that the most important factor is remaining a dynamic, spirited and vibrant organization in which human capital, which is the source of all value creation, can work to overcome challenges with a sense of motivation and pride and to bring out our collective capabilities while interconnecting with members of our diverse and versatile talent pool. Based on this belief, we have been developing initiatives that are designed to maximize the value of human capital.

Strengthen Engagement

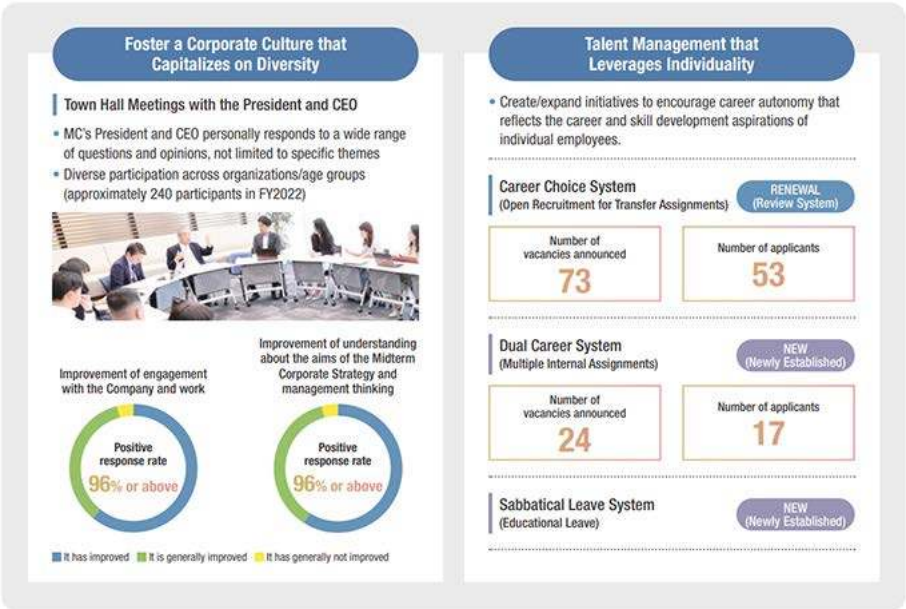
Employee Engagement — KPIs Relating to the Success of a Diverse Workforce

We see employee engagement as the most important factor in our efforts to develop a dynamic spirited, and vibrant talent pool and organization through HR policies linked to our management strategies. We have therefore increased the frequency of Employee Awareness Surveys from once every three years to annually and also established quantitative KPIs. Employees receive feedback about the survey results so that they can use this information to make improvements in their own organizations. At the management level, we analyze and discuss these survey results, identify issues that need to be addressed on a companywide level, and reflect our findings in policies.



Initiatives to Strengthen Engagement

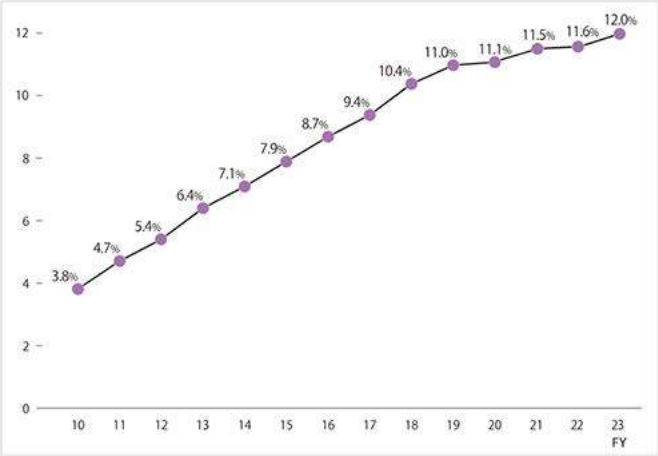
We are working to foster a corporate culture that capitalizes on diversity by encouraging communication across organizational, occupational, and generational lines. We are also creating an environment in which people in our diverse and versatile talent pool can realize their full potential and develop their own careers. Through these efforts, we aim to enhance employee engagement and contribute to MC's sustainable growth.



DE&I Initiatives

MC is working to maintain and increase diversity by appointing employees based on their abilities and performance, ensuring to assign the right person in the right position, regardless of age, gender or nationality or any other irrelevant factors. In particular, in order to increase the number of women in managerial positions (target of 15% or more by FY2025) and to accelerate their appointment to key positions, we are promoting career support tailored to women such as a mentorship programs for women in managerial positions. MC is also focusing on initiatives aimed at 100% utilization of childcare-related systems by men. Establish a company-wide working group directly under MC's President and promote the development of an environment and organizations where all employees can flourish by fully demonstrating their individual strengths. Proceed to study/implement initiatives that empower employees to succeed by respecting/accepting their individuality and leveraging our versatility.

Percentage of Women in Management-Level Positions (Non-Consolidated)



	FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of men using paternity leave *1	7%	9%	18%	25%	44%
Percentage of men using childcare-related systems *2	70%	71%	66%	84%	89%

*1 The number of employees who began taking the type of leave during each fiscal year.

*2 Percentage of men working at the Head Office or MC domestic offices as of the end of the fiscal year whose spouse gave birth in the relevant fiscal year and who used childcare-related systems including childcare leave and spousal childbirth leave.

Occupational Health and Safety Initiatives

In creating safe working environments for employees and contractors (safety, health, labor management, risk management, etc.), MC aims to build and operate management systems that go beyond simply meeting the legal requirements in the countries where we operate to provide support that is more substantial. Within the MC Group, there are companies with OSH management systems that have acquired ISO45000 and OHSAS18001, the international standards for occupational health and safety management systems. Furthermore, in order to promote OSH management throughout the entire MC Group, we will are working to develop an organizational framework, clarify responsibilities and continuously monitor progress in order to refine, maintain and further improve our activities.

In addition, MC aims to steadily reduce the number of workplace accidents and maintain and promote health through continuous monitoring of KPIs such as reducing the frequency rate of workplace accidents compared to the previous year and ensuring a 100% health check-up rate for domestic (Japan-based) employees.

Lost Time Injuries Frequency Rate*

(This data includes Subsidiaries and joint operations, any other group companies like Affiliates, which contains production business sites)

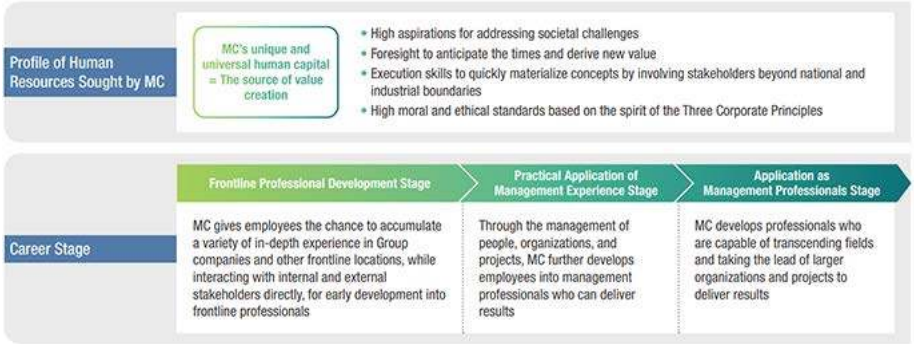
	FY2019	FY2020	FY2021	FY2022
Lost time injury frequency rate * (employees)	3.19	3.36	2.43	2.77

* Lost time injury frequency rate is the number of lost time injuries per 1,000,000 actual working hours and refers to the frequency of workplace accidents. Lost time injuries refers to occupational accidents that involve one or more days of lost work. Lost time injury frequency rate is employed in MC's KPIs.

Strategic Development through Diverse Experiences

MC's Basic Policy on HR Development

The individuals that make up our diverse and versatile talent pool consistently use their foresight, their aspirations, and their ability to anticipate future needs to tackle the challenge of finding solutions to societal challenges. We believe that this talent pool is our greatest asset and the very source of value creation at MC.



We continue to produce human resources with a management mindset and a commitment to increasing the value of the business by providing employees with opportunities to accumulate a variety of experience in stages through both on-the-job training (OJT) and off-the-job training (Off-JT) according to their career stage.

Specifically, we ensure that employees can steadily gain experience according to their career stage and gain the qualities that they will need to support the future success of MC, including leadership development and global experience. We also take steps to strengthen adaptability to changes in the business environment, including reskilling.

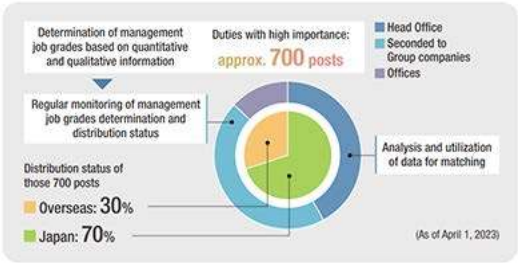
Matching Talent to Business Strategies through Talent Visualization

Contributing to Value Enhancement through Business Management Backed by High Aspirations

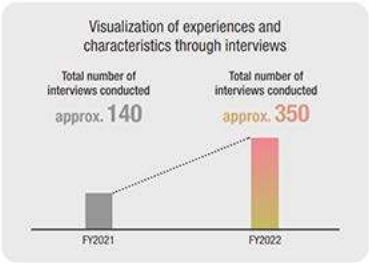
Approximately 700 people with a wide-range of experiences made possible by MC hold key positions and perform vital roles* on a consolidated basis. Through those roles, which include business management activities in various regions and at sites and Group Companies in Japan and overseas, these people contribute to the realization of management strategies, such as the Value-Added Cyclical Growth Model and the integration of EX and DX initiatives. We have prioritized the visualization of these extremely important and challenging duties and the talent needed to perform them as the basis for a matching process designed to promote the placement of the right people to the right positions.

* Including Officers, Division COOs and General Managers of MC, heads of business sites in Japan and overseas, as well as management executives of MC Group companies for which our employees are responsible.

Visualization of Duties

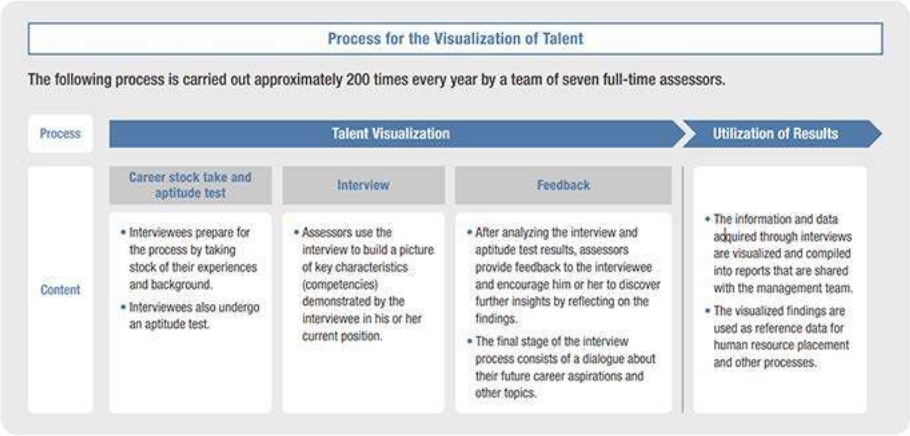


Visualization of Talent



Optimizing Human Resource Placement through Talent Visualization

We have equipped an HR subsidiary with the capacity to visualize the talent required for key positions and created a team of seven full-time assessors with backgrounds at MC to drive the visualization process. These assessors carry out individual interviews and provide interviewees with personalized feedback and dialogue based on various data, such as aptitude test results. To date, approximately 350 interviews have been completed. We will continue to pursue this process with the aim of matching people with tasks based on their abilities and motivation, regardless of age or gender. The resulting data resources will also be analyzed and used to develop the next-generation of leaders as well.



Disclosure of HR Data

MC discloses data including regarding diversity and human resource development.

Initiatives and data regarding diversity management are available [here].

Initiatives and data regarding human resource development are available [here].

Initiatives and data regarding wellbeing (occupational health and safety, health and productivity management) are available [here].

Realizing a Highly Transparent and Flexible Organization

While swiftly responding to changes in the business environment, strive to realize effective governance on a global, consolidated basis and maintain/strengthen a sound organization that is transparent and flexible.

Related SDGs Themes

Action Plan Regarding this Material Issue

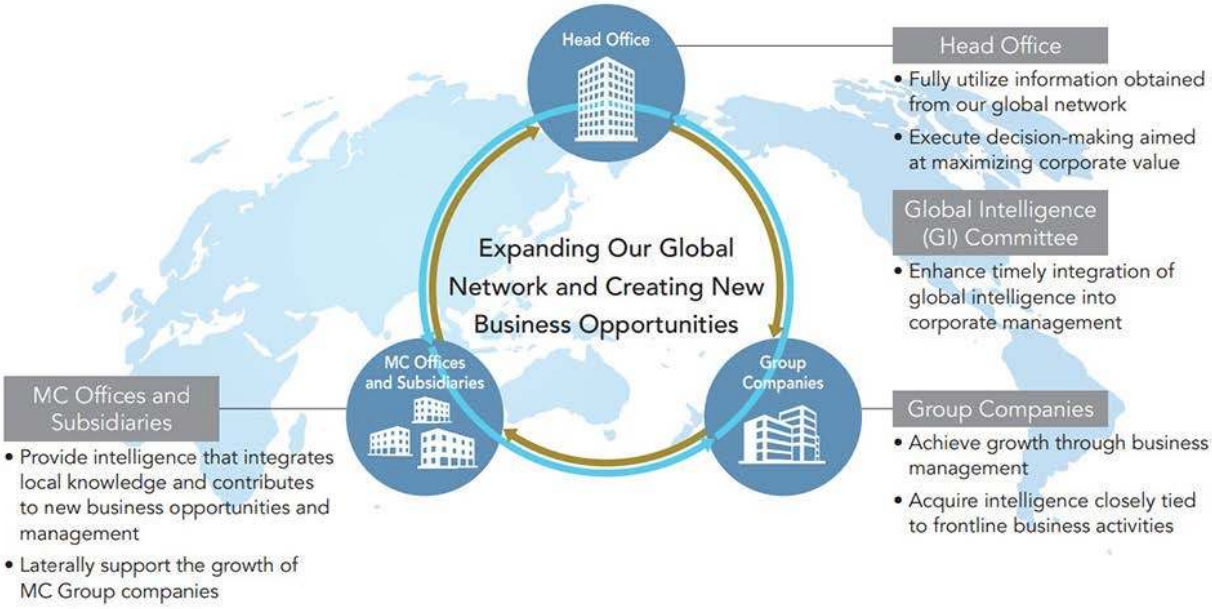
In this era of rapid transformation, it is essential to have the mobility to promptly adapt to the changes in the world while having a broad perspective in order to realize sustainable growth. In addition, we recognize strengthening corporate governance on an ongoing basis as an important management issue, as it is the foundation for ensuring sound, transparent and efficient management, all of which are integral for sustainable growth. From this perspective, our chief initiatives are as follows.

Incorporating Global Intelligence into Management

As MC engages in a global network of business operations across all regions and industries, MC has accumulated intangible assets in the form of intelligence and industry expertise. Through the efficient and effective division of functions among our Head Office, global offices and subsidiaries, as well as group companies, we are constantly collaborating to enhance our ability to respond to change and generate the next source of significant growth.

Establishment of the Global Intelligence (GI) Committe

Through our global network developed over many years, MC possesses multifaceted intelligence and know-how in macroeconomics, industry and geopolitics. In order to connect this diverse intelligence and further strengthen our ability to respond to changes in the external environment, MC has newly established the Global Intelligence (GI) Committee in 2022. By incorporating the analysis of the GI Committee into companywide strategies, we will strengthen the driving force of our Business Groups and collaboration across all industries.



Flexible Organizational Restructuring

MC has always been flexible in adapting its businesses and systems to match the changing times. The need for such flexibility is greater than ever in these turbulent times, requiring companies to be even more agile. We will continue to flexibly reshape our organizational structure and human resources in order to respond rapidly to changes in the business environment and management strategies, and to create shared value.

Reorganizations to enable the creation of MC Shared Value on a larger scale

MC has announced “Midterm Corporate Strategy” in May 2022. Under Midterm Corporate Strategy 2024, MC has set the goal of creating MC Shared Value (MCSV). More specifically, this refers to the continuous creation of significant shared value by elevating the MC Group’s collective capabilities in order to address societal challenges. To this end, we are promoting a number of growth strategies, namely our Energy Transformation (EX) Strategy, Digital Transformation (DX) Strategy and Creating a New Future (Fostering New Industries/Regional Revitalization). In this way, we are strengthening the capabilities of each Business Group and working to develop cross-industry businesses that transcend the boundaries of business domains.

As a result of these efforts, MC has come to the following conclusions.

- MC is seeing tangible progress resulting from collaboration among our 10 Business Groups as well as the Industry Digital Transformation Group and Next Generation Energy Business Group. MC is gradually seeing developments emerge in the form of new industry value chains, growth stories and new business combinations. In order to accelerate businesses capitalizing on these fresh “connections,” MC will look to augment our internal organizations based on “new integration” of businesses that are well positioned to execute our strategies more powerfully than before.
- The Next-Generation Energy Business Group and Industry Digital Transformation have been working with our Business Groups and serving as drivers of our EX and DX Strategies. Consequently, MC is gaining a clearer vision of each Business Group's business strategies going forward and themes to focus on in the future.

Considering the circumstances, MC has announced to modify organizational framework in December 2023 to enable the creation of MCSV on a larger scale by restructuring our organizations to support optimal progress in line with these business strategies and themes.

Reorganizations will also be implemented to bolster the functions of the Corporate Staff Section and MC’s regional offices around the world.

Please see “Mitsubishi Corporation Announces Reorganizations for FY2024” for more details.

MC will continue to modify its organizational structure in order to adapt appropriately to the ever-changing external environment.

Transparent and Effective Operation of the Board of Directors

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. In-house Directors utilize their rich experience of working within MC, and Independent Directors utilize their practical, objective, and professional perspectives to ensure appropriate decision-making and management oversight.

Initiatives to Enhance the Effectiveness of the Board of Directors

In recent years, MC has reviewed the rules and operations of the Board of Directors and is continuously working to improve the content of its deliberations so that the Board of Directors can fulfill its role and expectation to indicate the broad direction of business strategies and monitor implementation. In an effort to enhance the effectiveness of the Board, prior to each meeting of the Board of Directors, briefing sessions are held for Independent Directors and Independent Audit & Supervisory Board Members to carefully explain the strategic positioning and key points of each project, which helps them deepen their understanding of the agenda items to be discussed. In addition to the above, dialogue opportunities and small group meetings for Independent Directors and Independent Audit & Supervisory Board Members are routinely organized, including with the General Managers in the Corporate Staff Section, Business Group CEOs and Business Division COOs, Executive Vice Presidents, as well as opportunities for dialogue with mid-level and younger employees. Through such efforts, MC aims to strengthen the connections between the Independent Members of the Board and its employees, ensuring the effectiveness of the Board of Directors.

MC has established the Governance, Nomination and Compensation Committee as an advisory body to the Board of Directors, which actively engages and deliberates on matters related to governance, nomination and compensation. The majority of the committee members are Independent Members with various expertise and experience, thereby ensuring objectivity and transparency. The Chairman of the Board chairs the committee and leads deliberations in an impartial manner, taking into account the realities of the executive side, allowing for a more thorough deliberation.

The content of the deliberations includes, in terms of governance, various issues such as confirmation of the roles and functions of the Board of Directors and Directors (both in-house and independent), and the Appointment Policy. In terms of nomination, requirements for the President and CEO are deliberated on an ongoing basis to ensure that a careful selection process for the position is implemented. During the Successor Selection Process, careful deliberation is carried out by the Governance, Nomination & Compensation Committee, and after several exchanges of opinions with Independent Directors and Independent Audit & Supervisory Board Members outside of the Committee, the President and CEO are selected.

With respect to compensation, appropriate remuneration packages for Directors and Audit & Supervisory Board Members are deliberated on an ongoing basis. Most recently, in June 2023, following deliberations by the Committee, new sustainability factors were added as performance-linked indicators to the KPIs used to calculate performance-linked bonus (medium to long term). Following this change of remuneration, the subcommittee of the Governance, Nomination and Compensation Committee will comprehensively evaluate initiatives related to maximizing the Value of Human Capital and Contributing to Decarbonized Societies.

More details about MC's corporate governance are available here.

Sustainability Management

Participation in Initiatives

Support for the UN Global Compact

MC became a signatory to the UN Global Compact (UNGC) in 2010, and has engaged at the Participant level as of the year ended March 2019. The UNGC has laid out a set of universal principles for signatories to observe, organized into the four fields of human rights, labor standards, environment and anti-corruption. MC has declared its support for the principles, and is promoting initiatives in each field in the spirit of the Three Corporate Principles. Furthermore, MC is an executive member of the Global Compact Network Japan, which was launched as a local network in Japan in 2003. We actively participate as part of our stakeholder engagement activities aimed at understanding the external environment and fostering collaboration with other companies.

The Ten Principles of the United Nations Global Compact

Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

WBCSD

MC has been a member of the World Business Council for Sustainable Development (WBCSD)* since the organization's founding in 1995. Through its participation in a wide variety of WBCSD initiatives, MC shares information and best practice with other leading companies and works to apply those learnings to its business practices.

wbcsd

* The World Business Council for Sustainable Development (WBCSD) is an international organization working to promote sustainable development. It has approximately 200 member companies representing a broad range of industries from more than 30 countries.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was launched by the Financial Stability Board with the aim of enabling financial markets to properly assess climate-related risks and opportunities, creating a framework for the voluntary disclosure of information that companies should disclose to the market. MC recognizes the importance of climate-related disclosures and supports the recommendations made by the TCFD. MC continues to strive to expand its disclosures in line with these recommendations.

Please click here for details on MC's disclosures in line with the TCFD.

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Environment

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Our Approach

Introduction and Mission

The effects of climate change are becoming increasingly severe, with progressively profound impacts on the natural environment, our societies, our business activities, and our everyday lives.

Against this backdrop, there is a growing swell of action across the globe with a collective mission to lower the temperature rise by decarbonising our planet. In 2015, at COP21, 196 parties adopted the landmark Paris Agreement, the goal of which is to limit global warming to well below 2 degrees Celsius, and preferably 1.5 degrees Celsius, by the end of the century. To achieve this ambitious temperature goal, a significant transformation of the current energy supply-demand structure is needed, and governments, institutions and corporations now need to invest heavily in climate change adaptation activities if we are to carve a path to a carbon neutral world by mid-century.

The Paris Agreement has heightened expectations not only for countries and governments to fulfill key roles in mitigating climate change, but also for the private sector. Companies are expected to implement measures to achieve a decarbonised society through their business activities, and there are growing calls for companies to disclose climate change-related information in line with initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD)[*1], and the disclosure framework being developed by the International Sustainability Standards Board (ISSB)[*2] of the IFRS. As a result, opportunities for dialogue on climate change between companies and investors are expanding - including through the institutional investor initiative, Climate Action 100+, and the TCFD Consortium (launched in Japan in 2019). The purpose of these initiatives is to encourage the disclosure of information to allow investors and other stakeholders to properly monitor and evaluate the climate-related risks and opportunities of companies.

Since its inception in the 1950s, Mitsubishi Corporation (MC) has held the"Three Corporate Principles "as its core philosophy. These guiding principles inspire us to conduct fair and sound business activities at all times. MC adopted the Environmental Charter and Social Charter in accordance with the Three Corporate Principles, and we commit to increase our corporate value as well as to contribute to the sustainable development of society through the simultaneous generation of economic, social, and environmental value, as a globally integrated business enterprise.

At MC, we believe that while climate change poses significant business risks, it also presents us with new business opportunities for innovation, disruption and growth. Accordingly, MC has set “Contributing to Decarbonized Societies” as one of its material issues as we strive to achieve sustainable growth.

In shifting to a decarbonized society, it is necessary to formulate specific policies that take into account the actual conditions (energy and power mix, geographical conditions and constraints, stage of economic development, population, etc.) that differ from country to country and region to region, and to steadily implement them one by one. Through our global network of offices, subsidiaries and around 1,700 group companies, we work with a wide range of stakeholders around the world each day in developing our business.

*1 The Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board. In June 2017, the TCFD announced its recommendations on climate-related financial disclosures in order for investors to be able to make appropriate investment decisions. MC has decrared support for the TCFD and its recommendations in 2018. And the General Manager of MC's Sustainability Department served as a TCFD member from 2018 to 2021 and as a planning committee member of the TCFD consortium thereafter. MC is supporting the TCFD's activities and helping its recommendations to take root throughout the business community.

*2 The International Sustainability Standards Board (ISSB) set up by the IFRS Foundation Trustees. ISSB is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards.

Creating MC Shared Value

In our Midterm Corporate Strategy 2024 MC outlines our approach to the continuous creation of significant shared value by elevating the MC Group's collective capabilities in order to address societal challenges, while at the same time delivering on ambitious targets for growth.

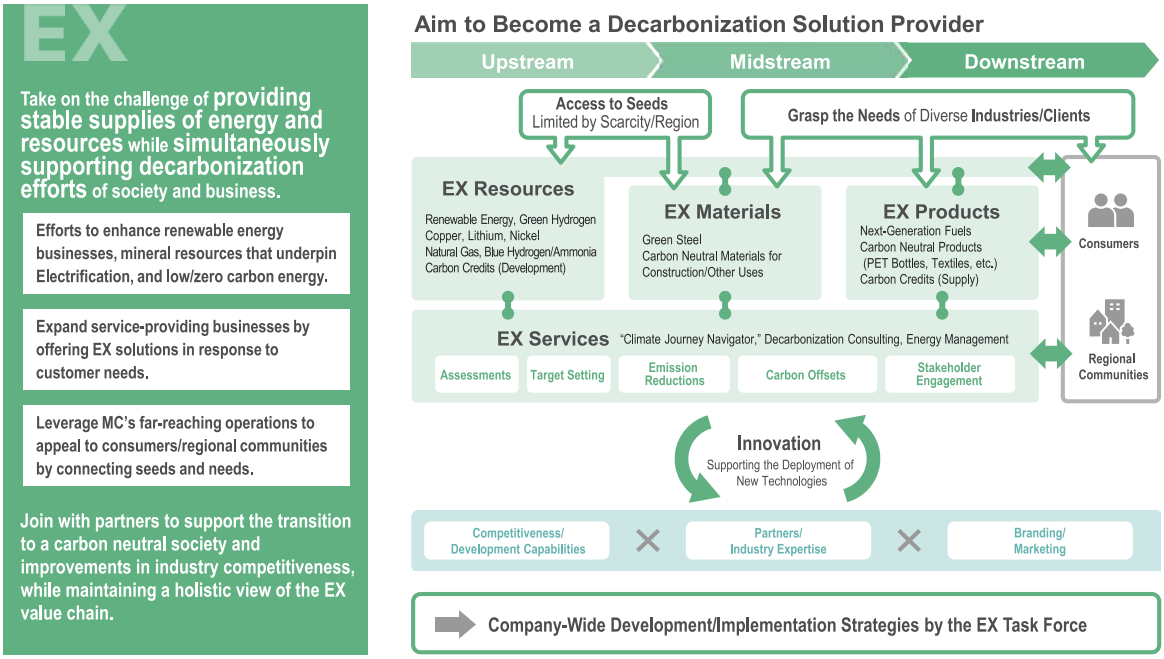
MC views sustainability and climate initiatives as vehicles through which to create societal and environmental value through all of our businesses, and we believe in the importance of demonstrating how they contribute to the broader growth strategy of our business.

Figure 1 Outline of Midterm Corporate Strategy 2024

Our Energy Transformation (EX) Strategy, one of the growth strategies set forth in Midterm Corporate Strategy 2024, demonstrates how we will contribute to the realization of a decarbonized society through our business activities. Since EX-related businesses take time to develop, it is important to take the initiative by looking five to ten years into the future. Therefore, by accelerating and focusing our efforts on EX-related investments, we will strategically reinforce our business portfolio to ensure that it is future-fit for a carbon neutral society. To this end, we will make EX-related investments of 1.2 trillion yen over the three-year period of Midterm Corporate Strategy 2024 as well as expanding the ratio of our EX-related business portfolio from 30% to around 40% (end of FY2021~2024) on the path to 50% in the future. Specifically, as an EX service, we aim to promote the decarbonization of the entire energy sector by connecting seeds (solutions) with needs related to EX Resources, Materials and Products and by becoming a decarbonization solutions provider by working closely with industry, consumers and regions to address emission reduction needs.

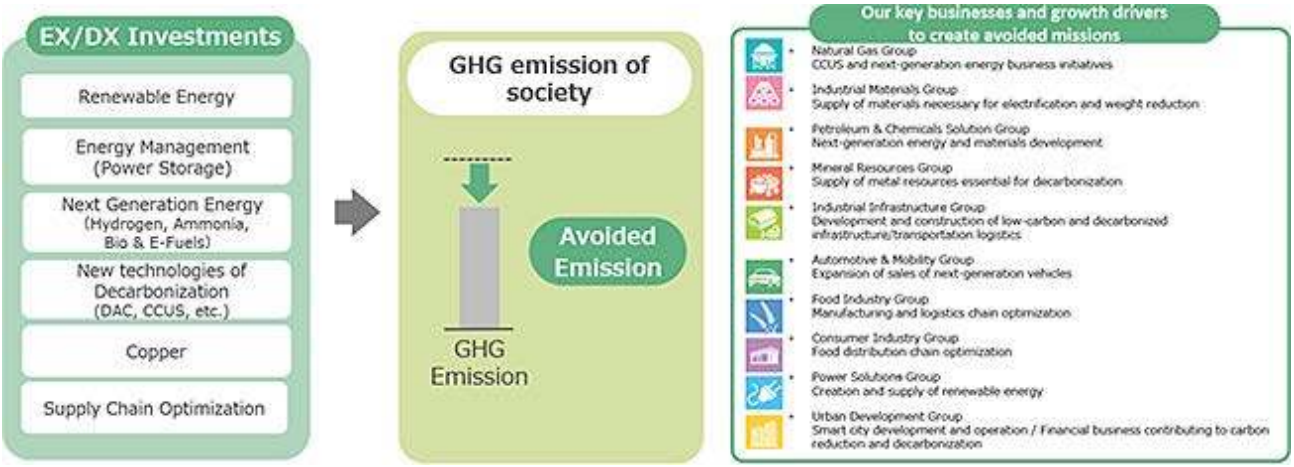
We have decided to newly disclose the effect of greenhouse gas reduction generated through MC Shared Value as our avoided emissions. This will be utilized as a quantitative indicator to measure the degree of contribution our company is making to GHG emissions reductions as well as the extent to which we are able to capture business opportunities in the transition to a decarbonized society.

Figure 2 EX Strategy from Midterm Corporate Strategy 2024



Avoided emissions are a quantitative indicator of the progress toward our EX strategy of transitioning to a decarbonized society through our business. They indicate the degree of contribution our company is making to GHG emissions reductions as well as the extent to which we are able to capture business opportunities in the transition to a decarbonized society. While continuing to foster relationships with our partners, customers and other stakeholders, based on our goal of addressing societal challenges and creating MCSV through our business, we will continue to vigorously promote our EX strategy, co-create businesses that generate avoided emissions, and contribute to the realization of a carbon-neutral society.

Please refer to the section below for specific examples.



Partnerships with Stakeholders

MC recognizes the necessity for close collaboration and co-creation with various stakeholders in order to effectively respond to climate change and achieve a decarbonized society. To that end, we will actively engage wide range of stakeholders – including partner companies, governments, local municipalities, investors, NGOs, and industry associations – to create MC Shared Value by elevating and driving the transition to a carbon neutral society and creating new industries to address challenges facing society and industry on the themes of (1) utilizing renewable energy and other local energy resources, (2) creating new "Carbon Neutral (CN)" industries, and (3) developing vibrant communities by helping to resolve regional issues. Below are some specific examples of how we engage with and build partnerships with external stakeholders.

Collaboration with Partner Companies

When it comes to addressing some of the key challenges we face in carving a path to a carbon neutral society and decarbonising our portfolio, MC collaborates with a variety of partner companies that share this ambition. The specific areas of collaboration can be divided into the below six categories.

- Renewable Energy
- EV / Batteries
- Ammonia Fuel / Hydrogen Energy / SAF
- CCUS
- Carbon credits
- Other Low-Caron / Decarbonized Businesses (Green Logistics, Green Buildings, etc.)

For an in depth exploration of these initiatives please view the relevant content **here**.

Government and Local Municipalities

MC supports and advocates for global and local initiatives that contribute to the realization of a decarbonized society such as the expansion of renewable energy, the development and societal implementation of next-generation technologies such as CCUS and hydrogen, and increased climate-related and other ESG disclosures. MC participates in seminars and training sessions hosted by the Japanese Ministry of Economy, Trade and Industry and Ministry of the Environment, and holds individual discussions on themes such as the expanded utilisation of TCFD guidelines and proliferation of renewable energy.
In particular, as a planning committee member of the TCFD consortium, MC actively participates in activities to support Japanese companies' response to climate change. Furthermore, we are participating as a key member in discussions on the establishment of various regulatory frameworks in the Public-Private Fuel Ammonia Promotion Council[*3] and the Public-Private Council for Promoting the Introduction of SAF[*4], both led by the Japanese Ministry of Economy, Trade and Industry.

*3 Established in October 2020 for the purpose of sharing technical and economic issues for introducing and increasing the use of ammonia for fuel applications and a timeline for solving these issues among the public and private sectors, and to promote concerted efforts to address these issues.

*4 Established in April 2022 to promote the development and manufacture of internationally competitive and domestically produced SAF, as well as to discuss technical and economic issues and solutions for future supply chain development among the public and private sectors, and to promote concerted efforts to address these issues.

Investors and NGOs

Through direct discussions with investors and NGOs, we have received valuable insight and opinions regarding expectations in relation to our strategies toward the transition to a decarbonized society and our policies for individual businesses, and reflect these in our considerations for business policies and measures. In FY2022, we held approximately 40 discussions with investors on sustainability, and 85(Japan:9, Europe:32, Americas:44) discussions with NGOs.

Industry Groups

MC promotes initiatives that contribute to the transition to a decarbonized society through active participation in climate change working groups. When joining or remaining a member of an industry group, we confirm that their climate change initiatives are in line with MC's basic policies. Through active participation in working groups and opinion exchanges related to climate change, mainly with the Japan Business Federation (Keidanren), the Japan Foreign Trade Council, and the World Business Council for Sustainable Development (WBCSD), each of which MC is a member, we are promoting activities aimed at the transition to a decarbonized society.

COLUMN

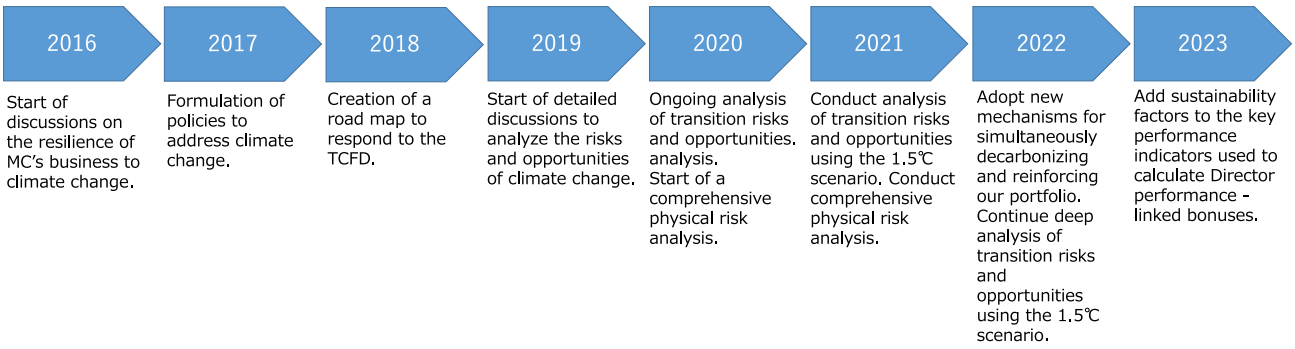
Participation in the Carbon Recycling Fund Institute

The Carbon Recycling Fund Institute was established in August 2019 with the aim of both addressing issues around global warming and improving global energy access through innovations in carbon recycling. MC has been a member since November 2019. Through access to the latest information on carbon capture, utilization and storage (CCUS) and enhanced networking with member companies, we aim to pursue business opportunities and contribute to solving climate change issues.

Governance

MC recognizes climate change as one of its key management issues. . Since initiating discussions on the resilience of our business to climate change in 2016, we have established and are expanding internal mechanisms to integrate climate change and other ESG factors into the decision-making process for business strategy and operations across the MC Group.

Figure 3 Main initiatives to date



Our Climate Governance Structure

MC's approach to, and policies on, climate change are formulated and regularly reviewed by its Executive Committee, MC's officer-level decision-making body. Furthermore, as stipulated in the regulations governing MC's board of directors, the Executive Committee reports its findings regularly (approximately three times a year) to the Board of Directors.

Board of Directors and Executive Committee Deliberations and Reports

Basic Policy on Climate Chang	Covers climate-related initiatives through MC's businesses, adoption of the TCFD recommendations, details on climate-related financial disclosures, etc.
Important Matters	Assessments of climate-change risks and business opportunities (including scenario analyses), GHG reduction targets and status of reduction initiatives, etc.

Brief review of Our Climate Governance Process

Prior to the Executive Committee addressing the above Basic Policy and Important Matters, we receive advice and recommendations from the external experts on our Sustainability Advisory Committee, and hold thorough deliberations at the Sustainability and CSR Committee (a subcommittee of the Executive Committee) which consists of all Business Group CEOs. Additionally, Group Chief Sustainability Officers and Group Sustainability Managers are appointed within each Group. These individuals are responsible for developing a salient management strategy, overseeing sustainability-related initiatives including climate action, and strengthening climate-related initiatives and insight for their respective businesses and strategies. The above Basic Policy and Important Matters are therefore comprehensively addressed when making key decisions on business strategy, as well as when screening new investment and loan proposals.

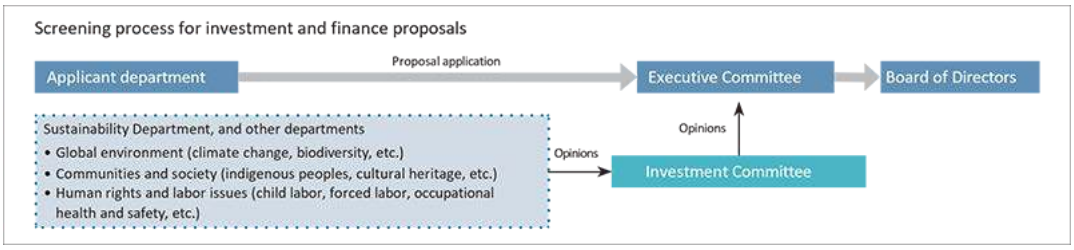
Climate-Change Governance Structure

Board of Directors	Supervises MC's climate-related actions and initiatives	Convenes approx. three times year
Executive Committee	Makes decisions regarding MC's basic policy on climate change Makes decisions regarding important matters pertaining to climate change	Convenes approx. twice a year
Sustainability & CSR Committee (reports directly to Executive Committee)	Deliberates on MC's basic policy on climate change and important matters therein, and reports findings to Executive Committee	Convenes approx. twice a year
Sustainability Advisory Committee	Offers advice and recommendations regarding MC's basic policy on climate change and important matters therein	Convenes approx. twice per year
Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)	
Department in Charge	Sustainability Department	

Reference: Diagram of the Sustainability Promotion Framework

Screening Process for Investments and Loans

MC ensures that all loan and investment proposals submitted for review by the Board of Directors and the Executive Committee are first deliberated by the Investment Committee, a subcommittee of the Executive Committee.By including the General Manager of the Sustainability Department in Investment Committee meetings (as a committee member), MC guarantees that the screening and decision-making process comprehensively considers environmental and social impacts. Besides screening new proposals, the Investment Committee also strives to implement improvements for existing business investees, by monitoring their management practices for continued improvements and value enhancement. From the perspective of climate change-related transition risks/opportunities and physical risks, the review of proposals and decision-making processes considers quantitative data such as GHG emissions, as well as national policies and industry trends. Since August 2022, when screening new investment proposals for "Transform" and "Green" businesses, which we identify as having significant climate change transition risks and opportunities, in accordance with the "MC Climate Taxonomy"we have been conducting profitability assessments based on indicators (such as internal carbon pricing) that use key assumptions under decarbonization scenarios.



New Activities Based on the Roadmap to a Carbon Neutral Society and Midterm Corporate Strategy 2024 - Creating MC Shared Value

Roadmap to a Carbon Neutral Society

In October 2021, MC formulated its Roadmap to a Carbon Neutral Society in which we declared our goal of acheiving net zero GHG emissions by 2050. As an active player in a variety of industries including resources and energy, we have formulated a number of goals and action plans in order to fulfill our responsibility to provide a stable supply of energy while striving to achieve a carbon neutral society.

Roadmap: Three Core Points

- GHG Reduction Targets: Halve by FY2030, Net Zero by 2050
- Approx. 2 trillion yen of Energy Transformation (EX)-related investment by FY2030
- Integrated EX/DX initiatives to “Create a New Future”

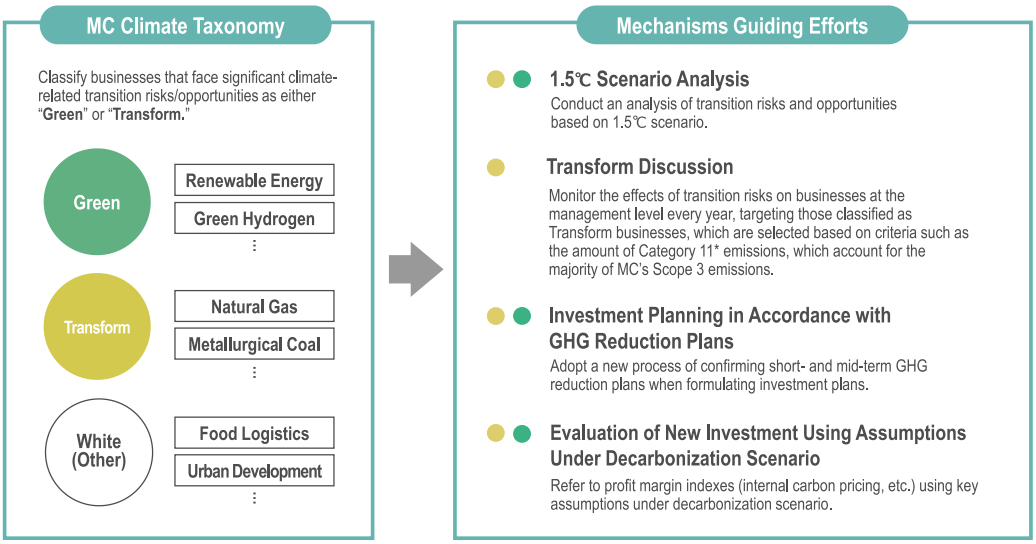
Sustainability as a Growth Lever

In May 2022, MC established and disclosed Midterm Corporate Strategy 2024 , which is based on the company-wide business promotion theme of “integrated energy transformation (EX) and digital transformation (DX) initiatives to create a new future” as set forth in the Roadmap.We have pledged to strive to continuously create significant MC Shared Value by strengthening the collective capabilities of the MC Group and addressing societal challenges through our business, and looking toward the realization of a decarbonized society, we will lead EX initiatives to achieve our growth strategy. (”Creating MC Shared Value”)

Introducing Mechanisms for Simultaneously Decarbonizing and Reinforcing our Portfolio

In order to achieve the GHG reduction targets (halve by FY2030 (FY2020 baseline), net zero by 2050) outlined in “The Roadmap to a Carbon Neutral Society”, as sustainability policies to address climate change, we have introduced mechanisms for simultaneously decarbonizing and reinforcing our portfolio as shown in figure 4.

Figure 4: Mechanism for simultaneously decarbonizing and reinforcing our portfolio.

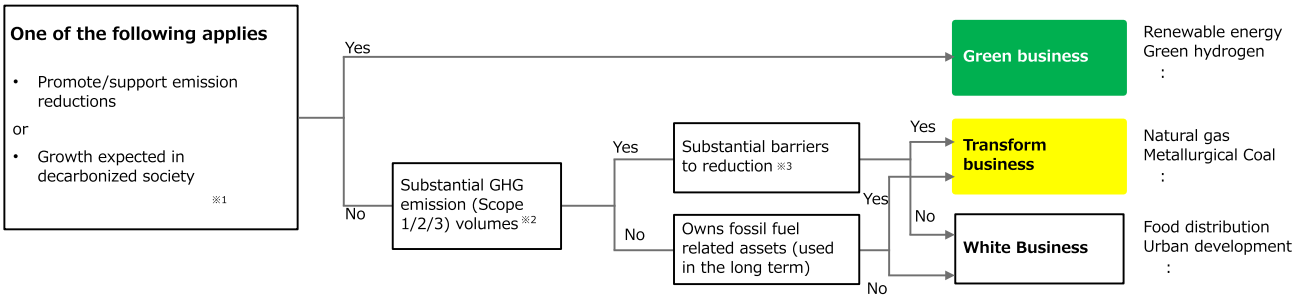


* Scope 3 Category 11: GHG emissions from the use of sold products

The basis for this mechanism is our "MC Climate Taxonomy", a new business classification system implemented in FY2022. MC Climate Taxonomy, which covers all of our approximately 130 business units, classifies each into 3 categories: Green (businesses with significant climate-related transition opportunities), Transform (businesses with significant climate-related transition risks), White (Other). For businesses classified as Green or Transform, appropriate governance and risk management systems have been adopted to carry out evaluations using assumptions under decarbonization scenarios when screening individual investment proposals, confirm GHG reduction plans when formulating investment plans, and confirm that our business is aligned with a 2050 net zero scenario in terms of both individual projects and company-wide business strategy.

The concrete classification process is shown in Figure 5. In selecting "Transform" businesses, both the volume of GHG emissions (Scopes 1, 2 and 3) and the barriers that exist in reducing GHG emissions are considered. In order to determine the specific reduction barriers, we use Scope 3 category 11 (GHG emissions associated with the use of products sold) and Scope 1 6.5 Gases(emissions that cannot be avoided when doing business), both in which emissions reduction are difficult to acheieve, as indicators from the perspective of avoiding stranded assets.
We started disclosing Scope 3 Category 11 emissions in February 2023. The background behind the disclosure of these emissions and results can be found here.

Figure 5: MC Climate Taxonomy Approach



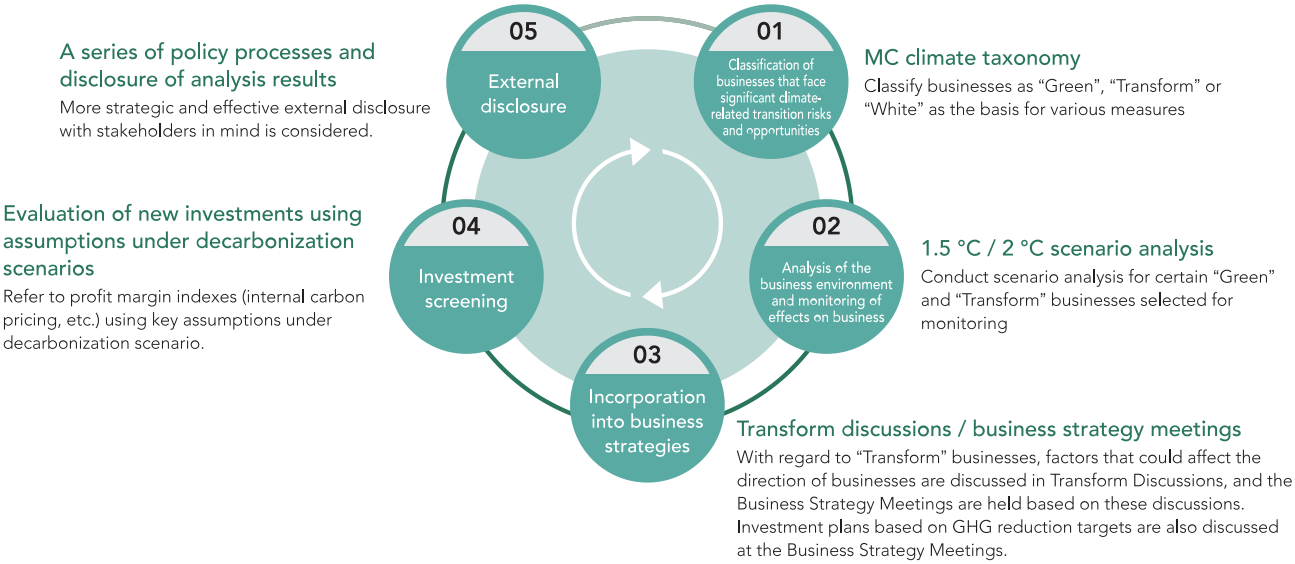
*1 Businesses where demand in 2050 under the 2.0℃ scenario will increase by 20% or more compared to the current business

*2 We first identified industries with high GHG emissions based on the EU Taxonomy. All other businesses are also classified into this category if they have exceptionally high emissions compared to other industries, based on internal Scope1 data and external Scope 3 Category 11 data.

*3 Determined based on Scope 1 and Scope 3 Category 11 emissions

The mechanism for simultaneously decarbonizing and reinforcing of our portfolio, including the MC Climate Taxonomy, is effectively managed via the 5 steps outlined in Figure 6.

Figure 6: Mechanism of initiatives based on "Midterm Corporate Strategy 2024 - Creating MC Shared Value"



1.5℃ Scenario Analysis

Approach to Scenario Analysis

Climate scenarios explore different potential states of the world in which different temperature trajectories are achieved based on a series of consistent outcomes and assumptions relating to socioeconomic developments, policies, markets, and technologies. Scenarios are created and published by independent agencies, such as the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and the Network for Greening Financial Services (NGFS) - along with companies that seek to verify and evaluate potential climate risks and opportunities for their own businesses via the creation of their own scenarios.

In order to both decarbonize and reinforce our portfolio, we believe it is essential to conduct scenario analyses by referring to these climate scenarios, thereby allowing us to properly understand the transition risks and opportunities for each of our businesses and to take these into account in formulating business strategies. To this end, since FY2019, we have been conducting scenario analyses in line with the TCFD recommendations, using primarily IEA climate scenarios, and since FY2021, we began conducting scenario analyses using a 1.5°C scenario predicated on net zero by 2050.

The 1.5℃ Scenario Used in FY2022

We used the IEA Net Zero Emissions by 2050 Scenario (IEA NZE) as a reference for our 1.5°C scenario analysis in FY2021. However, the IEA NZE data lacks the granularity required to extract precise insights that reflect MC's particular business characteristics and strategies. As such, MC collaborated with a third-party organisation to create and utilise a customised, specific model of the 1.5°C scenario (FY 2022 1.5°C Scenario), while aligning key assumptions with the IEA NZE wherever possible, thus allowing for a detailed level of granularity on topics like demand by region and product. Key assumptions for the FY2022 1.5°C scenario and the comparison with the IEA NZE are shown in Table 1 below.

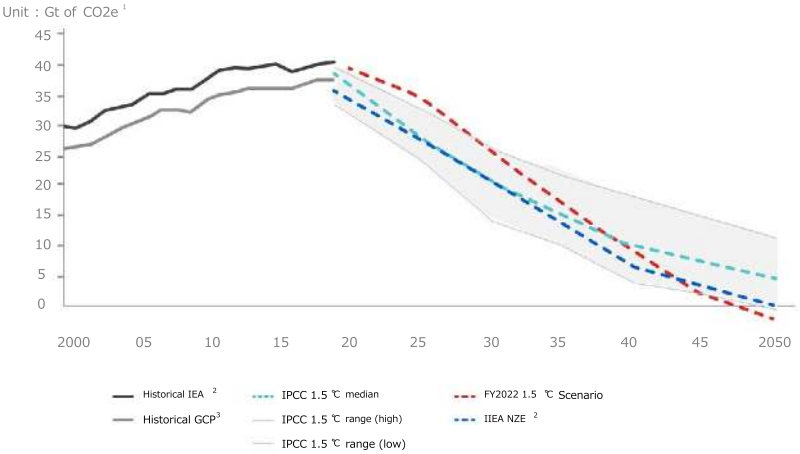
Table 1 Key assumptions for the FY2022 1.5°C scenario and the comparison with the IEA NZE

		FY2022 1.5℃ scenario		IEA NZE		
Item	Unit	2030	2050	2030	2050	Notes
① GDP CAGR	%	3.2	2.4	~3	~3	IEA NZE discloses only approximate numbers
② Population	Bil ppl	8.5	9.7	8.5	9.7	Aligned
③ Net CO2 Emissions	Gt CO2e	25.8	-2.4	21.1	0	Broadly Alligned (NZE does not include land use change.)
④ Final energy use	EJ	429	400	394	344	See below for further detail
⑤ Electricity share in final energy use	%	30	46	26	49	Broadly Aligned
⑥ Primary energy from O&G	EJ	284	97	266	102	Broadly Aligned

Our FY2022 1.5°C scenario assumes both decarbonisation and economic growth similar to the IEA NZE, with an expected average annual growth rate of approximately 3% in GDP by 2050, and an expected population of about 9.7 billion in 2050.(See Table 1, ① and ②)

Global CO_2 emissions are anticipated to decline by approximately 35% in 2030 compared to 2020 in this scenario, with the expectation that we reach net zero emissions in 2050, largely resulting from changes in land use (e.g., afforestation) and the implementation of negative emission technologies. The IEA NZE, published in May 2021, utilised 2019 as a reference year and projected a linear decrease in emissions toward 2050. Our FY2022 1.5°C scenario, however, reflects GHG emissions data through FY2021. As a result, GHG emission from 2019 to 2021 are marginally less than IEA NZE, though still in the acceptable range of reduction required to realise a temperature increase of less than 1.5°C, as presented by IPCC. (See Table 1 ③, Chart 1)

Chart 1 1.5°C-consistent pathways and GHG emissions presented by IPCC



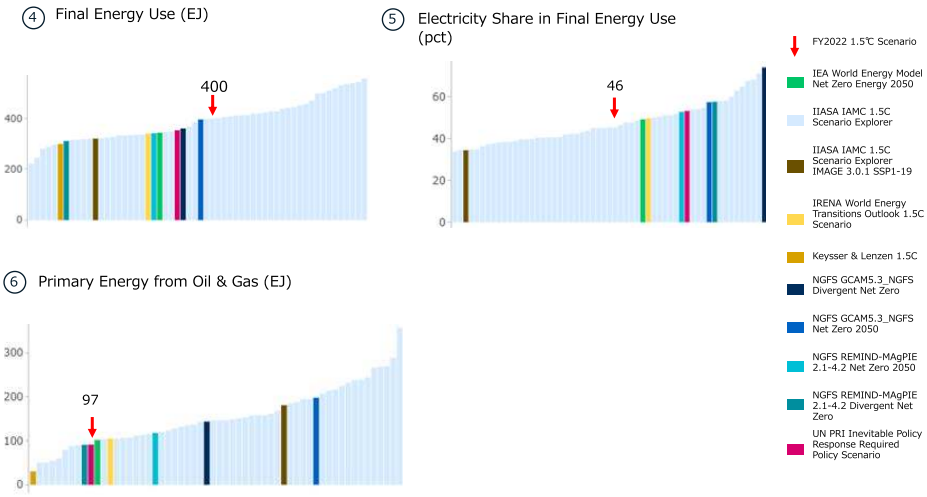
*1 IEA NZE was created using 2019 as a reference year, and data only exists ata 10-year intervals from 2020. This model was calculated at one year intervals using the latest data, resulting in diferences in the current figures the accmulated impact of is greater.

*2 Values published in IEA NZE exclude GHG emission reductions resulting from changes in use of land (e.g., afforestation). There is also a proviso that about 1.3 Gt of GHG is expected to be absorbed annually as a result of land use in 2050.

*3 Data of Global Carbon Project include GHG emission reductions resluting from changes in use of land.

Under our FY2022 1.5°C scenario, final energy use in 2050 will be approx. 400 EJ. Furthermore, the electricity share in final energy use will reach approx. 50% in 2050 due to enhanced electrification from decarbonization efforts, leading to an expected global electricity demand of approx. 90 billion GWh/year (3 times or more compared to 2020 levels) (see Tables 1 ④ & ⑤). Regarding Table 1 ④ "Final Energy Use", which is considered to differ significantly compared to the IEA NZE, the IEA NZE assumes an average annual improvement in energy efficiency of about 4% and 2.7% from 2020 to 2030 and from 2030 to 2050, respectively, with 2019 as the base year. However, considering that energy efficiency improvements over the past decade have averaged less than 2% per year, the 1.5°C scenario used in FY2022 assumes a more conservative figure of approx. 2% improvement in energy efficiency per year on average through 2050. With regard to "Primary Energy from Oil and Gas", primary energy supply is expected to reach approx. 100 EJ in 2050, which is almost equal to the IEA NZE (Table 1 ⑥). We compared items ④ through ⑥ in Table 1 with the 1.5°C scenarios integrated and published by the WBCSD and confirmed that all of the figures fall within the range of these scenarios (Chart 2)

Chart 2 1.5°c scenarios integrated and published by the wbcsd



Influences and Considerations for the FY2022 1.5°C Scenario

While a series of validations through scenario analysis is widely recognized as beneficial as described above, the following points in particular should be noted.

- Scenarios are not future projections and include many inherent risks and uncertain factors and pathways. Accordingly, due to changes in such factors and other variables, the actual future world and GHG emissions reduction pathways may differ significantly from those indicated by scenarios.
- In the FY2022 1.5°C scenario, the energy mix is calculated based on future cost projections for each technology available at the time. Therefore, it should be noted that 1) the projections for currently less mature technologies are relatively less reliable. Additionally, the potential impact of policies on the cost competitiveness and adoption rate of each technology in each region has not been taken into account. Finally, the impact of resource price fluctuations on technology competitiveness has not been accounted for.

Results of the 1.5°C Scenario Analysis and Relevant Implications

Identification of Businesses Subject to Analysis

As a global integrated business enterprise with a global network of approx. 1,700 group companies, it is not feasible for MC to apply the scenario analysis to all of our businesses. As such, we selected businesses that are expected to be particularly affected by the risks and opportunities posed by climate change for our scenario analysis, according to the following process.
In selecting businesses from a risk perspective, we considered two indicators: GHG emissions and asset size.
First, we selected businesses that we categorised as "Transform" businesses under the "MC Climate Taxonomy" due to their high emission volumes and relative difficulty in reducing emissions. From among those businesses, we then selected those with significant asset sizes, namely natural gas/LNG, metallurgical coal, and power generation (fossil fuels) (these three businesses account for approx. 70% of the balance of investment out of all "Transform" businesses) as targets of the scenario analysis from a risk perspective. Since MC has already adopted a policy to not enter into any new coal-fired power generation businesses and achieve a 100% non-fossil power generation portfolio by 2050, power generation (fossil fuels) businesses were exempted, and thus natural gas/LNG and metallurgical coal were chosen as final target businesses for the FY2022 1.5°C scenario analysis.

Reference: Policy on Coal-fired Power Generation Businesses (IPP and EPC)

From an opportunity perspective, among the "Green" businesses classified under the "MC Climate Taxonomy" as having significant opportunities related to climate change, we selected renewable energy, which is one of our core businesses and for which we have multiple existing projects, as the target business of the FY2022 1.5°C scenario analysis.
In the following sections, we explain the results of our analysis of the business environment in terms of risks and opportunities for the target businesses based on our 1.5°C scenario analysis, as well as our policy and other initiatives in light of these results.

Climate Risks

A. Natural Gas／LNG

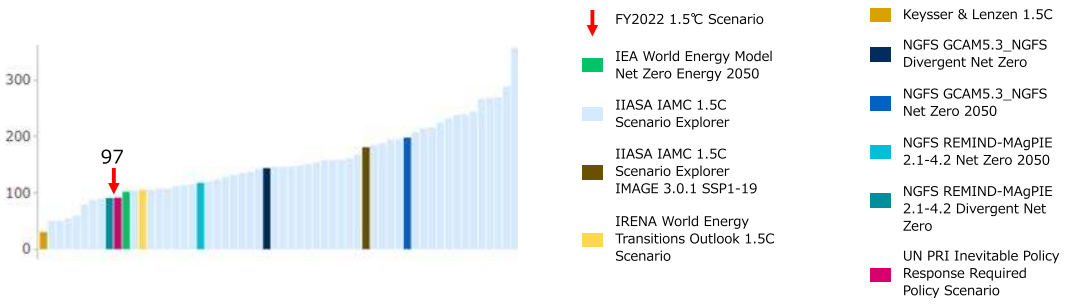
The natural gas and LNG are important business areas for achieving a carbon neutral society and sustainable economic development, since natural gas and LNG play a variety of roles in the transition to a carbon-neutral society. Roles include being a complement to renewable energy intermittency, an energy source for sectors that are difficult to electrify, and being a raw material for next-generation energy sources. Given the importance of natural gas and LNG, MC conducted a detailed analysis based on the FY2022 1.5°C scenario. The following shows the results of MC's analysis of the impact on our natural gas and LNG businesses under the FY2022 1.5 °C scenario, as well as our business strategy and initiatives.

【Analysis of Business Environment】

In formulating MC's LNG business strategy, it is important to understand the trajectory and scale of LNG demand under the 1.5°C scenario, which assumes that decarbonization progresses. From this viewpoint, MC verified and analyzed (1) The primary energy supply of oil and natural gas, (2) Natural gas demand, and (3) LNG demand based on the FY2022 1.5°C scenario.

(1) The Primary Energy Supply of Oil and Natural Gas
The ratio of oil and natural gas among primary energy supply does not differ significantly between the FY2022 1.5°C scenario and the IEA NZE. Both scenarios project that energy from oil and natural gas will decline to approximately 265-285 exajoules (EJ) in 2030, and to approximately 100 EJ in 2050. This figure falls within the range of other 1.5°C scenarios for 2050, including the IEA NZE published by the WBCSD (see Chart 3)

Chart 3 Primary Energy from Oil & Gas

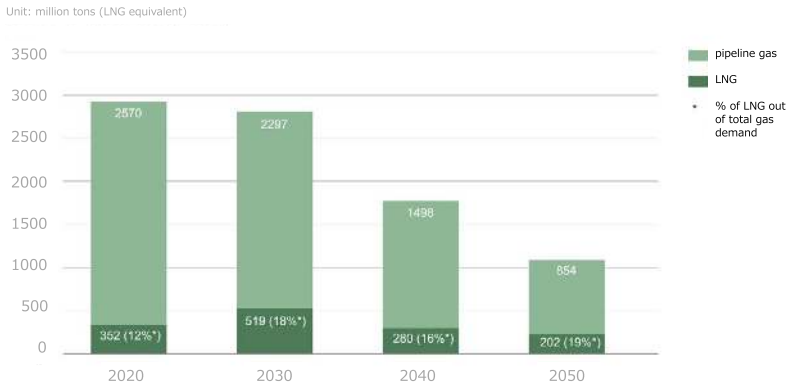


Source: WBCSD Climate Scenario Catalogue

(2) Natural Gas Demand

There is no significant difference in global demand for natural gas between the FY 2022 1.5°C scenario and the IEA NZE from now to 2050. In each scenario, global demand until 2030 is expected to remain relatively stable, after which it is expected to significantly decline when renewable energy, hydrogen and other next-generation energy become widespread (see Chart 4).

Chart 4 Global demand for natural gas and LNG



(3) LNG Demand

Demand for LNG is expected to increase following the rising demand for primary energy due to economic growth and the shift from oil and coal to natural gas in Asian countries. For those countries, this is especially the case where natural gas procurements through pipelines is impossible or domesctic production declines due to depleting natural gas reserves. Global LNG demand is even expected to increase until 2030 under the FY2022 1.5°C scenario. If decarbonization progresses beyond the commitments made by nations, demand for LNG, as well as natural gas, is expected to fall after 2030. However, the rate of decline in LNG demand is expected to be slower than natural gas, particularly in Asian countries for reasons mentioned above. Between the years 2040 and 2050, Asian countries are expected to account for over 90% of global LNG demand. IEA NZE only publishes data representing volumes traded between regions and not intra-regional trade, thus a calculation of LNG demand by region and a side-by-side comparison is not possible. However, it is reasonable to assume that the trend in Asia's rising share of global LNG demand is consistent with IEA NZE data.

【Monitoring and Discussion Items for Transform Discussion】

In consideration of the business environment mentioned above, for natural gas and LNG businesses, MC will monitor and discuss at the management level the current status and trends of climate change transition risks and, more specifically, items that could affect supply and demand (see below) in the "Transform Discussion" introduced in the Midterm Corporate Strategy 2024 as one of the sustainability measures. Such results shall be incorporated into the final business strategy.

- Geopolitical risks such as the current energy crisis and situation in Ukraine
- Natural gas, LNG, and decarbonization policies of our partners, such as LNG consumers and major oil and gas companies
- Advances in low-carbon and decarbonizing technologies such as renewable energy, nuclear power, next-generation energy and CCUS
- Trends in climate change-related regulations, including policies on natural gas and LNG, and GHG emissions reductions by various governments

【Policies and Initiatives Based on the Business Environment and Transform Discussion】

Natural gas and LNG are energy sources that will play a key role in the transition period. Under the FY2022 1.5°C scenario used in this analysis, although natural gas and LNG demand is expected to decline overall in the long term, Asia, which is a strategic region for MC's LNG business, is still expected to maintain a certain level of demand in the long-term.
Taking into account the business environment mentioned above, MC will be focusing on strengthening its LNG business and decarbonizing its LNG value chain in order to achieve a stable supply of energy and resources as well as decarbonizing its social and economic activities. This is in line with the Midterm Corporate Strategy 2024.
For the longer term, MC shall continue to: 1). work on initiatives to progress the decarbonization of its LNG value chain, 2). optimize its LNG portfolio, and 3). scale-up investment in next-generation energy, while closely monitoring the overarching business environment, including the development on technological innovation and climate-related regulations by various governments.

＜Strengthening MC's LNG Business＞
The majority of the production volume from MC's existing LNG business is sold under long-term contracts. However, MC will continue to improve the competitiveness of its existing LNG business by enhancing operational efficiency and cost reductions, while optimizing its portfolio. For new LNG businesses, MC will make investment decisions by also considering investment returns under a 1.5°C scenario, taking into account the risk of it becoming a stranded-asset in the event decarbonization occurs rapidly.

Natural gas and LNG-related data

- Upstream oil and gas production share
- LNG Project list

＜Decarbonization of MC's LNG Value Chain＞
Together with strengthening its LNG business, MC intends to leverage its position and strength as one of the biggest LNG players in Japan to play a key role in transitioning to a decarbonized society, by the promotion of CCUS, and activities in the production and supply of next-generation energy such as blue hydrogen or e-methane (synthetic methane), which will all contribute to the decarbonization of the LNG value chain. MC believes that its experience, knowledge, and networks gained from the natural gas and LNG businesses over the past 50 years can be utilized in specific new business fields mentioned below.

Next-Generation Energy Business

- Tokyo Gas, Osaka Gas, Toho Gas and Mitsubishi Collaborate to Produce E-methane in the US and Transport It to Japan, Utilizing Cameron LNG in Louisiana

CCS Business

- MIMI Awarded Greenhouse Gas Assessment Permit in Western Australia
- Mitsubishi Corporation Signs Participation Agreement with Sempra Infrastructure, TotalEnergies, Mitsui for Carbon Sequestration Project in Louisiana

B. Metallurgical Coal

Through Australian subsidiary Mitsubishi Development Pty Ltd., MC conducts exploration, development, production, and sale of mineral resources in collaboration with its partner BHP. The BHP Mitsubishi Alliance (BMA), which we operate as a joint venture with BHP, is one of the world's largest metallurgical coal operations, with an annual production volume of over 60 million tons and a share of approximately 30% of the global seaborne metallurgical coal market. Steel is an essential industrial material that every country needs in order to achieve economic growth. MC expects to see continued strong demand for steel, as it is a key component of efforts to develop the infrastructure needed to achieve decarbonization. However, the steel industry has yet to implement large-scale, low-carbon steelmaking methods. In addition, it would take many years for any low-carbon steelmaking method that is developed to be adopted worldwide. MC therefore anticipates a transitional period lasting several decades, during which growth in the use of electric furnaces for steelmaking from scrap iron will be accompanied by a shift to hydrogen-based steel production in conjunction with the advent of a hydrogen-based society. In the meantime, blast furnace steelmaking using metallurgical coal is expected to remain the primary steelmaking method in the foreseeable future. Given these circumstances, MC has carried out the following analysis of the outlook for the business environment under the 1.5°C scenario, the transition risks for its metallurgical coal business, and the business policies and initiatives needed to adapt to these changes.

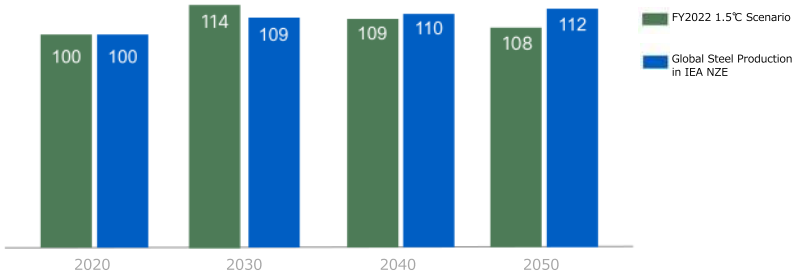
【Analysis of the Business Environment】

BMA's main product is high-quality metallurgical coal, which BMA supplies to the global seaborne markets. As part of the analysis of the business environment surrounding BMA under the 1.5°C scenario, MC carried out step-by-step evaluations of (1) demand for steel, (2) crude steel production by iron source, and (3) pig iron production and the maritime trade in metallurgical coal.

(1) Demand for Steel

Steel is an excellent basic material and supports economic growth in every country. It also plays a vital role in the development of infrastructure for achieving decarbonization. Under the FY2022 1.5°C scenario, demand for steel in 2050 is expected to exceed the 2020's level (see chart 5). Furthermore, since achieving net-zero emissions by 2050 will require rapid action to create infrastructure related to decarbonization, consumption for steel can be expected to expand rapidly from the second half of the 2020s. The IEA NZE predicts a similar level of growth in steel production. These forecasts suggest that demand for steel is likely to remain steady over the long term, even if major strides are made toward the realization of a decarbonized society.

Chart 5 Trends in global steel consumption under the 1.5°C scenario (2020=100%)

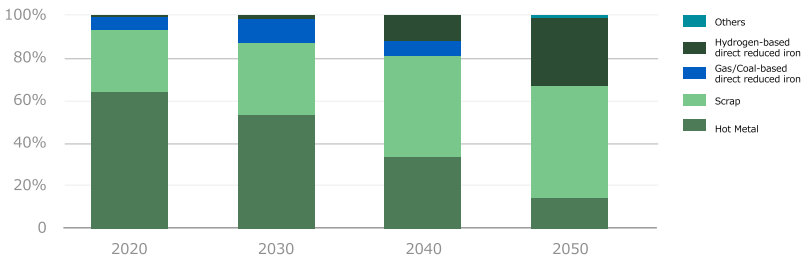


(2) Crude Steel Production by Iron Source

The steel industry is seen as a sector in which the reduction of GHG emissions poses major challenges. Efforts are being made to reduce carbon emissions, such as by making further improvements to electric furnace technology and developing hydrogen-based steelmaking technologies. Particularly significant is the hydrogen-based direct reduced iron (DRI) method, which is now being trialed primarily in Europe. However, even under the FY2022 1.5°C scenario and the IEA NZE, the commercialization of this technology is unlikely to take place with large scale until the second half of 2030. This is due to the need to solve various challenges, such as the development of hydrogen supply infrastructure, as well as the level of hydrogen price and carbon prices. Because of these, DRI technology is likely to be adopted gradually in the steel sector, starting in regions where the required conditions are in place, such as Europe. The adoption of this new technology is expected to occur at different times in different regions.

The expansion of electric furnace steelmaking is also expected to lead to a gradual decline in blast furnace pig ironmaking from 2030 onwards.The IEA NZE predicts a decline in blast furnace steelmaking, as well as reductions in carbon emissions from the blast furnaces that continue to operate, thanks to efficiency improvements and the adoption of CCUS technology. According to the IEA NZE, hydrogen-based production methods will account for around 30% of steelmaking by 2050, which is roughly in line with the FY 2022 1.5°C scenario(see Chart 6).

Chart 6 Crude steel production by iron source under the FY2022 1.5°C scenario

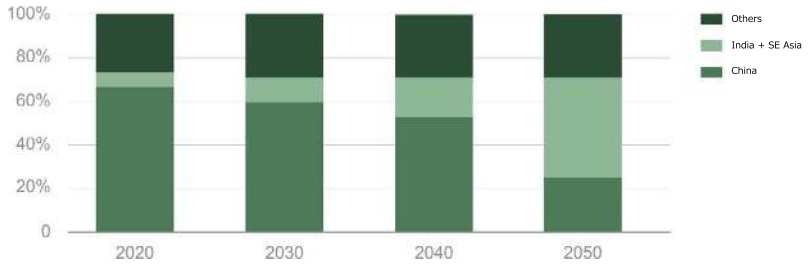


The demand for high-quality metallurgical coal produced by BMA is expected to decline more slowly than that for low-quality metallurgical coal, due to the relatively low greenhouse gas emissions from the blast furnace steelmaking process. High-quality metallurgical coal is attractive since there is a growing need for low-carbon measures that can be applied during the transition period when the blast furnace steelmaking process continues to be the prevailing method.

(3) Pig Iron Production and the Maritime Trade in Metallurgical Coal

The gradual decline in pig iron production via the blast furnace steelmaking process will be accompanied by changes in the countries that comprise pig iron output. Pig iron production in China, which currently accounts for around 60% of the global total, is expected to decline, while production in emerging economies such as India and Southeast Asia is expected to grow (see Chart 7).Unlike China, India and many Southeast Asian countries are dependent on imported metallurgical coal, and demand from these countries is expected to sustain the global seaborne trade volumes. Almost all of the metallurgical coal produced by BMA is exported to handle in the seaborne market.

Chart 7 Composition of pig iron production by country under the FY2022 1.5°C scenario



【Monitoring and Discussion Items for the Transform Discussion】

As with MC's natural gas and LNG businesses, conditions and trends relating to the following key aspects of the metallurgical coal business and their impact on business strategies are monitored and discussed at the management level through the "Transform Discussion." The results of these discussions are considered in MC's business strategies.

- The development of scrap iron collection and supply networks in China and emerging economies, and trends in electric furnace steelmaking
- Technological innovations, such as hydrogen-based steelmaking techniques
- The applicability of CCUS to the blast furnace steelmaking process, as well as trends in the development of CCUS-related laws and systems, and social acceptance of CCUS technology
- Carbon pricing trends in BMA's major markets
- Trends in approvals and the availability of financing for coal mine's development

【Policies and Initiatives Based on the Business Environment and Transform Discussion】

The steel industry is expected to see a long transition period and the need for high-quality metallurgical coal, which is BMA's main product, will likely increase relative to low-quality metallurgical coal since it contributes to the reduction of emissions in blast furnace steel making process. On the other hand, the supply of metallurgical coal is expected to decrease as a result of the increasing difficulty of new mine's development such as difficulty of obtaining necessary approvals, and therefore fewer investments in new coal mines. BMA will continue to ensure a stable supply of high-quality metallurgical coal.
MC is also actively working to reduce BMA's GHG emissions by exploring and implementing initiatives in areas such as renewable energy procurement, methane gas processing, and alternatives to diesel fuel. For example, in 2020 BMA signed a contract to source low-emission power, which will cover around half of BMA's overall power demand at its coal mines. This move will enable BMA to cut its Scope 2 emissions by half by the mid-2020's.
MC has also signed a collaborative agreement with its partner BHP, a major steel manufacturer, and a prominent engineering firm regarding the trial use of CCUS technologies in steelmaking. This initiative is part of MC's efforts to reduce GHG emissions throughout the entire steelmaking value chain.
In the mineral resources business, MC will work to promote its EX strategy from the three perspectives of decarbonization, electrification, and the shift to circular economies. In addition to efforts to decarbonize the steelmaking value chain, MC will also strive to expand its involvement in areas that are essential for electrification, such as copper and raw materials for battery, as well as its recycling business.

Reference Examples of decarbonization initiatives by MDP (partnerships with major CCUS players across multiple industries)

Climate Opportunity

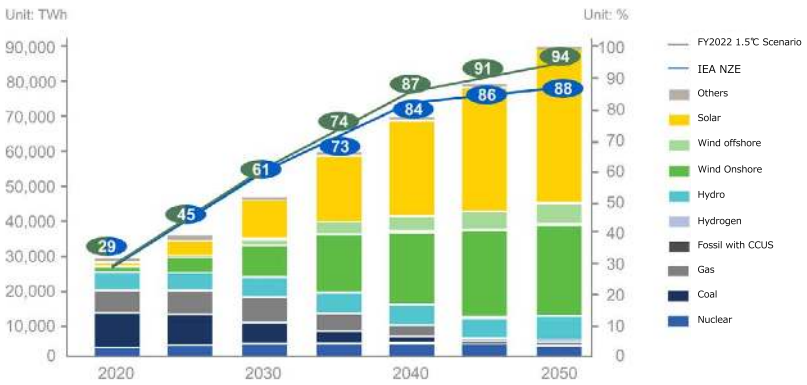
A. Renewable Energy

Renewable energy is one of the core businesses of MC's EX strategy. Renewable energy has been selected as a business with major transition potential in terms of climate change and several projects have already been developed. The following analysis was conducted under the FY2022 1.5°C scenario.

【Analysis of the Business Environment】

Electrification in a wide range of industries is essential in order to achieve net-zero emissions by 2050. It is assumed that a large portion of that electricity needed will be provided through renewable energy, mainly solar and wind power. As shown in Chart 8, in the FY2022 1.5°C scenario, the increase in the scale of total electricity generation and the share of renewable energy in that total generation due to the progress of electrification is very significant. This trend is also consistent with the IEA NZE.
Also, in line with the expansion of renewable energy, power generation amount of which varies according to weather conditions and which has a strong aspect as a distributed power source, further business opportunities are expected to increase, such as the expansion of transmission capacity, utilization of storage batteries, and demand response, which will contribute to improving the flexibility of the power supply and demand system.

Chart 8 Global Power Supply, and % of Renewable Power Supply



【Policies and Initiatives Based on the Business Environment】

The introduction of renewable energy and the spread of battery storage, as well as the accompanying trend toward decentralization of the power supply system, will vary according to country and region depending on the status of policies, regulations, and technological innovations, and the timing of their manifestation may differ significantly.
MC "produces" (generates) renewable energy, "integrates" weather-dependent electricity (through a sophisticated balance of supply and demand), and "delivers" this integrated electricity and high added-value services. By strengthening each of these functions of the power value chain, MC aim to expand our renewable energy business in Japan, where offshore wind power is expected to grow, and in Europe, where Eneco's platform stands, as well as in the Americas, Asia, and other regions.
MC is making progress toward achieving its target to double its renewable energy power generation capacity from 3.3 GW in FY2019 to 6.6 GW by FY2030.

Specific Initiatives and Case Studies Related to Renewable Energy

＜Initiatives in Europe for the Promotion of Renewable Energy (Eneco)＞
Eneco is operating power generation businesses, power and gas trading businesses, power and gas retail businesses, and district heating businesses focused in the Netherlands, Belgium, and Germany with a core focus on renewable energy. With a solid customer base that is the third largest in the Netherlands, Eneco has approximately 1,800 MW of renewable energy assetss, which include the ones under construction status. In December 2022, MC and Shell plc were successful in the tender for the Hollandse Kust West Site VI offshore wind farm (760 MW capacity), located approximately 50 km off the Northwest coast of the Netherlands. This will be Eneco's fifth offshore wind project in the Netherlands and seventh in Europe, bringing total capacity of offshore wind in the Netherlands to 2,500 MW. Renewable energy net equity base capacity will expand from 3,430 MW to 3,670 MW.

＜Promoting Renewable Energy in the U.S. through Nexamp's Distributed Solar Power Generation Business＞
Through Diamond Generating Corporation, a wholly owned subsidiary power business in the U.S. MC operates Nexamp, Inc., a distributed solar power generation company. Nexamp's community solar business sets up solar power generation systems in local communities, allowing customers that cannot install solar panels to use solar-generated electricity in their homes or offices.

＜Promoting Offshore Wind Power Generation Projects in Japan＞
The consortium represented by Mitsubishi Corporation Energy Solutions Ltd. (currently Mitsubishi Corporation Offshore Wind Power Ltd.) was appointed by the government on December 24, 2021 as an operator for an offshore wind power generation project in the following promotion zones under the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities. The consortium is moving ahead with the development of a seabed-anchored offshore wind power generation business, the first of its kind in Japan, for general sea areas.

- Promotion-zone offshore wind power generation project off the coast of Noshiro City, Mitane Town, and Oga City, Akita Prefecture
- Promotion-zone offshore wind power generation project off the coast of Yurihonjo City (northern side and southern side), Akita Prefecture
- Promotion-zone offshore wind power generation project off the coast of Choshi City, Chiba Prefecture

＜MC Signs Japan's First Long-term Corporate PPA for Online Retail Giant Amazon＞
MC has signed a long-term Corporate Power Purchase Agreement (Corporate PPA), through which it will supply electricity to data centers owned and operated by the Amazon subsidiary Amazon Web Services, Inc. (AWS). Facilitated by MC Retail Energy Co., Ltd., this Corporate PPA represents Amazon's first use of renewable energy in Japan.Under the agreement's terms, West Holdings Corporation will build and maintain roughly 450 solar power stations (with a total installed capacity of approximately 22 MW) for Amazon and supply the online retailer with wholesale electricity. MC subsidiaries Mitsubishi Corporation Energy Solutions Ltd. and ElectroRoute will also be involved. The former will manage construction of the solar power facilities and provide tech support, while the latter will forecast the facilities' outputs and hedge power generation imbalances*.

* Investments to hedge costs incurred through supply-demand imbalances that occur when solar power outputs fail to match their original forecasts

Renewable energy related data

- List of Renewable Energy Businesses
- List of Offshore Power Transmission Businesses

Summary

As presented above, by aligning key assumptions with the IEA NZE to the extent possible and referring to our FY2022 1.5°C scenario, which includes more granular data such as demand by region and commodity, we were able to analyze the business environment surrounding natural gas/LNG and metallurgical coal, which have considerable GHG emissions and are particularly large assets, from a risk perspective. From an opportunity perspective, we analyzed the business environment surrounding renewable energy, where we believe business opportunities will increase as society continues to decarbonize

The results of our FY2022 scenario analysis above exemplify the resilience of MC's business portfolio, even under a 1.5°C scenario assuming rapid society-wide decarbonization.

In order to manage the risks associated with climate change and appropriately seize business opportunities, we will continue to update our decarbonization scenarios and utilize them in our business environment analyses while formulating and executing business strategies to both decarbonize and reinforce our business portfolio, as announced in Midterm Corporate Strategy 2024 - Creating MC Shared Value.

Physical Risks

MC is working to realize a decarbonized society through its businesses across the globe. Nevertheless, we are aware that our businesses are also exposed to physical risks associated with climate change. In addition to the transition risks and opportunities assessed in the aforementioned 1.5°C scenario analysis, we have also analyzed the potential impact of physical risks (e.g., flooding, drought, rising temperatures, etc.) on MC Group businesses.

Main Physical Risks:

Increase in Unusual Weather Patterns	Risks of water shortages, floods and other resulting phenomena having an adverse impact on business operations
Climate Change	Risk of rising temperatures, etc. having an adverse impact on businesses

Physical Risk Assesment Process

With a global portfolio of companies with a diverse range of assets, it was important first to determine which MC Group assets are most exposed to the physical impacts of climate change. As such, MC has employed the following assessment process, starting with the identification of key assets.

Phase 0: Identification of Material ssets

To determine MC Group assets that are material to the operational performance of MC, MC first identified a subset of subsidiaries/affiliates that have the greatest potential to have a material financial impact on MC using financial metrics such as profits and total asset values, and then identified assets that are material to their business.

Phase 1: Screening

MC engaged an independent specialist consultant to conduct a climate hazard screening exercise to identify high-risk assets that should undergo a detailed analysis. This assessment focused on 74 assets across 38 MC subsidiaries/affiliates located in 13 countries that were identified as material. During the screening process an evaluation of exposure to hazards through to 2030* was conducted, using observational data and climate model projections. The hazards included in this evaluation included coastal flooding (storm surges, sea level rise), stormwater flooding, wildfires, temperature rise, cyclones, and droughts. The evaluation employed the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathway (RCP) 8.5 scenario.
Each asset was assigned a numerical exposure score for each climate hazard. Each asset was then given a qualitative exposure rating ('High', 'Medium', or 'Minimal') based on the asset's overall numerical hazard exposure score.

Hazard Exposure Rating	Description
High	Overall hazard score greater than 30
Medium	Overall hazard score 15-30
Minimal	Overall hazard score less than 15

* The coastal flooding assessment considered exposure to sea level rise through the year 2050

Phase 2: Detailed Analysis

On the basis of the screening results, 18 of the high ranked assets located in eight countries were selected for a more detailed climate hazard analysis in this phase. The purpose of the detailed analysis was to scope the current and anticipated physical climate hazards for each asset through to 2080 (evaluated over three time frames: 2030, 2050, and 2080) - using observational data, climate model projections, and information such as previously experienced impacts due to physical climate hazards. The analysis in this phase also employed the IPCC's Representative Concentration Pathway (RCP) 8.5 scenario, along with the RCP 4.5 scenario in order to conduct a risk analysis for a moderate range of temperature increase.
The potential severity of climate hazards for each asset were ranked by considering the probability that the climate hazard will occur, the magnitude of the hazard's impact on the asset, and the likelihood of the asset being affected. These were then ranked on 5-level color scales (red, orange, yellow, green and grey), indicating priority areas for adaptation strategies and activities.

Hazard Rating	Description of Hazard Severity and Level of Recommended Action
4	Present-day hazards causing material impacts. Adaptation strategies should be evaluated and deployed.
3	Imminent hazards likely to result in material impacts during the planning time horizons. Adaptation strategies should be developed in the near future.
2	Lower likelihood or lower impact hazards which may occur during the asset hold period but are unlikely to cause material impacts and/ or for which more information is required. Impacts should be monitored but may not need action at this time.
1	Hazards currently modeled to have minimal impact and/ or to occur after the planning time horizons; may be re-evaluated in the future.
0	Site is not exposed to this hazard.

Physical Risk Assessment Results

The results of the assessment are shared with each MC Group company to inform their future adaptation measures. The current measures and future adaptation strategies for assets that received a red hazard ranking for any of the hazard types covered by the assessment are detailed below.

Metallurgical Coal Business

Assets subject to assessment	Mines and coal terminal owned by BHP Mitsubishi Alliance (BMA)*
Location	Australia
Type of hazard	Stormwater flooding
Current measures	Given that flooding due to heavy rain at mines has the potential to disrupt operations, the following measures have been implemented to improve resilience of the sites to flooding since the last flood events in 2011: • Implementation of water storage inventory procedure based on climate forecasts; • Utilization of the pits under care and maintenance for its water storage management; • Installation of floods levees to prevent flood water entering pits, pumping and water pipeline systems to move surplus water around and between mine sites and water storage locations, and additional excess water discharge infrastructure.
Future adaptation strategies	MC together with BMA will continue to enhance physical risk mitigation in response to climate change forecasts.

Copper business

Assets subject to assessment	Copper mines owned by Anglo American Sur, S.A
Location	Chile
Type of hazard	Drought
Current measures	While most of the water required for the operations is reused within the mine, a certain amount is lost due to evaporation and other factors, and this water must be replenished from external sources. Since in the drought condition, there is a possibility that sufficient water intake may not be possible which could affect operations, resilience measures are considered through increased procurement of industrial wastewater and treated sewage from third parties.
Future adaptation strategies	In addition to the current measures, further diversification of external water procurement is under consideration. Moreover, new initiatives to further improve water reuse efficiency at the operations are also being considered.

* To address the risk of the storm surges associated with cyclones at the coal terminal, which was ranked as orange in the assessment, the latest port berth infrastructure installed has been designed to withstand a 1 in 1000 year wave event factoring in rises in sea levels and cyclone impacts due to climate change. An additional project is currently underway to upgrade an older berth to the same design standard.

Key GHG Metrics and Disclosure Highlights

MC has set GHG emissions reduction targets consistent with the Paris Agreement, which aims to limit global warming to well below 2°C, preferably 1.5°C above pre-industrial levels by the end of the century, and is advancing a variety of measures to achieve these targets. With a global network of approx. 1,700 group companies, we have set GHG emissions reduction targets on a consolidated basis and work closely with MC Group companies to collect GHG emissions data and advance emissions reduction initiatives on a consolidated basis. Furthermore, we utilize our environmental management system (EMS) to collect basic information for policy planning. In FY2020, we expanded the scope of the survey via a major update to our environmental performance survey system, and are continuously working to improve the accuracy and timeliness of both qualitative and quantitative data on our GHG reduction initiatives.

Targets

MC is committed to creating MC Shared Value by simultaneously decarbonizing and reinforcing its portfolio in accordance with the net zero by 2050 and the 1.5°C target, in line with the Paris Agreement. To this end, we have set the following three goals toward the realization of a decarbonized society.

1) GHG Emissions Reduction Targets

- **Net zero GHG emissions by 2050, and a FY2030 target with a detailed reduction plan**
- **Emissions halved by FY2030 (compared to FY2020 levels) through portfolio replacement driven predominantly by divestment of thermal power assets.**

MC believes it is appropriate to set a reduction target that includes the GHG emissions of affiliated companies, which are also important as a profit base. Therefore, in calculating GHG emissions, which is the premise of this target, MC has adopted the GHG Protocol's equity share approach that includes GHG emissions for affiliated companies.

Figure 7: GHG Emissions Reductions Targets in the Roadmap to a Carbon Neutral Society

Net zero GHG emissions by 2050, and a new FY2030 target with a detailed reduction plan.

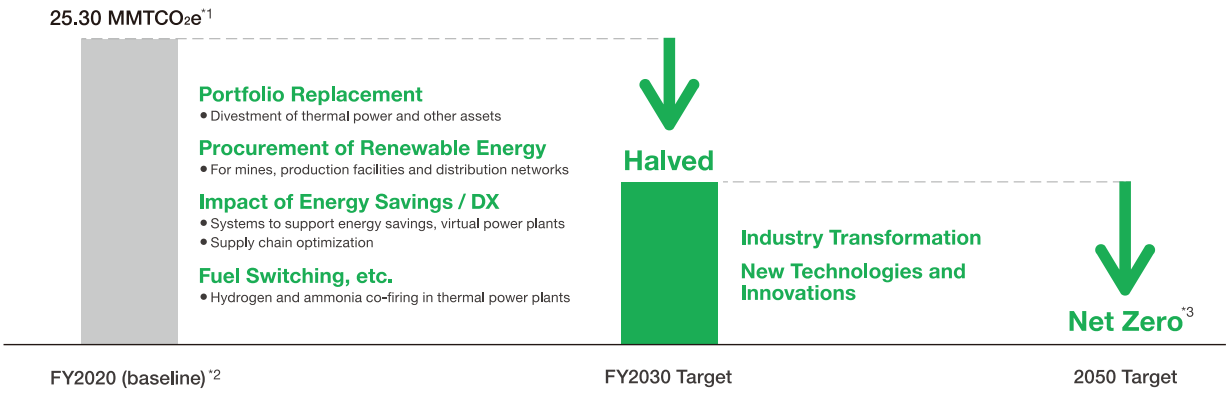
Emissions halved by FY2030 through portfolio replacement driven predominantly by divestment of thermal power assets.

GHG Emissions Halved by FY2030 (FY2020 baseline)

We will utilize every means available, aiming to reduce total emissions to a level consistent with the Paris Agreement, including by replacing assets and by switching operations to renewable energy and alternative fuels.

Net Zero GHG Emissions by 2050

We aim to achieve a Paris-aligned target of net zero by 2050 by leveraging our collective capabilities to drive industrial transformation, as well as by embracing new technologies and innovation.

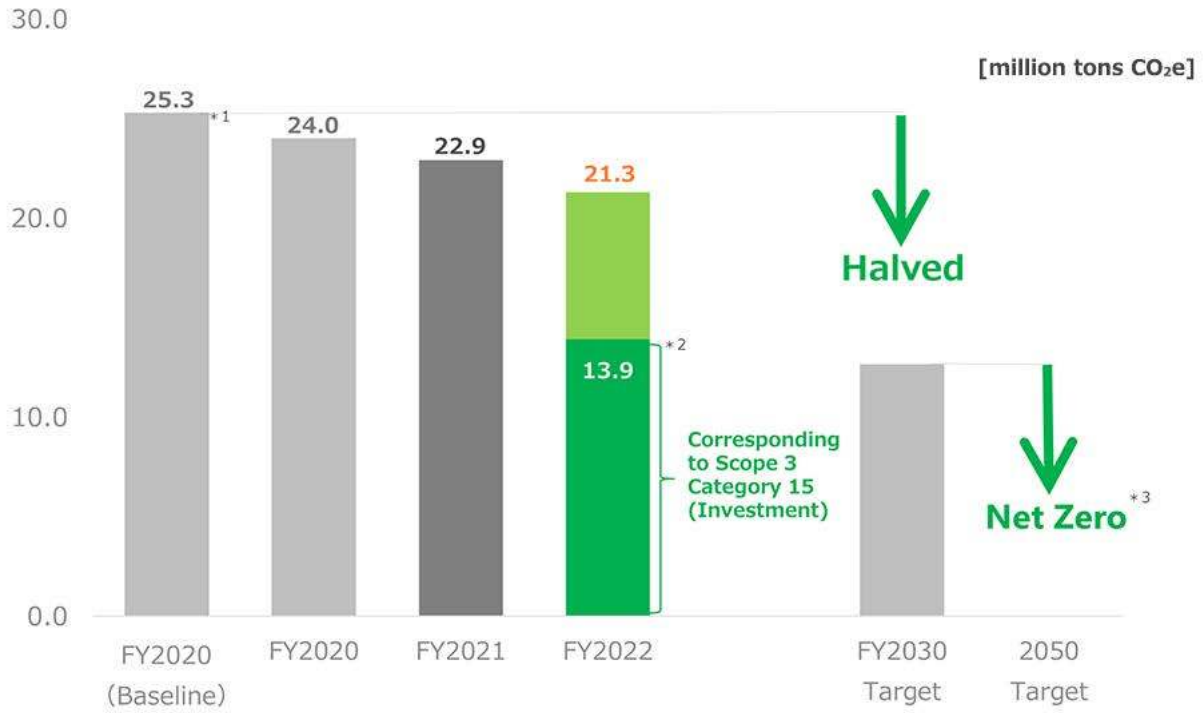


*1 The above figures represent the Scope 1 and Scope 2 emissions of MC and its consolidated companies, including affiliates, based on the equity share approach (for details, refer to our Sustainability Website).
*2 FY2020 is set as the new baseline, as it provides the most accurate affiliate data that was previously unavailable, e.g. Scope 2 market-based method emissions.
The data are currently under detailed examination and may be subject to minor revisions.
*3 Any residual emissions, after reduction efforts have been made, will be neutralized using internationally-accepted offsetting methods including carbon removal.

- Management and disclosure of Scope 3 emissions of particularly large emission categories, including those of affiliated companies' emissions as described in *1 above, will be considered in tandem with future international debate and frameworks.
- The specific reduction plan and measures for the GHG emissions reduction targets will be adjusted as required in line with progress of technological developments, economic viability and policy/institutional support.

Our Progress to Date

MC is continuously tracking progress against our targets . By FY2022, we had made clear progress against our targets, on our journey to halving Scope 1 & 2 GHG emissions by 2030.



*1 The above figures represent the Scope 1 and Scope 2 emissions of MC and its consolidated companies, including affiliates, based on the GHG Protocol's equity share approach. Furthermore, base year figures include emissions from thermal power generation and natural gas projects, which comprises (i) assumed peak emissions from pre-operational committed projects and (ii) projected full-capacity emissions for partially-operational projects.

*2 13.9 million tons would be equivalent to Scope 3 Category 15 (Investment) under the GHG Protocol's financial control approach. For details please refer to the Environmental Data.

*3 Any residual emissions, after reduction efforts have been made, will be neutralized using internationally-accepted offsetting methods including carbon removal. The specific reduction plan and measures for the GHG emissions reduction targets will be adjusted as required in line with progress of technological developments, economic viability and policy/ institutional support.

2) Non-Fossil % in Power generation business

Aim to reduce existing thermal power capacity and switch to zero-emission thermal power, targeting 100% non-fossil by 2050.

3) Renewable Energy power generation capacity

Doubling MC's renewable energy power generation capacity by FY2030 (compared to the FY2020 level).

Scope 1 & 2

Following its new Green House Gas (GHG) emission reduction targets announced in FY2021, MC calculates GHG emissions based on the GHG Protocol's equity share approach from FY2021, including the GHG emissions of its affiliates.

Reference: Climate Change Data

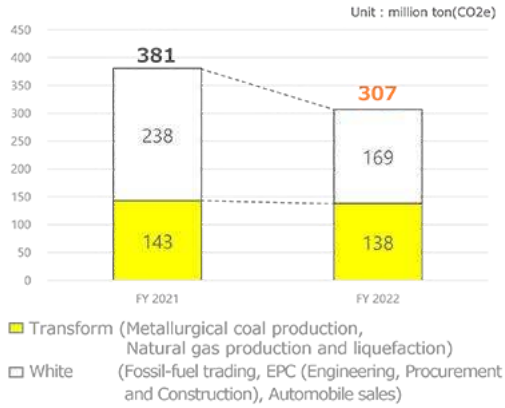
Scope 3 Category 11

As noted in the "Roadmap to a Carbon Neutral Society" , MC has considered the management and disclosure of Scope 3 emissions of particularly large emissions categories. For MC, that is Scope 3 Category 11 emissions (Use of Sold Products), and we have started to disclose this figure from FY2021.

In FY2022, MC's Scope 3 Category 11 emissions were approx.138 million tons for Transform Businesses and approx.169 millions tons for White Businesses. Scope 3 Category 11 emissions from White Businesses were primarily from businesses with no physical assets, thus making it relatively easier to reduce emissions (e.g., trading businesses with no fossil fuel-related assets). Emissions from Transform Businesses were mainly from those with its own assets, with high emissions due to the nature of the businesses.

Because Scope 3 emissions, including Category 11, are generated by other companies, MC will need to work with a wide range of partners throughout its supply chains to tackle this societal challenge of reducing Scope 3 emissions.
MC will tackle this issue through our Integrated EX/DX initiatives (e.g. supply of renewable energy, next-generation energy, next-generation climate technology investments through Breakthrough Energy Catalyst), and will collaborate and challenge with various stakeholders to achieve decarbonization of social and economic activities.

MC Climate Taxonomy



Business Group

Unit : thousand ton (CO2e)

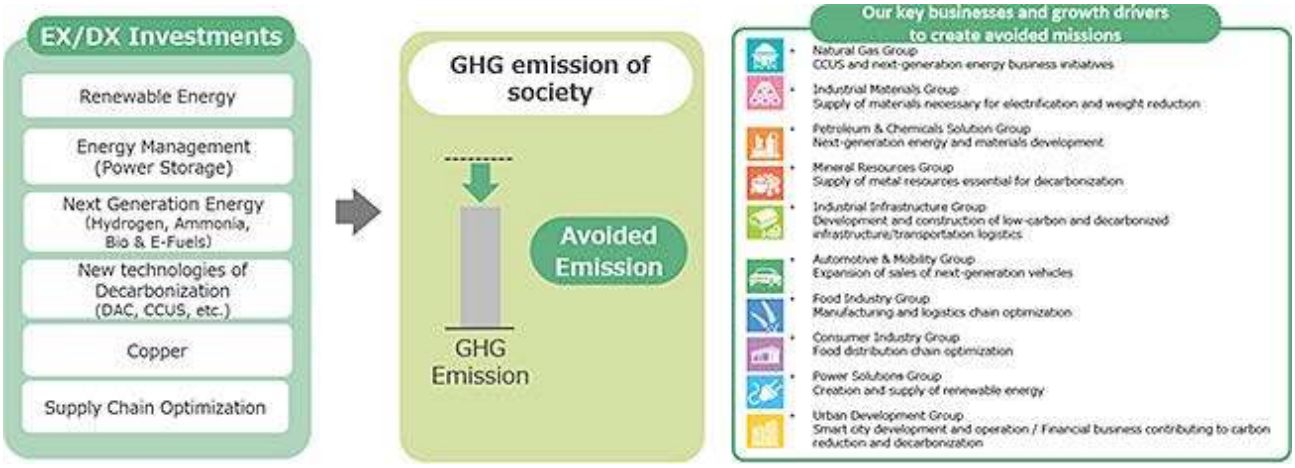
Business Group	FY 2021	FY 2022	Main businesses responsible for Scope3 category11 emissions
Natural Gas	111,410	116,006	Natural gas production and liquefaction Natural gas and LNG trading
Industrial Materials	896	993	
Petroleum & Chemicals Solutions	41,299	46,403	Petrochemical products trading
Mineral Resources	94,072	96,593	Metallurgical coal production Mineral resources trading
Industrial Infrastructure	88,470	2,436	
Automotive & Mobility	30,093	32,747	Automobile sales
Food Industry	1,431	1,617	
Consumer Industry	4,360	4,065	
Power Solution	8,982	5,729	
Urban Development	241	350	
TOTAL	381,254	306,939	

Reference: Climate Change Data

Avoided Emission

Our Efforts to Reduce Emissions

Our company has identified "Contributing to a Decarbonized Society" as one of its material issues, and we are promoting carbon reduction and decarbonization through our business activities in a number of fields. By leading this transformation and connecting it to our business growth, we will create MC Shared Value.
We have decided to newly disclose avoided emissions as one aspect of MC Shared Value. Specifically, this will be utilized as a quantitative indicator to measure how much our company is making concrete contributions to GHG emissions reductions as well as to what extent we are capturing business opportunities in the transition to a decarbonized society.
We will contribute to the decarbonization of society by creating avoided emissions through EX/DX-related investments of approximately 2 trillion yen during Midterm Corporate Strategy 2024.



What are Avoided Emissions?

Avoided emissions are defined as the quantified contribution to the reduction or mitigation of GHG emissions by providing low-emission products and services that contribute to societal GHG emissions reduction, compared to providing existing products and services (baseline scenario).

The basic formula that we uses for calculating avoided emissions is as follows.

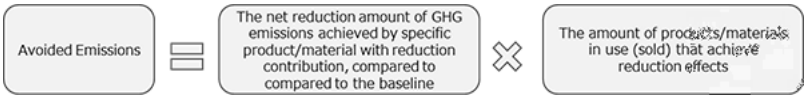
Flow basis(Lifetime)

Evaluation of the amount of avoided emissions by calculating the difference between the CO2 emissions of our products manufactured in the evaluation year up to the end of their life and the CO_2 emissions of the baseline scenario. This category covers avoidance in the form of materials and other products that are essential for EVs and other final products.

Stock basis (Single year)

Evaluation of the annual avoided emissions generated from our products within the year of evaluation. This category covers avoidance from renewable energy projects, etc.

The term “avoided emissions” includes not only the amount of carbon avoided by our products and services, but also the amount of carbon captured and removed.



* Contribution ratios are not taken into account at this point due to limitations in the calculation.

Our Avoided Emissions

We have chosen and assessed the following products that contribute to the transition to a decarbonized society and that generate quantifiable avoided emissions.
In principle, calculations are based on production and operating volumes, but forecasts are used for sales volumes and other data that have yet been compiled for certain products.

【Evaluation period: Stock basis (One year)】

Assessed Product	Avoided Emissions (Unit: thousand t-CO_2)	Details	Final Product	Baseline	Calculation Formula
Solar	474	Contribution by the creation of renewable energy	-	Average energy mix in each country	Power generation capacity [MW] × 24 hour × 365 days × Emission factor [tCO_2/MWh] × Capacity factor × Equity ratio of the company (Only the avoided emissions at the operational stage, which accounts for the majority of emissions, is calculated)
Onshore Wind	1,227				
Geothermal	289				
Hydroelectric	110				
Biomass	339				
Offshore Wind	652				
Carbon Credits (Revegetation)	28	Contribution by capture and storage of CO_2 from new land-management practices to facilitate the regeneration of native woodlands that have been lost over the past few centuries due to clearing and overgrazing * Carbon credits generated by projects in which we have been involved, not including credits purchased by us from other companies	-	-	Carbon credits generated by regrowth of native forests × Equity ratio of the company

【Evaluation period: Flow basis (Lifetime)】

Assessed Product	Avoided Emissions (Unit: thousand t-CO_2)	Details	Final Product	Baseline	Calculation Formula
Aluminum	46	Contribution by supplying aluminum which is essential for EV chassis, etc.	Battery electric vehicle	Internal combustion engine vehicles	(Lifetime emissions of ICEVs [tCO_2] - Lifetime emissions of EVs [tCO_2]) × Number of EVs that incorporate our aluminum
	3,800	Contribution by supplying aluminum which is essential for solar power generation frames, panels, wind power blades, towers, connectors, etc.	Solar and wind power generation facilities	Average energy mix in each country	Power generation capacity [MW] × 24 hour × 365 days × Capacity factor × Emission factor [tCO_2/MWh] × Number of solar and wind power facilities that incorporate our aluminum × Economic life [years] (Only the avoided emission at the operational stage, which accounts for the majority of emissions, is calculated)
Copper	1,346	Contribution by supplying copper which is essential for EV batteries, motors, wires, etc.	Battery electric vehicle	Internal combustion engine vehicles	(Lifetime emissions of ICEVs [tCO_2] - Lifetime emissions of EVs [tCO_2]) × Number of EVs that incorporate our copper
	52,035	Contribution by supplying copper which is essential for solar power generation wiring, solar thermal collectors, wind power generators, wiring, etc.	Solar and wind power generation facilities	Average energy mix in each country	Power generation capacity [MW] × 24 hour × 365 days × Capacity factor × Emission factor [tCO_2/MWh] × Number of solar and wind power facilities that incorporate our copper × Economic life [years] (Only the avoided emission at the operational stage, which accounts for the majority of emissions, is calculated)
RO Membranes	4,438	Contribution by using RO membrane products to avoid the use of heat in seawater desalination	Seawater desalination using RO membranes	Desalination by evaporation method	(Lifetime emissions of Seawater desalination using RO membranes [tCO_2] - Lifetime emissions of Desalination by evaporation method [tCO_2]) × Sales quantity (unit) × Equity ratio of the company

Assessed Product	Avoided Emissions (Unit: thousand t-CO_2)	Details	Final Product	Baseline	Calculation Formula
Trunk line DX	7	Contribution by providing a timetable visualization and optimization system for trucking companies to reduce the number of truck operations	-	Situation before project implementation	CO_2 emissions per truck (average annual mileage [km]) ÷ Fuel consumption [km/ℓ] × Emission Factor [tCO_2/ℓ]) × Reduced number of units [unit] × the assumption of Economic life [years]
Needle coke	6,355	Contribution by supplying needle coke, which is essential for graphite electrodes in electric furnaces that produce steel with low greenhouse gas emissions	Electric furnace steel (Graphite electrodes for electric furnaces)	Blast furnace steel	(Lifetime emissions of blast furnace steel [tCO_2] - Lifetime emissions of electric furnace steel [tCO_2]) × Number of Graphite electrode for electric furnace steel that incorporate our Needle coke × Coefficient of steel production that can be produced from 1 ton of graphite electrode
	13	Contribution by supplying needle coke used for the anode material of EV lithium-ion batteries	Battery Electric Vehicle (anode material for lithium-ion batteries)	Internal combustion engine vehicle	(Lifetime emissions of ICEVs [tCO_2] - Lifetime emissions of EVs [tCO_2]) × Number of anode material for lithium batteries in EVs that incorporate our Needle coke from MC

Examples of projects that contribute to avoided emissions that are in the planning stages or will begin operations in the near future

We have calculated the estimated values for FY2024 and beyond for the avoided emissions of projects that have not yet begun operations or provision of services, or are soon to begin operations. In the future, we will calculate the actual amounts of avoided emissions based on the operational performance of each project.

Renewable Energy Power Generation Business

Through operation of solar, onshore wind, hydro, and offshore wind power generation facilities on which we have already begun construction, we expect that the amount of avoided emissions will increase by approximately 640,000 tons/year on a stock basis.

Recycled PET Resin Business

By providing recycled PET resin with chemical recycling technology in our manufacturing and sales operations for beverage bottles, compared to PET resin derived from fossil fuels in the future, we expect the amount of avoided emissions to be approximately 18,000 tons/year on a flow basis.

Reduction of methane in Rice-paddy fields through prolonging mid-season drainage periods

By prolonging the period during which rice-paddy fields are drained of water and dried during the paddy rice cultivation period, we are planning and coordinating a project to avoid greenhouse gas (methane) emissions from the soil, which will equate to approximately 1,000 tons per year on a stock basis in FY2023. In FY2024 and beyond, MC is aiming to increase the amount of these avoided emissions in line with an expansion of the project scale.

Installation of next-generation sails on our vessels

We expect to reduce fuel consumption and decrease GHG emissions in the shipping industry by installing next-generation “rigid sails” (Wing-shaped sail) on our owned cargo ship, which is estimated to contribute approximately 3,000 tons/year on a stock basis.

* The estimated avoided emissions shown above are subject to change depending on the actual operation and sales status of the commercial products

Supplementary Information

【Points to note when calculating the Company's avoided emissions】

- In calculating the avoided emissions, we use actual (forecast) values and publicly known information as much as possible. However, when information is not readily available, assumptions and scenarios are set for calculation purposes.
- We will continue to refine calculations and disclosure of avoided emissions based on related ongoing international discussions and trends.

[Examples of guidelines used as reference]

- GX League "Basic Guidelines for Disclosure and Evaluation of Climate-related Opportunities"（2023）
- WBCSD/WRI "GHG Protocol Corporate Accounting and Reporting Standard" (2019)
- WBCSD/Net Zero Initiative "Guidance on Avoided Emissions: Helping business drive innovations and scale solutions towards Net Zero"（2023）
- Ministry of Economy, Trade and Industry "Guidelines for Quantifying GHG emission reductions of goods or services through Global Value Chain" (2018)
- The Institute of Life Cycle Assessment "Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions" (2022)
- Japan Chemical Industry Association "Guidelines for assessing the Avoided Emissions" (2012)

Policy on Coal-fired Power Generation Businesses (IPP and EPC)

In line with "The Roadmap to a Carbon Neutral Society " , and in response to the 1.5ºC scenario analyses, MC is taking steps to divest from fossil fuels - such as moving to alternative fuel sources and raising the percentage of biomass co-combustion at existing coal-fired power plants. Our goal is to reduce our coal-fired power generation capacity on a net equity basis, in line with the 1.5ºC scenario analyses.

<Independent Power Producer (IPP) Business for Coal-fired Power Generation>

- As of March 31. 2022, MC's coal-fired power generation capacity (for businesses in which MC serves the role of Independent Power Producer, or "IPP"), including projects under development and construction, is approximately 1.7GW on an equity share basis (roughly 15% of MC's total capacity as of the same date).
- MC has adopted a policy to reduce its equity share to approximately one-third by 2030 (compared to 2020 levels) by not entering into any new coal-fired power generation businesses, with the Vung Ang II project in Vietnam being the last, and to exit all existing coal-fired power generation projects by 2050. Furthermore, we will work to reduce CO_2 emissions in our thermal power generation business by taking steps such as converting to alternative fuel sources. We will subsequently aim to achieve a 100% non-fossil power generation portfolio by 2050 by 1) decarbonizing our thermal power generation business by switching to zero-emission thermal power and 2) further expanding our renewable energy business.

<Engineering, Procurement and Construction (EPC) Business for Coal-fired Power Plants>

- MC will not enter into any new EPC (Engineering, Procurement and Construction) businesses for coal-fired power plants, with the Quang Trach 1 project in Vietnam being the last. However, MC will continue to provide after-sales services for installed plants in cases such as when MC has a contractual obligation with the relevant power generation company, or when it is requested to do so by the power generation company or equipment manufacturer.
- Furthermore, MC will continue additional construction work and equipment replacement to reduce the environmental impact of existing coal-fired power plants, while assessing the effectiveness of such measures, as an initiative linked to the transition to a low-carbon/ decarbonized society.

Environment

Mitigation and Adaption Initiatives

Renewable Energy

The deployment of renewable energy is expected to further increase with the introduction of support systems by national governments, technological advancements, and other developments.
For renewable energy businesses, MC has set a target aiming to double renewable power generation capacity by FY2030 compared to FY2019 (from 3.3GW to 6.6GW). Embracing the trend that renewable energy will become the world's main energy source, MC's policy is to expand investment and initiatives from power generation to retailing centered on renewable energy. This is exemplified through MC's 2020 acquisition of the Dutch company Eneco, which operates as an integrated energy business throughout Europe. By combining digital technologies with environment-friendly energy sources, including renewable energy, MC aims to help ensure a stable supply of power while also providing customers with new value, such as the supply-demand adjustment function. In addition, through its activities in the field of hydrogen, which is seen as a next-generation fuel, MC aims to contribute to the realization of a decarbonized society while also increasing its corporate value.

Initiatives in Europe for the Promotion of Renewable Energy (Eneco)

Dutch integrated energy company Eneco operates power generation businesses, power and gas trading businesses, power and gas retail businesses, and district heating businesses focused in the Netherlands, Belgium, and Germany with renewable energy at its core. With a solid customer base that is the third largest in the Netherlands, Eneco has approximately 2,200 MW of renewable energy assets, which include the ones under construction status. Since 2007, Eneco has developed renewable energy ahead of its competitors and has established a position as a green brand by providing consumers with 100% green energy (including the use of green certificates) since 2011. Eneco is an innovative company that has set customer-focused services as an objective since very early on. In addition, in 2021, Eneco announced its One Planet Plan, which aims to achieve carbon neutrality by 2035, covering CO_2 emissions not only from its own activities (Scope 1 and 2) but across its value chain (Scope 3) as well, which includes power, gas retailing, and supplying heat to businesses and households. Eneco is also recognized both domestically and internationally as a company actively working toward measures to address climate change.

Prior to the acquisition of Eneco, MC and Eneco contributed to the deployment and expansion of renewable energy in Europe, working together on three European offshore wind projects along with an battery storage project in Europe. MC aims to contribute to the establishment of a sustainable society through the simultaneous realization of the three types of value—economic, societal, and environmental—by utilizing Eneco's technology and expertise to accelerate the development of renewable energy inside and outside of Europe. Also, by combining Eneco's customer base and MC's various products and services, MC aims to improve services related to energy management for Eneco's customers and promote the EX and DX strategies outlined in Midterm Corporate Strategy 2024.

The power business is facing a transition period brought about by the increase in small-scale decentralized power sources and developments in storage batteries and digital technology that have arisen with the dissemination of renewable energy. Under such circumstances, MC, along with its partner Chubu Electric Power, aims to contribute to solving societal issues such as the transition to a decarbonized society and the preservation of the global environment. Both companies will do so by supporting the infrastructure of people’s lives through the growth of the innovative integrated energy company Eneco, which provides customer-focused services that utilize renewable energy development along with digital technology.

Japanese Offshore Wind Power Generation Business

A consortium represented by Mitsubishi Corporation Energy Solutions Ltd. (now Mitsubishi Corporation Offshore Wind Power Ltd.) was selected by the Government of Japan as the operator for the following promotion zones on December 24, 2021 in accordance with the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities. The consortium is moving ahead with the development of a seabed-anchored offshore wind power generation business, the first of its kind in Japan, for general sea areas.

- Offshore of Noshiro City, Mitane Town, and Oga City in Akita Prefecture, a promotion zone for the development of marine renewable energy power generation facilities.
- Offshore of Yurihonjo City in Akita Prefecture (Northern and Southern sides), a promotion zone for the development of marine renewable energy power generation facilities.
- Offshore of Choshi City in Chiba Prefecture, a promotion zone for the development of marine renewable energy power generation facilities.

Offshore wind power generation is not just a promising business as a major power source for a decarbonized society, it is also a critically important power source for energy security in Japan, a country noted for its low energy self-sufficiency but surrounded on all four sides by the sea. For over 30 years, MC has carried out projects that make exclusive use of the sea. Because of this, we consider it our duty to utilize power generation in the creation of economic value and environmental value as well as to produce societal value through the resolution of regional societal issues.

Through Mitsubishi Corporation Offshore Wind Power Ltd. , MC will steadily implement offshore wind power generation operations, thereby enabling it to contribute to Japan's energy policies toward a decarbonized society as it engages in the realization of independent and self-reliant local communities.

EV/ Batteries

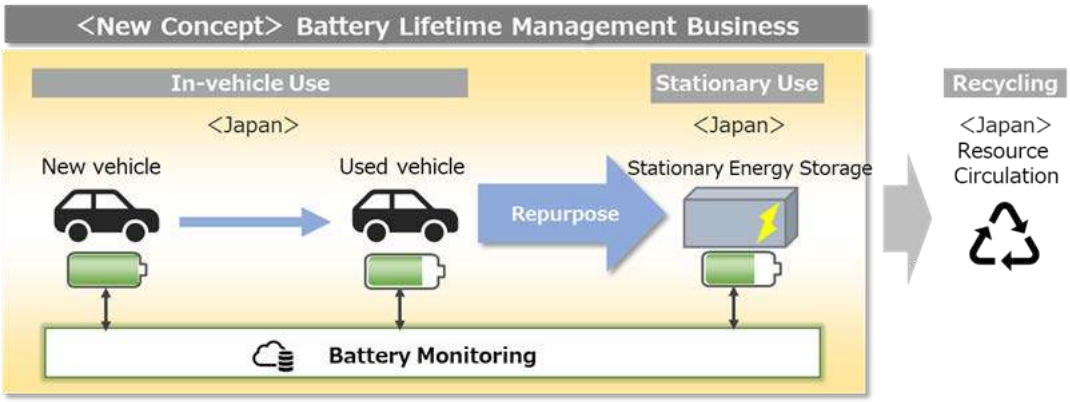
Currently, it is said that the transportation sector accounts for approximately 20% of global CO2 emissions, and the reduction of CO2 emissions as well as of the use of fossil fuels in the automotive industry pose significant issues. As EVs become increasingly popular due to their lower environmental impact while in operation, MC is contributing to the realization of a decarbonized society through business activities that focus on both EVs and batteries.

Partnership with Honda

MC and Honda Motor Co., Ltd. (Honda) have signed a memorandum of understanding to begin discussions toward the creation of new businesses with an aim of leveraging the strengths of both companies to build sustainable business models, with a focus on expanding EV adoption in a decarbonized society. Moving forward, the two companies will strive to increase the value offered to customers through their EV and EV battery businesses. Details about the commercialization of these businesses are explained below.

1. Battery Lifetime Management Business

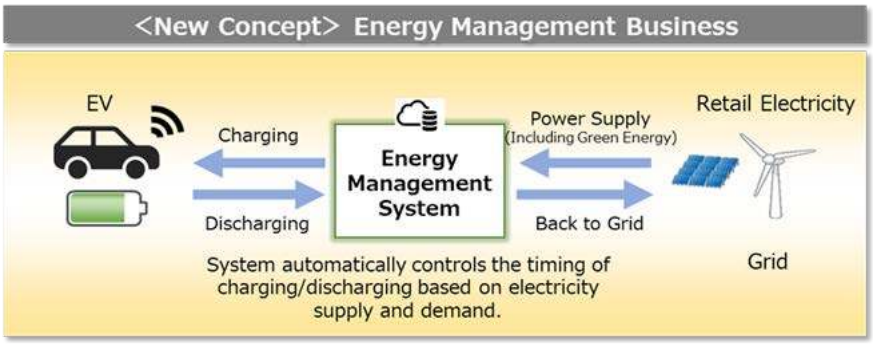
This new business aims to maximize the value of batteries installed in Honda electric light motor vehicle models, that are scheduled to go on sale in Japan in 2024. By employing sophisticated battery-monitoring functions, the new business would manage and maximize the value of batteries throughout their lifetime by repurposing them from powering EVs (in-vehicle use) to then using them as stationary energy storage (stationary use).



<Expected Benefits> Effective use of battery materials and reduction of TCO (total cost of ownership) for EV users

2. Smart-charging[*1] and V2G[*2] Energy Management Business

This new business helps EV users optimize their electricity costs by offering access to smart-charging, V2G services, and green (renewable) power through advanced control technologies.



<Expected Benefits> More opportunities for EV users to gain economic benefits (e.g. lower electricity bill)

*1 Smart-charging systems automatically adjust the timing of EV charging to avoid peak load periods and optimize energy consumption.

*2 Vehicle to Grid:: In a V2G system, EVs will not only be charged with electricity from the grid but will also supply electricity to the grid itself to help meet local electricity needs.

Ammonia Fuel/ Hydrogen Energy/ SAF

Ammonia Fuel

MC is focusing on ammonia and hydrogen which are seen as promising next-generation energies. MC is proceeding with joint testing with our partners at each stage of the ammonia fuel value chain, “production,” “transportation” and “usage.”

For the “production” stage, MC is currently assessing the production process of ammonia fuel with a combination of fossil fuels and CCUS. MC is considering this a practical option both from a technical and economic perspective. However, at the same time, MC is also proceeding with reviewing more environmentally-friendly methods such as hydrogen and ammonia production derived from renewable energies and hydrogen production that utilizes photocatalytic technology.

For the “transportation” stage, it is assumed that large-scale transportation and storage of ammonia fuel will be necessary, so MC will respond by utilizing its expertise in logistics cultivated through its existing businesses.

For the “usage” stage, MC will leverage our relationships with energy industry players that we have cultivated through our existing businesses. MC has also begun detailed studies for the joint full-scale introduction at each company.

CCS Joint Study for Clean Fuel Ammonia Production in Indonesia

Japan Oil, Gas and Metals National Corporation (JOGMEC), MC, Bandung Institute of Technology (ITB), a national university in the Republic of Indonesia, and PT Panca Amara Utama (PAU) have conducted a joint study on Carbon Capture and Storage (CCS) and carbon dioxide utilization for clean fuel ammonia production in Central Sulawesi, the Republic of Indonesia.

Agreement with Denbury on CO_2 Transport and Storage Operations for Fuel Ammonia Production

MC has reached an agreement with the Texas-based independent energy company Denbury Inc (“Denbury”) on the key term-sheet of CO_2 transport and storage operations, via Denbury’s wholly owned subsidiary Denbury Carbon Solutions LLC. The business is in line with MC’s aim to commence production of fuel-use ammonia in the US Gulf of Mexico (“GoM”). MC aims to produce one million tons of fuel ammonia annually in the US GoM and export to the Japanese market towards the late 2020s. The estimated CO_2 volume to be captured from the ammonia facility is maximum 1.8 million metric tons per annum. Under the terms of our agreement with Denbury, the captured CO_2 will be either sequestered underground via Denbury’s EOR* or CCS, which Denbury plans to develop in the future. The term sheet contemplates an initial period of 20 years, with the ability to extend further.

* EOR: Enhanced Oil Recovery.

Hydrogen Energy

The use of hydrogen as a source of energy is gaining attention as a low-carbon alternative. MC participated in the New Energy and Industrial Technology Development Organization (NEDO)-subsidized Demonstration of Unused Energy-Based Hydrogen Supply Chain Using Organic Chemical Hydride Method＊1 project, which came to a successful conclusion in December 2020, and have now entered the commercial project development phase. MC is currently proactively working to establish an international hydrogen value chain.

＊1 This demonstration project is an initiative for the establishment of the mass transportation of hydrogen from overseas and supply technology that will be necessary for the full-scale introduction of hydrogen power generation for the power generation business in 2030 to realize phase two of METI's Strategic Road Map for Hydrogen and Fuel Cells (published in June 2014, revised edition published in March 2016). In 2020, MC implemented a demonstration project transporting hydrogen from Brunei to Japan. Based on the Paris Agreement that was adopted at COP21 in December 2015, with the increasing need to reduce future greenhouse gas emissions, MC will contribute to the realization of utilizing hydrogen, which does not emit CO_2 during combustion, in the field of large-scale power generation.

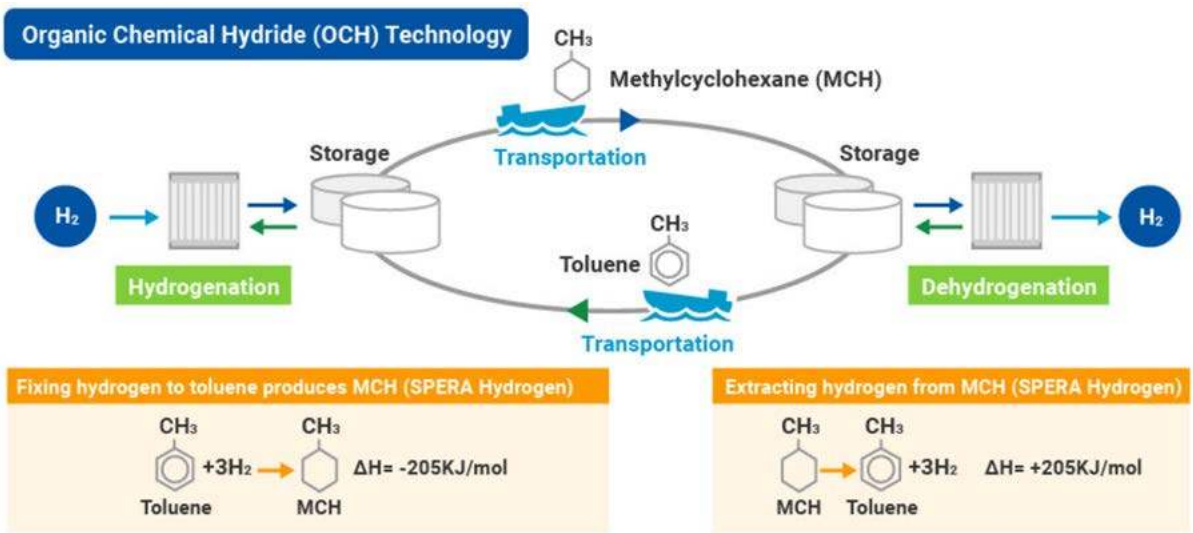
Realization of International Hydrogen Energy Supply Chain

In March 2020, MC along with five private Singaporean companies (City Energy (formerly City Gas), Jurong Port, PSA Corporation Limited, Sembcorp Industries and Singapore LNG Corporation) and Chiyoda Corporation executed a memorandum of understanding (MOU) aimed at the realization of a sustainable hydrogen economy in Singapore in the presence of Singapore government officials.
In addition, MC executed an MOU in July 2021 with the Port of Rotterdam Authority, Koole Terminals and Chiyoda for the joint study of commercial-scale imports of hydrogen to the Port of Rotterdam. In October 2021, MC signed an MOU with Sembcorp and Chiyoda to establish a strategic alliance aimed at exploring the feasibility and implementation of a commercial-scale, decarbonized hydrogen supply chain in Singapore, and have been engaged in specific discussions and studies. As a result, in October 2022, a new agreement was reached to further examine the technical and commercial aspects of the hydrogen supply chain business and to accelerate detailed studies toward a final investment decision, including a conceptual plant design.

Chiyoda Corporation's hydrogen storage and transportation technology (SPERA Hydrogen™＊2) is expected to play a key role in MC's aforementioned initiatives.
MC continues to discuss, consider and take concrete steps for the realization of a cost-effective, international hydrogen energy supply chain together with the above companies and others who have shown significant interest in SPERA Hydrogen™ technology and related business opportunities.

＊2 SPERA Hydrogen™: Hydrogen is converted into methyl-cyclohexane (MCH) through a chemical reaction with toluene and is then stored and transported. The MCH will go through a dehydrogenation process where the hydrogen is separated from the MCH, leaving the toluene to be reused. As both toluene and MCH are stable and can be transported in a liquid state at ambient temperature and pressure SPERA Hydrogen™ technology is viewed as one of the important solutions for tackling the difficulties of hydrogen transportation.

Chiyoda's SPERA Hydrogen™



MOU to Collaborate on Hydrogen Plans in Alberta, Canada

MC and Shell Canada Products, by its managing partner, Shell Canada Limited (Shell Canada) have signed a MOU relating to the production of low-carbon hydrogen through the use of CCS near Edmonton, Canada. MC aims to build and start-up the low-carbon hydrogen facility near the Shell Energy and Chemicals Park Scotford towards the latter half of this decade, and Shell would provide CO_2 storage via the proposed Polaris CCS project.

Sustainable Aviation Fuel (SAF)

Joint Feasibility Study Aimed at Commercializing SAF and Other Next-generation Fuels in Japan

ENEOS Corporation and MC have agreed to undertake a joint feasibility study aimed at commercializing SAF and other next-generation fuels in Japan.
By leveraging ENEOS' manufacturing technologies and distribution networks, together with MC's global expertise in raw material sourcing and marketing capabilities, MC will formulate a basic strategy that takes into account the maturity of various SAF manufacturing technologies and the necessary time for commercialization. ENEOS and MC will proceed with the study based on the following three approaches:

(1) Developing sustainable feedstock derived from bio-based raw materials

(2) Producing SAF with newly emerging techniques

(3) Building a supply chain for next generation fuels, with a focus on SAF

CCUS

MC recognizes that Carbon Capture and Storage, and Carbon Capture Utilization and Storage (CCUS) will play a major role in achieving the goals of the Paris Agreement.The International Energy Agency (IEA) has stated that CCUS must be used to reduce roughly 1.5 billion tons of CO_2 emitted in 2050 in order to achieve the 1.5°C target. CCUS is a field that spans multiple industries, from those that are the source of CO_2 emissions to those that produce end products such as fuel and chemical as well as construction materials. Therefore, MC recognizes CCUS as a business opportunity to demonstrate its comprehensive capabilities as a company that interacts with many industries. To take advantage of this business opportunity, MC will promote the commercialization of CCUS.

For CCU, MC is working on short-term initiatives in the construction materials field where there are already commercialized products (such as concrete) and technology. It is also working on medium to long term initiatives in the petroleum products and chemicals field where further research and development is necessary for demonstration (such as jet fuel and synthetic fibers). Through the above initiatives, MC is developing new businesses and technology through investment and collaboration with various domestic and international corporations. In addition, MC is accelerating efforts to build overseas CCS value chains, etc.

Furthermore, the IPCC* identifies that in order to achieve the 1.5°C target, in addition to reducing CO_2 emissions from sources, Carbon Dioxide Removal, which removes CO_2 remaining in the atmosphere, is necessary. MC will grasp this as a business opportunity and promote initiatives utilizing various technologies, including Direct Air Capture (DAC), a technology that captures CO_2 directly from the atmosphere, which is considered to be a typical method of Carbon Dioxide Removal.

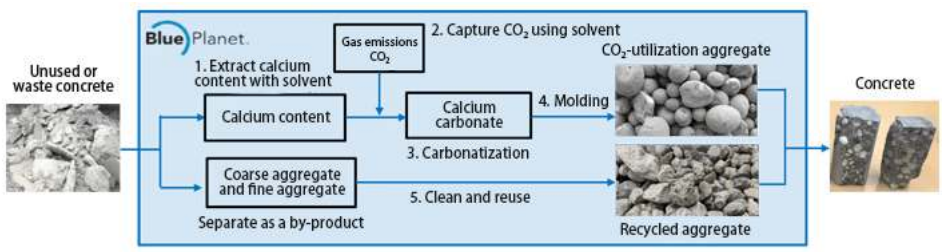
* Intergovernmental Panel on Climate Change. The IPCC is an intergovernmental organization established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) that collects and organizes scientific research regarding climate change.

Initiatives in the Field of Construction Materials

MC is working in the field of construction materials where technological maturity is high and where commercialized projects already exist. There are many kinds of construction materials, such as ready-mixed concrete, precast concrete (concrete block products) and aggregates (raw material of concrete). As a suitable CO_2 reduction method is required for each, MC aims for the maximum reduction in CO_2 by approaching each product with a combination of various technologies and collaborations with corporations (Green Concrete Concept).

Blue Planet

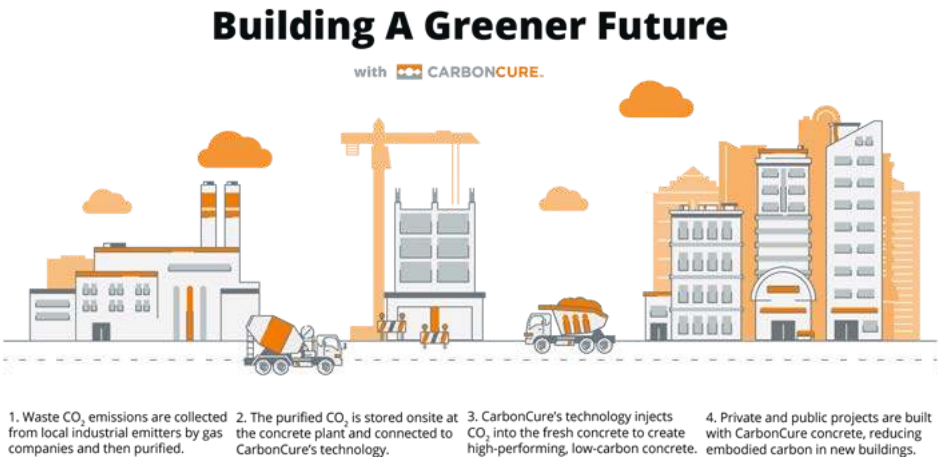
Blue Planet is an US-based start-up company that possesses technology for producing aggregates—the raw material for concrete—by fixing CO_2 to unused and scrap concrete from industrial waste. Blue Planet's CO_2-utilization aggregate was used in the renovation of San Francisco International Airport and is addressing industry issues of both CO_2 emissions and unused and scrap concrete. MC is financing Blue Planet and is responsible for the technology's domestic and international commercialization, while it has also signed a collaboration agreement with Blue Planet to commercialize their CO_2-utilization technology. BLue Planet is currently conducting a demonstration project for CO_2-utilization technology in California's Silicon Valley region and is subsequently planning full-scale commercial development.



Process flow of Blue Planet's technology

CarbonCure

CarbonCure Technologies Inc. is a Canadian company that possesses technology for fixing CO_2 into concrete building materials. MC has made an equity participation in CarbonCure and has a business partnership to expand businesses related to CarbonCure's technology. CarbonCure's carbon recycling technology fixes and utilizes CO_2 into fresh concrete during production, reducing CO_2 emissions by reducing the amount of cement used.
The strength and dependability of CarbonCure's concrete is the same as traditional concrete, and it is currently widely used commercially, mainly in North America.

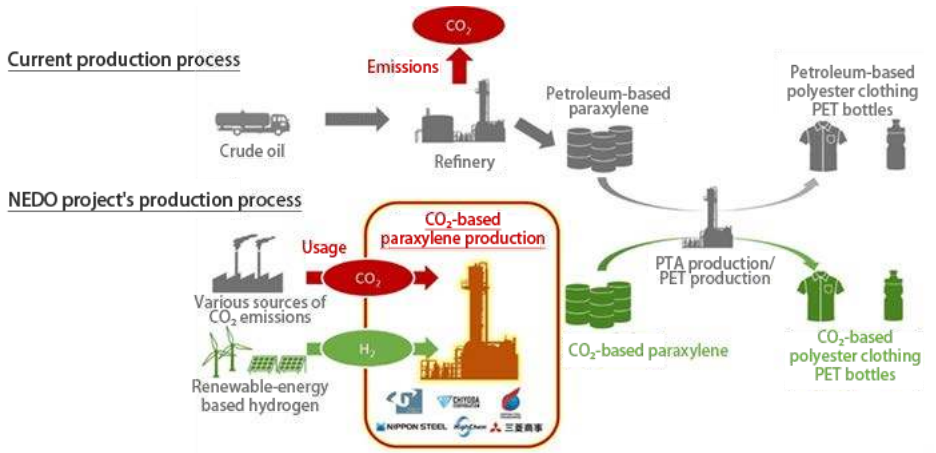


Overview of the process from CO_2 collection to its use as a building material

1. Emitted CO_2 is collected and refined.
2. The refined CO_2 is stored at a fresh concrete production plant connected to CarbonCure's facilities.
3. CO_2 is injected into the fresh concrete and low-carbon concrete is produced.
4. By using concrete that incorporates CarbonCure's technology, the amount of CO_2 emissions from building materials is reduced.

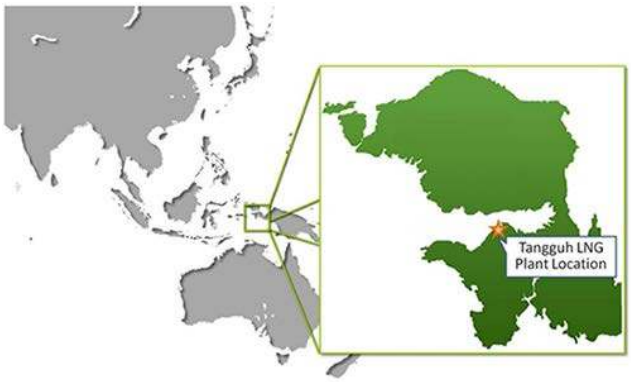
Initiatives in the Petroleum and Chemicals Field

With CCUS as a medium- to long-term initiative, MC is addressing the petroleum and chemicals field where further research and development is required. Specifically, MC, along with the University of Toyama, Chiyoda Corporation, Nippon Steel Engineering Co., Ltd, Nippon Steel Corporation and HighChem Company Limited, were chosen in NEDO's publicly-offered commissioned projects, "Carbon Recycling and Development of Next-Generation Thermal Power Generation/Development of Technology for the Reduction of CO_2 Emissions and the Effective and Practical Use of CO_2/Development of Technology for the Use of CO_2 in Chemical Materials," and the organizations are working on the research and development of a method to produce paraxylene, which is a material used in clothing and PET bottles, from CO_2. In this initiative, MC, as a company with one of the world's highest transaction volumes in paraxylene, is responsible for testing and reviewing commercial feasibility using its global network. Due to its composition, paraxylene can fixate CO_2 while limiting the amount of hydrogen as material. MC recognizes that the potential for CCU paraxylene is significant, both from an economic and environmental perspective. It is expected that demand for clothing will rise with the increase in the global population. Therefore, to meet the demand for polyester that cannot be covered with recycling alone, MC aims to substitute existing petroleum-based paraxylene with sustainable paraxylene produced from CO_2.



CCUS at Tangguh LNG Project

MC, as a joint venture partner of the Tangguh LNG Project in Papua Barat Province, Indonesia, led by bp, the project operator, proceeded with a Plan of Development (POD) that includes a CCUS project. This POD was approved by SKK Migas (Special Task Force for Upstream Oil and Gas Business Activities Republic of Indonesia) in 2021, and aims to recover a cumulative total of approximately 25 million tons of CO_2 emitted from natural gas production and reduce CO_2 emissions by reinjecting and storing it in the Vorwata gas field under production, while improving natural gas production efficiency and increasing its production (known as Enhanced Gas Recovery, or CO_2-EGR). As a result, the total CO_2 emissions of this project can be halved. The Front-End Engineering and Design (FEED) started in 2022, and the natural gas production and CCUS project are estimated to start from 2026, subject to a final investment decision.



Project location map

LNG facility

Initiatives Toward Establishing Overseas CSS Value Chains

MC is conducting a joint study with Nippon Steel Corporation and ExxonMobil Asia Pacific Pte. Ltd. on the establishment of overseas CCS value chains. Nippon Steel will conduct research on the capture of CO_2 emissions from its domestic steelworks and evaluate the necessary infrastructure development required, while ExxonMobil will study CO_2 storage opportunities in Australia and the Asia-Pacific region, including Malaysia and Indonesia. MC will assess CO_2 transportation overseas and the development of CCS value chains.

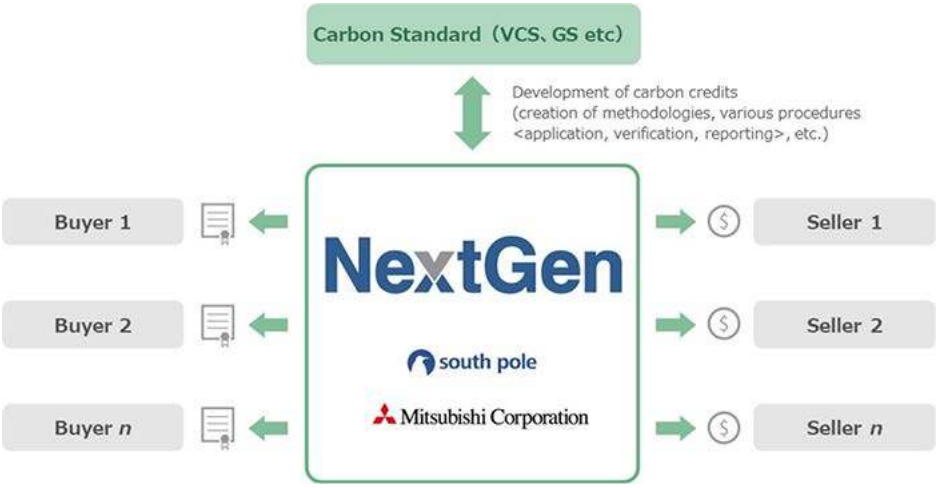
Carbon Credit

Collaboration with South Pole on the Carbon Credit Trading Business Based on CCUS and Other Innovative Carbon Removal Technologies

MC and the Swiss company South Pole, which is one of the world's largest carbon credit developers, have jointly established the NextGen CDR AG ("NextGen") as a business venture to handle the procurement and sales of carbon credits derived from Carbon Capture, Utilization and Storage (CCUS) and other innovative carbon removal technologies.

In order to achieve the goals set forth in the Paris Agreement and keep global warming below 1.5°C, it is considered crucial to adopt carbon removal technologies such as CCUS. However, there are multiple challenges that need to be addressed before these technologies can be implemented in society on a large scale, including further technological innovation and cost reduction. MC is working to solve these challenges by providing a new source of revenue through credit sales to credit suppliers. To achieve this goal, we are bringing together carbon credit buyers and establishing long-term carbon credit offtake agreements, with the aim of promoting the widespread implementation of these technologies, which are still in their infancy.

Overview of Project (NextGen CDR AG)



Regeneration Project/Investment in Australian Integrated Carbon Pty Ltd

MC and Nippon Yusen Kabushiki Kaisha (NYK) have jointly acquired a 40% interest in Australian Integrated Carbon Pty Ltd (AIC), which is engaged in the sale of carbon credits. The credits are obtained through CO_2-sequstrations achieved in the regrowth of Australia's native forests through a process called human-induced regeneration, which is an established methodology in Australia. It employs new land-management practices to facilitate the regeneration of native woodlands that have been lost over the past few centuries due to clearing and overgrazing. The amount of CO_2 stored in the regenerated forests is officially certified as Australian Carbon Credit Units by the Australian Government. AIC aims to contribute to capturing up to 5 million tons of CO_2 emissions per year, and a cumulative total of 100 million tons by 2050,through its growing portfolio.

Human-Induced Regeneration

Deforested by overgrazing and other unsustainable practices

Regenerated thanks to more sustainable grazing

Other Low-Carbon/Decarbonized Businesses (Green Logistics, Green Buildings, etc.)

We will make the most of our vast connections across various industries, and starting with green logistics and green buildings, we will promote carbon reductions and decarbonization through businesses in various fields.

Participation in Breakthrough Energy Catalyst Program to Accelerate the Application of Decarbonization Technologies in Society

MC is the first company in Asia to participate in Breakthrough Energy Catalyst (BEC), a program dedicated to accelerating the application of innovative decarbonization technologies in society.

BEC is a brand new model that was launched as part of Breakthrough Energy, a network of initiatives founded in 2015 by global philanthropist Bill Gates. The BEC program provides investment and other support for individual projects based on new decarbonization technologies for which research and development have already been completed.

MC is active in the renewable energy field and has begun to explore the introduction of next-generation energy sources, such as hydrogen, ammonia, and methanation. We recognize the need to use new technologies and innovations to meet the global challenge of transitioning to a carbon-neutral society.

In addition, BEC acts as a 'Catalyst', organically linking funds from private sector partners and philanthropic organizations, product off-take support for consumers of green products, and assistance from government agencies. Through these activities, BEC is establishing a framework to support the scaling up of projects based on innovative decarbonization technologies that are nearing commercialization, contributing to the realization of a carbon-neutral society.

The current five focus areas for BEC are (1) clean hydrogen production (and related infrastructure), (2) long-duration energy storage (LDES), (3) sustainable aviation fuels (SAF), (4) direct air capture (DAC), and (5) green manufacturing industries (steel, cement, plastics, etc.). In the future, BEC may expand its focus to include other technologies that are also important for decarbonization. MC also considers these technologies vital to its own EX Strategy and its Roadmap to a Carbon-Neutral Society.

Our participation in BEC will allow us to support the adoption of innovative technologies that will accelerate the transition to a carbon-neutral world and contribute to further reductions in environmental impact without compromising people's well-being.

MC will contribute to the transition to a carbon-neutral society by making full use of the expertise and networks that it has cultivated in Japan and throughout Asia to collaborate with other BEC partner companies who represent a broad range of industries, including steel, aviation, and finance.

Demonstration Project of Compact LNG Filling Facilities for LNG Trucks in Hokkaido

MC and Air Water Inc. are jointly conducting a demonstration experiment in Hokkaido using fuel-heavy LNG-powered trucks ("LNG trucks") and compact portable LNG filling facilities ("LNG filling boxes").

In the transportation sector, it is difficult for heavy-duty trucks to reduce CO_2 emissions by switching to electric vehicles (EV)/fuel cell vehicles (FCV) due to issues such as ensuring sufficient cruising range, securing loading capacity, and fuel supply time. Meanwhile, owing to their status as next-generation fuel trucks with a cruising range in excess of 1,000km and an expectation of over 10% reduction in CO_2 emissions compared to conventional diesel trucks, LNG trucks are seen as a viable solution as we transition to a decarbonized society in the future.

These LNG trucks have driven a cumulative total of over 1.3 million kilometers since the start of a demonstration experiment in April 2022. In November 2022, CO_2 emissions were reduced even further by blending the fuel with liquefied bio-methane purified from livestock manure-based biogas.

We will continue to participate in this demonstration experiment with the goal of introducing LNG trucks into society as a way of reducing CO2 emissions resulting from heavy-duty truck logistics.

Smari Business: Promoting Delivery Boxes by Effectively Utilizing Return Journeys from Existing Logistics Networks

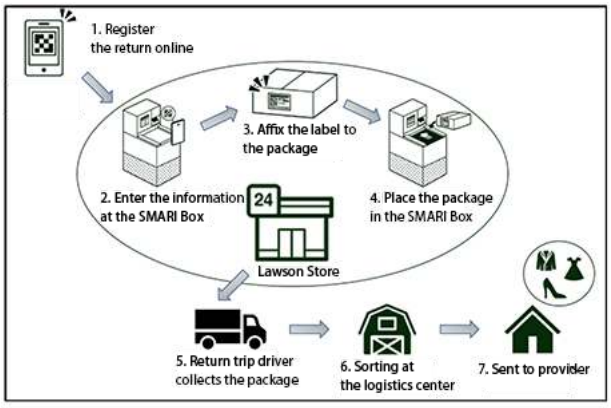
The e-commerce market is expanding year after year due to changes in Japan's social environment, such as the declining birthrate, aging population, the increase in the number of double-income households and the spread of COVID-19. Furthermore, while the volume of goods continues to increase, labor shortages are becoming a serious issue for logistics.
In cooperation with its subsidiary Lawson, Inc., in April 2019, MC began the service Smari, which uses Lawson's existing logistics network to accept non-face-to-face shipment of products sold on online flea markets, etc., as well as return and rental items, which are increasing with the expansion of the e-commerce market. As of 2023, this service has expanded to roughly 3,000 Lawson stores in the Tokyo, Kansai and Chubu regions, and has also been expanded to include locations such as stations and so on.

At around 14,500 Lawson stores across Japan, which are the main locations for Smari, products are delivered around seven to eight times every day from the dedicated distribution center. SMARI is an initiative where drivers who have finished their delivery pick up packages from the delivery boxes and deliver them using their truck's spare space. Smari is an eco-friendly business model that limits new GHG emissions by using the existing logistics network's return trips. Also, as it utilizes the existing logistics network, there is no need for additional employees. As it is a system where the shipment process is completed without face-to-face contact, stores can expect a reduction in the time at checkouts. Users do not have to complete a package slip or wait at the cash register and can easily complete the posting procedures in under a minute. Simultaneously, e-commerce companies and other shippers can expect an increase in customer satisfaction due to diversification in the methods for returning and posting products.

Since 2023, MC has been working in partnership with delivery box manufacturers to develop a new service that will allow customers to send packages from their home delivery boxes. By making it easier to ship and return packages from customers's homes, as well as to further promote the adoption of delivery boxes, we will help to address various societal and environmental issues, including the problems that are expected to occur in Japan's logistics sector in 2024.

Smari Box

Smariposting process



SMARI Process

Digital Platform for the Effective Implementation and Management of GHG Emission Reduction Initiatives

In June 2022, MC's affiliate company, Olam Group Limited (Olam), officially launched Terrascope, an end-to-end smart carbon management platform that enables companies to calculate and measure the GHG emissions associated with business activities as well as manage their initiatives to reduce emissions. Terrascope has been adopted on a global basis, including in the Japanese market, where Olam officially began providing service sin June 2023. One of the key features of Terrascope is the improvement of efficiency through digitization, such as the rapid and accurate calculation of Scope 1, 2, and 3 GHG emissions to identify potential hotspots through AI-based smart systems. Terrascope is expanding to industries and sectors beyond Olam's core business of food ingredients, basic foods, and living essentials. As one example in Singapore, the company has started to work with the country's largest bank, DBS Bank. Please visit the company's website for more information on its initiatives

https://www.terrascope.com/

Attaining Real Estate Environmental Certification for Private Fund and Private REITs Management Businesses

Diamond Realty Management Inc. (DREAM)

DREAM, an MC subsidiary that forms and manages private real estate funds for domestic and international investors, has formulated a Sustainability Vision (vision for 2030) to meet future stakeholder needs as a real estate management pioneer, and to continue to be a corporation that contributes to the conservation of the global environment and sustainable economic and social development. DREAM is implementing sustainability management that aims to promote a real estate management business that considers people and organizations as well as the global environment and society.

DREAM Private REIT Inc. (DPR) has a top-class asset size in Japan focused mainly on logistics centers. For the 2023 GRESB[*1] real estate assessment, DPR was awarded the highest possible rating of "5 Stars," as well as its 6th consecutive "Green Star" for outstanding performance.

DREAM has acquired multiple real estate environmental certifications for the properties owned by the private funds and private REITs it manages, with CASBEE Real Estate Assessment Certification[*1] ,BELS Certification[*2] ,Tokyo Metropolitan Small to Medium Scale Low Carbon Model Building and ResReal/ResReal Flood Certification[*3], and ResReal Flood[*4] status having been attained by the private funds and private REITs managed by DREAM.

By managing real estate, DREAM will continue to contribute to maximizing society's well-being in the future.

*1 GRESB
"GRESB" refers both to an annual benchmarking assessment and management organization used to evaluate the environmental, social, and governance (ESG) data of real estate companies and funds. GRESB was established in 2009 by a group of major European pension funds who played leading roles in the launch of the Principles for Responsible Investment (PRI). While GRESB originally stood for "Global Real Estate Sustainability Benchmark," it has since come to be used as a general term due to the scope of GRESB assessments having expanded to encompass areas such as infrastructure.

*1 CASBEE Real Estate Assessment Certification
Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating buildings' environmental performance. The system comprehensively assesses buildings' environmental performance, including aspects that reduce environmental impacts such as energy-efficiency, resource conservation, recycling efficiency and considerations for the surrounding landscape.

*2 BELS Assessment
Building-Housing Energy-efficiency Labeling System (BELS) is used for buildings that require such information to be provided to real estate business operators and other such parties under the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act), which came into force in April 2016.

*3 Tokyo Metropolitan Small- to Medium-Sized Low-Carbon Model Building
Tokyo Metropolitan Small- and Medium-Sized Low-Carbon Model Buildings are those classified as A1 or higher as per the Low-Carbon Building Benchmark, the standard for buildings with low CO_2 emissions. This standard was published by the Tokyo Metropolitan Government in May 2012 to enable the evaluation of CO_2 emissions in the real estate market. The Tokyo Metropolitan Government publishes the names of small- and medium-sized tenant buildings which are both a) classified as A1 or above (a measure of low CO_2 emissions) and b) are actively engaged in energy conservation as "Small- to Medium-Sized Low-Carbon Model Buildings."

*4 ResReal Flood
ResReal is a certification offered by the Japan Real Estate Institute. It is Japan's first certification program based on the quantification and visualization of the resilience (strength, flexibility, recovery potential, and resistance) of properties against natural disasters. Properties are certified on the basis of robustness (location and building), redundancy, readiness, and substitutability. ResReal factors in both "hard" resilience factors, such as a property's location and building performance, as well as "soft" factors, including stockpiles of emergency supplies and disaster preparedness training. The flood damage version of ResReal comprehensively quantifies the resilience of a property against floods.

Diamond Realty Management Inc. Green Building (As of the end of November 2023)

DREAM Private REIT Inc.

Certifications Received	Rank	Year
GRESB	Green Star	2018, 2019, 2020, 2021, 2022, 2023
	4 Star (Comparative Assessment)	2019, 2020, 2021
	5 Star (Comparative Assessment)	2022, 2023
	Sector Leader (Diversified, Asia, Non-Listed Sector)	2020, 2021

DREAM's Portfolio

Certifications Received	Property	Evaluation Rank	Gross Floor Area（m²）
CASBEE	DPR Hiratsuka Logistics Center	Rank S	29,067.95
	MCUD Kawasaki I	Rank S	89,939.54
	MCUD Zama	Rank S	18,487.67
	Kobe Minato Warehouse	Rank S	70,109.21
	Logistics Park Noda-Funakaka	Rank S	111,977.23
	Daikokucho Logistics Center	Rank S	89,316.19
	AEON MALL Kobe Kita	Rank S	128,050.62
	SG Reality Maishima	Rank S	95,539.04
	Kawasaki Mizue Logistics Center	Rank S	102,014.46
	PUZZLE GINZA	Rank S	2,399.90
	MUZA Kawasaki (Office Part)	Rank S	114,322.47
	Ichikawa Chidoricho Logistics Center	Rank S	66,914.18
	MCUD Honmoku	Rank S	66,523.47
	SLOGI Ichikawa	Rank S	13,504.24
	Funabashi Logistics Center	Rank S	42,180.24
	MCUD Tsurugashima	Rank S	20,873.65
	MCUD Chiba-kita	Rank S	24,716.85
	DPR Noda Logisgics Center	Rank S	38,853.76
	Honmoku Logistics Center	Rank S	26,784.82
	DPR Ebetsu Logistics Center	Rank S	17,749.93
	LOGIPORT Nagareyama B	Rank S	133,414.76
	ROYAL PARKS TOWER MINAMISENJYU	Rank S	47,424.89
BELS	MCUD Tsurugashima	★★★★★	20,873.65
	Honmoku Logistics Center	★★★★★	26,784.82
	Funabashi Logistics Center	★★★★★	42,180.24
	Shinyamashita Logistics Center	★★★★★	53,233.20
	Shinanounyu Urayasu Logistics Center	★★★★★	14,208.00
	MCUD Kawasaki I	★★★★★	89,939.54
	Ichikawa Chidoricho Logistics Center	★★★★★	66,914.18
	Kawasaki Mizue Logistics Center	★★	102,014.46
	Logistics Park Noda Funakata	★★★★★	111,977.23
	MCUD Kawasaki Ⅱ	★★★★★	23,767.56
	MCUD Zama	★★★★★	18,487.67
	Kobe Minato Warehouse	★★★★★	70,109.21
	DPR Hiratsuka Logistics Center	★★★★★	29,067.95
	Daikokucho Logistics Center	★★★★★	89,316.19
	Nanko Logistics Center	★★★★★	40,767.27
	SG Reality Maishima	★★★★★	95,539.04
	MCUD Chiba-kita	★★★★★	24,716.85
	MCUD Honmoku	★★★★★	66,523.47
	DPR Noda Logisgics Center	★★★★★	38,853.76
	MCUD Ageo	★★★★★	92,277.52
	LOGIPORT Nagareyama B	★★	133,414.76
Tokyo Metropolitan Small to Medium Scale Low Carbon Model Building	Boucheron Ginza Building	A4	4,339.92
	PUZZLE GINZA	A1-	2,399.90
	Summit Ojisakuradadori	A3	8,018.11
	Espoir Omotesando	A3	7,157.32
	Olympic Minowa	A2+	6,379.35
The ResReal Flood	Logistics Park Noda Funakata	★★	111,977.23
	Funabashi Logistics Center	★★★	42,180.24

【Muza Kawasaki】/CASBEE

【Kobe Minato Warehouse】/CASBEE、BELS

【Daikokucho Logistics Center】/CASBEE、BELS

【Espoir Omotesando】/Tokyo Metropolitan Small- to Medium-Sized Low-Carbon Model Building

Reference: Diamond Realty Management Inc. HP https://www.mc-dream.com/english/

Beyond Materials Corporation, a Specialized Strategy and Engineering Service Provider to Support Materials Suppliers Area

As a result of changes in the needs of society and industry, including the move to a decarbonized world, requirements for new product designs in the electric vehicle (EV) and lithium-ion battery (LiB) sectors are increasing in their sophistication and diversity. This is suddenly raising the expectations for functional materials used for these applications. In October 2022, MC and FEV Consulting GmbH established Beyond Materials Corporation (Beyond Materials) based on their shared values to contribute to the realization of a sustainable society. Through the joint venture company Beyond Materials, MC will provide marketing and product development services to the materials industry. By doing so, it will serve as a bridge between users of materials in the automotive and other sectors along with contributing to global and sustainable growth in the materials industries. The project also furthers Beyond Materials' aim of contributing to sustainable growth in global materials markets and helping MC to achieve its mission to build net-zero, circular economies.

Building net-zero, circular economies through the provision of functions in the materials markets

Other Data and Report

Other Reference Data

Cogeneration Projects

(As of September 30, 2023)

Country	Power Plant	Fuel	Net Equity Basis (Net, 10,000 kW)
Japan	MCKB Energy Services	Gas, Biogas	3.2
Japan	MC Kawajiri Energy Services	Gas	3.8
Japan	MC Shiohama Energy Services	Gas, Coal	9.8
Japan	MCJ Energy Services	Gas	2.2
Japan	Gonoike Bioenergy Services	Biomass exclusive combustion	1.1
Japan	MCM Energy Services	Coal, Biomass mixed combustion	5.2
Japan	MC Hokuetsu Energy Services	Gas	2.0
Japan	Mizushima Energy Center	Coal	5.6

Gas-Fired Projects

(As of September 30, 2023)

Country	Power Plant	Net Equity Basis (Net, 10,000 kW)
USA	Frontier	23.2
USA	Wildflower/Indigo	13.6
USA	Wildflower/Larkspur	9.4
USA	Mariposa	20.0
USA	Sentinel	42.4
USA	CPV Valley	36.0
USA	Westmoreland	35.3
Mexico	Tuxpan II	24.8
Mexico	Tuxpan V	24.8
The Netherlands	Gas generation owned by ENECO	75.4
Jordan	IPP-3	20.1
Qatar	Facility D	50.4
Thailand	Gas generation owned by EGCO	22.2
Japan	Naoetsu Energy Center	10.7

Coal-Fired Power Businesses

(As of September 30, 2023)

Country	Power Plant	Fuel	Net Equity Basis (Net, 10,000 kW)
Thailand	Coal-fired power projects owned by EGCO	Coal	8.3
Taiwan	Ho-Ping	Coal	26.4
Japan	Nippon Paper Ishinomaki Energy Center	Coal Biomass Co-generation	4.4

Climate reports

Transparency in climate action is key. To effectively engage with our stakeholders and inform them of our climate initiatives and progress, MC publishes its value creation process along with both financial and non-financial performance indicators in our Integrated Report .

CDP reporting

MC actively disseminates information about its ESG-related initiatives to its various stakeholders around the world. CDP is a UK-based international enironemental NGO, and conducts activities to promote corporate environmental information disclosure at the request of institutional investors around the world. It holds the world's largest database of corporate disclosures on climate change initiatives, and since FY2003, MC has responded the CDP Climate Change, which evaluates the climate change management of companies.

CDP Climate Change 2023 Response (PDF:783KB)

TCFD reporting

MC supports TCFD Recommendations and actively discloses climate-related financial information through various channels, including CDP and its Sustainability report , and continues to improve such disclosure.
MC is proud that our President and CEO is a founding member of the TCFD Consortium of Japan, a platform established for financial institutions and corporations to pursue climate-related financial disclosures recommended by the TCFD. Additionally, the General Manager of MC's Sustainability Department served as a TCFD member from 2018 to 2021, and a plannning committee member of the TCFD consortium thereafter MC has been actively working to expand awareness of the TCFD and promote activities related to TCFD.

For an overview of how MC is meeting recommendation, please see TCFD overview .

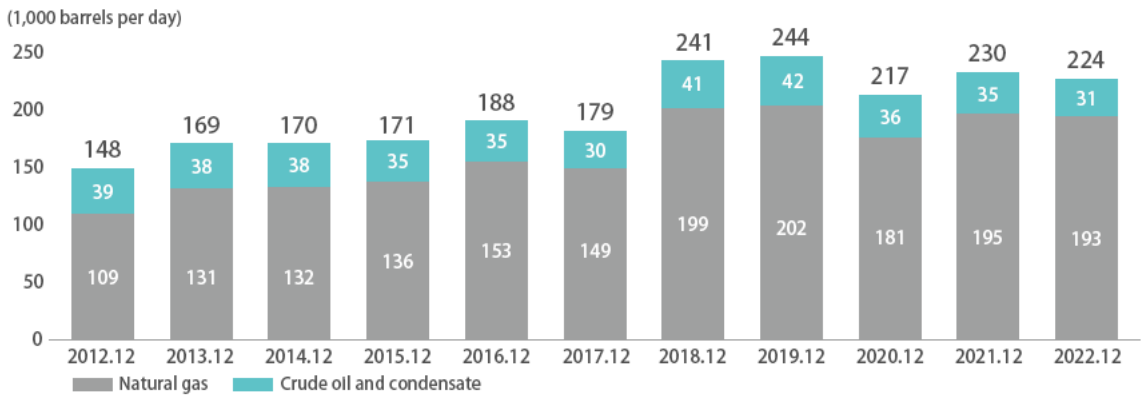
Environment

Natural Gas and LNG-related Data

Equity Share of Oil and Gas Upstream Production

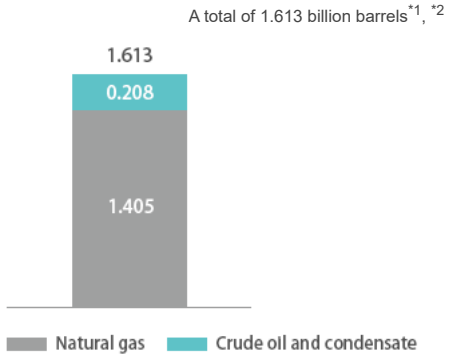
MC's equity share of oil and gas upstream production is as shown below. GHG emissions from burning natural gas relatively lower compared to when burning other fossil fuels, and the demand for natural gas is forecasted to grow in line with the transition to a low-carbon and decarbonized society. Accordingly, MC has positioned natural gas as a core business. Currently, natural gas accounts for approximately 85% of MC's equity share of oil and gas production.

Equity Share of Oil and Gas Upstream Production (Annual Average)*1



MC's Reserves (2P*3)

(As of the end of December 2022)



*1 Oil equivalent, including non-consolidated subsidiaries and affiliates

*2 Participating interest equivalent. A part of reserves based on MC's in-house methodology

*3 Confirmed reserves + estimated reserves

Involvement in LNG Projects

Existing Projects in Production

Project	Beginning of Production	Annual Production Capacity (Million Ton)			Buyer	Seller	Shareholding	MC's Participation	Business Contribution *1
		Total	MC's Share						
Brunei	1972	7.2	1.8	25%	Mainly Asia, with a focus on the Far East	Brunei LNG	Brunei Gov.(50%), Shell(25%), MC(25%)	1969	A B C D
Malaysia I (Satu)	1983	8.4	0.42	5%	Tokyo Gas, Saibu Gas, etc.	Malaysia LNG	PETRONAS(90%), Sarawak Gov.(5%), MC(5%)	1978	A B C D
Malaysia II (Dua)	1995	9.6	0.96	10%	Tohoku Elec., Tokyo Gas, Shizuoka Gas, Sendai City Gas Authority, ENEOS Holdings, etc.	Malaysia LNG	PETRONAS(80%), Sarawak Gov.(10%), MC(10%)	1992	A B C D
North West Shelf	1989	16.9	1.41	8.33%	JERA, Tokyo Gas, Shizuoka Gas., Toho Gas, Kansai Elec., Osaka Gas, Guandong Dapeng LNG	NWS JV	Woodside(33.3%), Shell, bp, Chevron、MIMI [MC/ Mitsui & Co.=50:50], 16.7% respectively	1985	A B C D
Oman	2000	7.1	0.20	2.77%	Osaka Gas, Korea Gas, Itochu Corp., bp, etc.	Oman LNG	Oman Gov.(51%), Shell(30%), TotalEnergies(5.54%), MC(2.77%), etc.	1993	A B C D
Qalhat	2005	3.3	0.13	4%	Osaka Gas, Mitsui & Co., etc.	Qalhat LNG	Oman Gov.(46.8%), Oman LNG(36.8%), Naturgy(7.4%), Osaka Gas(3%), MC(3%), etc.	2006	A B C D
Russia Sakhalin 2	Oil: 2008 (year-round production), LNG:2009	9.6	0.96	10%	JERA, Tokyo Gas, Kyushu Elec., Toho Gas, Hiroshima Gas, Tohoku Elec., Saibu Gas, Osaka Gas, Korea Gas, etc.	Sakhalin Energy LLC	Gazprom(50%), Sakhalin Energy LLC(27.5%), Mitsui & Co.(12.5%), MC(10%)	1994*	A B C D
Indonesia Tangguh	2009	11.4	1.13	9.92%	Tohoku Elec., Kansai Elec., SK E&S, POSCO, Fujian LNG, Sempra, PLN, etc.	Tangguh JV	bp(40.2%), MI Berau [MC/ INPEX 56:44] (16.3%), KG Berau [MIBJ (MC/ INPEX Corporation 56:44) 16.5%, Mitsui & Co. 20.1%, JX Nippon Oil & Gas Exploration 14.2%, JOGMEC 49.2%](8.6%), etc.	2001	A B C D
Indonesia Donggi - Senoro	2015	2.0	0.9	44.9%	JERA, Korea Gas, Kyushu Elec., etc.	PT. Donggi-Senoro LNG	Sulawesi LNG Development Limited [MC/Korea Gas=75:25] (59.9%), PT Pertamina Hulu Energi(29%), PT Medco LNG Indonesia(11.1%)	2007	A B C D
Wheatstone	2017	8.9	0.28	3.17%	Chevron, KUFPEC, Woodside, Kyushu Elec., PEW, etc.	Equity Lifting Model*2	Chevron(64.136%), KUFPEC(13.4%), Woodside(13%), Kyushu Elec.(1.464%), PEW(8%; of which MC holds 39.7%)	2012	A B C D
Cameron	2019	12.0	4.0*3	33.3%*3	MC, Mitsui & Co., TotalEnergies (Toller)	Tolling Model*2	Sempra(50.2%), Japan LNG Investment [MC/ NYK=70:30] (16.6%) Mitsui & Co. (16.6%), TotalEnergies(16.6%)	2012	A B C D
	Total	96.4	12.19						

Projects under Construction

Project	Beginning of Production	Annual Production Capacity (Million Ton)			Buyer	Seller	Shareholding	MC's Participation	Business Contribution *1
		Total	MC's Share						
LNG Canada	Mid 2020's	14.0	2.10*4	15%*4	Shell, PETRONAS, PetroChina, MC, Korea Gas	Equity Lifting Model*2	Shell(40%), PETRONAS(25%), PetroChina(15%), Diamond LNG Canada Partnership (MC 15%), Korea Gas(5%)	2010	A B C D
	Total	14.0	2.10						

*1 Business Segment: A Investment in exploration & development, B Investment in liquefaction plant, C Marketing and/ or import agent, D Shipping

*2 LNG is procured and sold by each company according to either the ratio of interest (Equity Lifting Model) / or equity in the liquefaction contract (Tolling Model) respectively.

*3 MC's offtake volume & radio based on the tolling agreement with Cameron LNG.

*4 MC's offtake volume & radio.

Environment

Renewable Energy Related Data

List of Renewable Energy Businesses

(As of September 30. 2023)

Country	Power Plant	Fuel	Net Equity Basis (Net, 10,000 kW)
United States	Nexamp	Solar power	57.5
Mexico	Eolica del Sur	Wind power	19.8
The Netherlands	Other renewable energy projects owned by ENECO	Solar power	155.5
		Wind power	
		Offshore wind power	
		Biomass	
Jordan	Shams Ma'an	Solar power	1.8
Philippines	NLREC	Wind power	2.2
Indonesia	Star Energy	Geothermal	4.8
Thailand and others	Other renewable energy projects owned by EGCO	Solar power	8.1
		Wind power	
		Geothermal	
		Hydraulic power	
		Fuel cell biomass	
Thailand	Impact Solar Group(ISL/ ISGT)	Solar power	3.3
Malaysia	Gebeng Solar	Solar power	0.3
Japan	Kumamoto Aso Solar	Solar power	0.2
Japan	Onahama Solar	Solar power	0.6
Japan	Onahama/ Izumi Solar	Solar power	0.3
Japan	Nippon Paper Mega Solar Komatsushima	Solar power	1.7
Japan	Tahara Solar	Solar power	5.3
Japan	Nagasaki Tadewara Mega Solar	Solar power	0.8
Japan	Higashi Nozaki Solar Energy	Solar power	0.9
Japan	Kochi Solar	Solar power	2.2
Japan	JAMC Solar	Solar power	2.3
Japan	Akita Katagami wind farm	Wind power	2.9
Japan	MCPV	Solar power	0.3
Japan	Suzukawa Energy Center	Biomass	5.9
Japan	Aioi Biomass	Biomass	7.8
Japan	MCKB Energy Services	Solar power	1.4

List of Offshore Power Transmission Businesses

(As of September 30. 2023)

Country	Portfolio asset	Transmission Capacity (10,000kW)	MC's share	Cable route length (km)
UK	Walney 1	18.4	50%	48
	Walney 2	18.4	50%	48
	Sheringham Shoal	31.5	50%	45
	London Array	63	50%	55
	Burbo Bank Extension	25.8	50%	35
	Race Bank	57.3	51%	83
	Galloper	35.3	51%	46
	Walney Extension	66.0	51%	73
	Hornsea 1	121.8	20%	183
	Hornsea 2	138.6	25%	168

Environment

Environmental Management

Policy Structure Initiatives Relevant Data

Policy

MC considers addressing sustainability challenges as one of its most important management issues. We have therefore been actively engaged in promoting a range of initiatives towards preserving the global environment through every aspect of our business. The cornerstone of these activities is our Environmental Charter, which was established in 1996. The charter clearly outlines our fundamental stance regarding environmental issues to all of our stakeholders. Based on this charter, MC conducts a variety of activities and strives to create and increase environmental value. The charter has been revised as necessary in order to reflect the fact that environmental issues and awareness are constantly evolving.

MC has established environmental management systems (EMS) that are compliant with ISO 14001, with the President & CEO serving as the chief officer in charge of EMS. In keeping with the spirit of the Environmental Charter, MC is advancing EMS activities based on its Environmental Policy.

Specifically, by having the President & CEO manage the targets set the previous fiscal year for both business and office activities, determine policies for the next year and establish systems for internal deployment, we are striving to continuously enhance and improve our EMS in harmony with our business activities. We will continue to seek out truly effective initiatives that contribute to our company's sustainable growth.

MC's Environmental Policy

MC has established environmental management systems (EMS) based upon its Environmental Charter. By disseminating the Environmental Policy set each year by the President & CEO and promoting awareness throughout MC, MC aims to preserve the global environment and work towards the realization of a sustainable society through its business activities.

【2023 Environmental Policy】

1 Compliance with Environmental Laws and Standards

We will uphold environmental laws and standards in addition to our own environmental commitments.

2 Efforts to Improve the Environment

1. We will make efforts to reduce our greenhouse gas emissions in order to address climate change.
2. We will make efforts to reduce resource and energy consumption.
3. We recognize the importance of biodiversity and will pay close attention to our impact on the natural environment.

3 Continuous Improvement of our EMS

We will strive for continuous utilization and improvement to our EMS in line with our business activities.

4 Disclosure of our Environmental Policy

We will ensure that our Environmental Policy is conveyed to all of our employees, and we will promote understanding through training and dissemination efforts. We will also publicly disclose our Environmental Policy.

Green Procurement Policy

As MC conducts office activities in line with its Environmental Policy, MC is taking the following actions in order to proactively show consideration for the environment through all types of procurement activities with the aim of reducing its impact on the environment. These actions are based on the Green Purchase Guidelines, which lay out in writing green purchase methods.

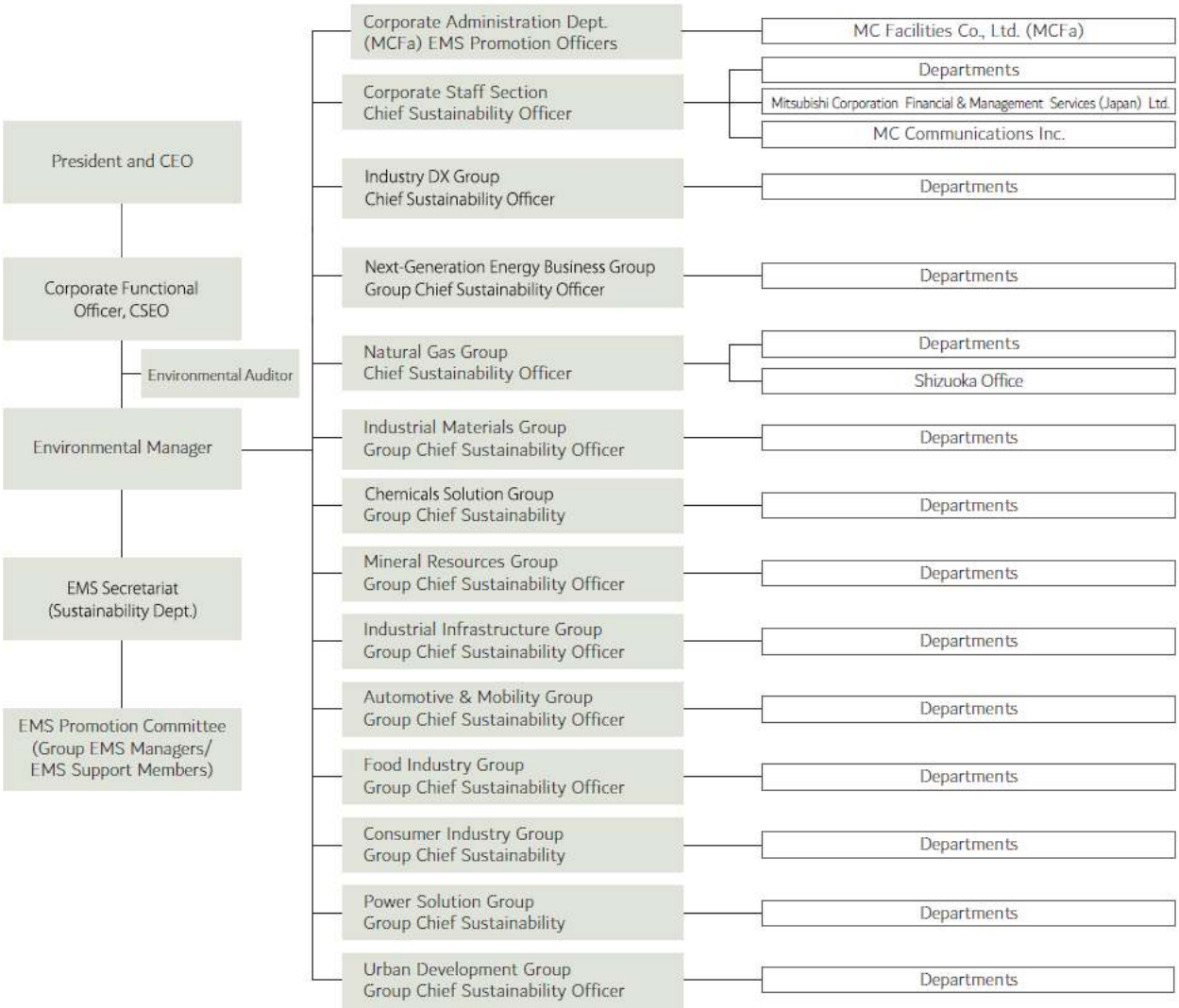
1. Avoid unnecessary procurement
2. Place emphasis on “environmental consideration” together with function/cost at the time of procurement, and select green products whenever possible which satisfy the following:
   (1) Those using primarily recycled/reused raw materials
   (2) Those which reduce resource and energy costs and have a lower environmental impact throughout the production/use/disposal lifecycle stages
   (3) Those which do not use hazardous chemicals, or are making efforts to reduce such substances
   (4) Those with an established recycling system
3. Make efforts to reduce environmental impact from packing and transport during procurement wherever possible
4. Strive to reuse materials and curb new procurement

Furthermore, the guidelines also stipulate that when selecting products with special procedures required by law (home electronics, etc.), MC will confirm whether or not the product takes into account environmental considerations by referencing catalogues and other sources. Furthermore, when selecting products such as stationery, printing paper and furniture, MC will also confirm by referencing catalogues and other sources whether the product is certified (with an official mark) as having met environmental regulations/standards.

Structure

At MC, environmental management systems (EMS) are managed by the General Manager of the Sustainability Dept., who serves as the Environmental Manager, with the President and CEO of MC serving as the chief officer in charge of EMS. MC encourages the participation of all employees in implementing EMS in cooperation with the Group Chief Sustainability Officer of each Business Group, along with Group EMS Managers and other personnel.

Environmental Management Systems (EMS) Promotion Framework



As of April 1, 2023

Status of ISO 14001 Acquisition

In 1998, MC acquired ISO 14001 certification at its Head Offices. Individual Group companies also comply with ISO 14001 depending on their individual status.

* Certified sites (ISO 14001-certified sites):
  • Head Offices and three affiliated companies (Mitsubishi Corporation Financial & Management Services (Japan) Ltd., MC Facilities Co., Ltd., MC Communications Inc.)
* Ratio of ISO 14001-certified sites: 100%
* Scope of registration: Commodity trading and business investment activities

Main MC Group Companies with ISO 14001 Certification

Business Group	Name of Company	Business Activities
Natural Gas Group	BRUNEI LNG SENDIRIAN BERHAD	Natural gas liquefaction and LNG sales
	PT Donggi Senoro LNG	Natural gas liquefaction and LNG sales
Industrial Materials Group	NIPPON ELECTRODE COMPANY, LTD.	Manufacturing and sales of carbon products
	Metal One Corporation	Processing, manufacturing, sales and distribution of steel products
	Amfine Chemical Corporation	Manufacturing and sales of plastics additives
	POSCO MC MATERIALS Co.,Ltd.	Manufacturing and sales of needle coke
	Cape Flattery Silica Mines Pty., Ltd.	Mining, processing and sales of silica sand
Chemicals Solution Group	Mitsubishi Shoji Chemical Corporation	Marketing of solvents, paints, coating resins and silicones
	Mitsubishi Corporation Plastics Ltd.	Marketing of synthetic resin raw materials and products
	MC Ferticom Co., Ltd.	Manufacturing of fertilizers
	Meiwa Corporation	Trading company
	EXPORTADORA DE SAL, S. A. de C. V.	Salt business
	Thai Shinkong Industry Corporation Ltd.	Manufacturing and sales of PET resin
Mineral Resources Group	Mitsubishi Corporation RtM Japan Ltd.	Mineral resources trading company for Japanese customers
	Anglo American Sur S.A.	Mining, processing and sales of copper ore
Industrial Infrastructure Group	Chiyoda Corporation	Plant engineering business
	Mitsubishi Heavy Industries Compressor International Corporation	Design, production, packaging, servicing and repair of turbomachinery parts and products
	Nikken Corporation	Construction Equipment & Rental Business
	NIKKEN SANGYO	Real estate leasing
	Mitsubishi Corporation Technos	Sales of machine tools and industrial machinery
	MITSUBISHI ELECTRIC DE COLOMBIA LTDA	Elevator business (sales and maintenance)
	MITSUBISHI ELEVATOR (SINGAPORE) PTE. LTD.	Elevator business (sales and maintenance)
	MITSUBISHI ELEVATOR (THAILAND) CO.,LTD.	Elevator business (sales and maintenance)
	Mitsubishi Electric Hong Kong Co., Ltd.	Elevator business (sales and maintenance)
	ALSOK Soei Co., Ltd.	Facility management business
Automotive & Mobility Group	Mitsubishi Motors Corporation	Manufacturing and sales of automobiles and automobile parts
	PT Mitsubishi Motors Krama Yudha Indonesia	Automobile manufacturing
	P.T. KRAMA YUDHA TIGA BERLIAN MOTORS	Import and sales of automobiles
	Toyo Tire Corporation	Tire Business, Automotive Parts (Business)

Business Group	Name of Company	Business Activities
Food Industry Group	Aji Japan Co., Ltd.	Manufacturing and sales of food ingredients and seasoning preparations
	Ajiryo Food Technology Co., Ltd.	Manufacturing and sales of seasoning ingredients
	Itoham Yonekyu Holdings Inc.	Manufacturing and sales of processed meat products and processed / precooked food products,
	Salad Club Co., Ltd.	Manufacturing and sales of packaged salads
	Nihon Shokuhin Kako Co., Ltd.	Manufacturing of corn starch and related processed products
	Nitto Fuji Flour Milling Co., Ltd.	Flour miller
	Cermaq Group AS	Salmon farming business
	DECCAN FINE CHEMICALS （INDIA） PRIVATE LI	Contracted manufacturing of agrochemical intermediates and active ingredients
	NITTO－FUJI INTERNATIONAL VIETNAM CO.,LTD	Manufacturing and sales of mixed flour
	NITTO－FUJI INTERNATIONAL THAILAND CO.,LTD	Manufacturing and sales of mixed flour
	OLAM GROUP LIMITED	Production, collection, processing, trade, and port operations for agricultural products
	PT. FERMENTECH INDONESIA	Manufacturing and sales of ingredients for foods and seasonings
	NISSIN FOODS（THAILAND) CO., LTD	Production and sales of instant noodles, etc.
	ASIA MODIFIED STARCH CO., LTD	Production and sales of modified starch
	ASIAN BEST CHICKEN CO., LTD	Poultry processing
Consumer Industry Group	Mitsubishi Shokuhin Co., Ltd.	Domestic and international wholesale and distribution of processed foods, frozen and chilled foods, alcoholic beverages and confectionaries
	Kanro Inc.	Manufature and sale of confections and food
	Mitsubishi Corporation LT, Inc.	International integrated transport logistics, warehousing
	Toyo Tire Corporation	Tire Business, Automotive Parts (Business)
Power Solution Group	N.V. ENECO	Energy supply business
	Swing Corporation	Water business
Urban Development Group	Mitsubishi HC Capital Inc.	Various types of leasing, installment sales, and other financial services
Corporate Staff Section	Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	Financial, accounting, and inspection services, corporate finance and management consulting services
	MC Facilities Co., Ltd.	Facility management for buildings and offices, and general business support

Environmental Audits

MC conducts internal environmental audits every year in accordance with ISO 14001. Audits are conducted by forming audit teams comprised of members of the Corporate Sustainability Dept. The audit teams confirm whether EMS is being effectively implemented in each Business Group. The audit teams report their findings to the President and CEO, who serves as the chief officer in charge of EMS.

Environmental Communications

When MC is requested by customers or other external stakeholders to provide environmental information, MC discloses this information by following the processes stipulated by the ISO 14001 standards. This information includes questionnaire responses and certified copies of documentation associated with the ISO certification process. In FY2022, MC responded to 39 questionnaires and provided 7 certified copies of its ISO documentation.

Initiatives

Procurement of CO_2-Free Electricity for the Head Office Building

As part of efforts to contribute to ”Contributing to Decarbonized Societies”, one of MC’s Materialities, MC has switched to green power for the electricity procured for its Head Office building (the Mitsubishi Shoji Building). CO_2-free electricity with environmental value (tracked non-Fossil Fuel Energy Certificates[*1]) is generated at a solar power plant invested in and operated by Mitsubishi Corporation Energy Solutions Ltd., which is engaged in the power generation business, and procured through MC Retail Energy Co., Ltd., which is engaged in the power retailing business. As such, electricity demand in the Mitsubishi Shoji Building is covered by renewable energy sources that also meet the requirements of RE100[*2]. From power generation to retail, MC Group companies work together to supply, procure and use renewable energy, creating environmental value by leveraging the MC Group’s comprehensive capabilities in the power value chain.

*1 Non-Fossil Fuel Energy Certificates certify the environmental value of electricity as being generated from non-fossil fuel energy sources, such as renewable energy sources, under the Act on the Promotion of Use of Non-fossil Energy Sources and Effective Use of Fossil Energy Materials by Energy Suppliers.

*2 An international initiative that aims for 100% of the energy used in business operations to be procured from renewable sources.

Relevant Data

Number of Environmental Reports and Corrective Measures

In the implementation of EMS, a system has been established for reporting and correcting matters relating to infringements of laws and ordinances as well as guidance from authorities. The incidents are shared throughout MC and measures are taken to prevent recurrences.

Number of Environmental Reports and Corrective Measures

	FY2020	FY2021	FY2022
Number of reports	2	6	3
Number of corrective measures	2	6	3
(Including matters resulting in fines, penalties, etc.)	0	0	0

A reporting system which uses a compliance hotline has been instituted to appropriately respond to accidents and disasters when they occur and to promptly implement measures to prevent recurrence. The system covers not only MC but group companies as well. Going forward, MC will continue to promote EMS as well as measures to address environmental contamination such as oil pollution. Concurrently, in the event of an environmental incident, MC will promptly report the incident to the relevant parties and investigate the causes, along with considering appropriate remedial measures and preventive measures. In doing so, MC will rigorously implement measures to prevent a recurrence of the incident.

Reference: Compliance System Diagram

Environment

Water Resources

Policy Targets Structure Initiatives External Collaboration
Water Resources Data

Policy

MC has clarified its intention to promote the “sustainable use of natural resources including water” in its Environmental Charter, which was first established in 1996 and later revised in 2017. The MC Group, which engages in a wide range of businesses worldwide, has identified "Conserving and Effectively Utilizing Natural Capital" as part of its Materiality. It recognizes water as an essential element for its business activities and places critical importance on the sustainable use of water in all of its operations. In particular, MC identifies relevant risks and opportunities in a timely manner and, with the goal of achieving the sustainable use of water, establishes appropriate water consumption, recycling, reuse, and treatment throughout its operations and makes efforts to improve use efficiency and reduce consumption. Furthermore, MC will contribute to the resolution of global water issues through its business by establishing water infrastructure businesses and developing comprehensive water operations.

Targets

Aiming to reduce the consumption of limited water resources, for FY2023, MC has set a target to reduce water consumption at its Head Office compared to the consumption in the previous year. MC also conducts a sustainability survey which aims to track the withdrawals, discharges and recycling of water for the total operations of its portfolio investment companies. In addition to achieving a 100% response rate for this survey, MC is conducting an analysis of individual increases and decreases of the various surveyed items.

Structure

Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Body **(A subcommittee under the Executive Committee, a management decision-making body)**	Sustainability & CSR Committee Important matters related to water resources deliberated by the Sustainability & CSR Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

Risk Management

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors as well. From a water resources perspective, MC has set up a screening process for decision-making that first confirms compliance with environmental regulations related to such factors as water discharge and withdrawals (confirmation of regulatory risks), as well as the impact of water withdrawals on surrounding communities, local society, biodiversity, and the impact of climate change on the fresh water environment (confirmation of physical risks). For this screening process, particularly for businesses in areas considered to have high levels of water stress, MC utilizes the World Resource Institute (WRI)'s Aqueduct tool in order to incorporate external perspectives. Besides screening new investment and exit proposals, MC strives to make improvements to existing business investments by monitoring their management practices.

In addition, MC conducts annual surveys of suppliers to confirm their compliance with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC's actions to address human rights, labor rights, and environmental issues in supply chains for products with high environmental or social risks. Items covered in these surveys include consideration for impacts on local communities and ecosystems; whether suppliers have policies, strategies, and guidelines designed to prevent river pollution and set and monitor water consumption reduction targets; and the content of any water-related surveys carried out. (See the Supply Chain Management page for additional details).

Reference: Human Rights and Environmental Due Diligence

Water Stress Analysis

In addition to Group-wide efforts to reduce water consumption, we carried out water stress analysis of group companies with high water withdrawal amounts in order to identify priority reduction targets.
The process of analysis and some results are described below.

Process of the Analysis

The top 20 MC Group companies in terms of water withdrawal amounts (accounting for approximately 99.2% of the total water withdrawal amount for companies under MC's financial control) were identified.

WRI's Aqueduct water stress analysis tool was used to carry out a survey to determine if any of the 20 companies identified were located in areas of high water stress.

Measures designed to reduce water consumption were implemented, together with reduction targets, at any business located in an area of high water stress (rated "High" or above).

Results of the Analysis

According to Aqueduct, a Thai tapioca starch manufacturing and processing company is based in an area affected by high water stress. The company's location, classified as the Mekong River Basin, is generally at high risk of water shortages, droughts, and inadequate wastewater treatment. However, based on the analysis of the impact on operations using the WWF Water Risk Filter— and taking into account business characteristics that we identified after conducting interviews with management during site visits—the company's operational risk score was “Low.“

Establishment of Targets and Initiatives to Reduce Water Consumption

The Company has set a water recycling ratio target of 10% to reduce water consumption per unit of production volume, and is working on water reuse by recirculating water used to backwash microfiltration membranes, etc.

Initiatives

Initiatives to Maximize Water Efficiency

Los Bronces Copper Mine

MC is involved in the copper mining business in Chile and Peru. Since copper mining requires a large amount of water, each mine is working on the implementation of technologies to maximize the water efficiency of operational processes in order to reduce new water intake. The Los Bronces Copper Mine (located in Chile's Metropolitan Region), in which MC invests together with Anglo American plc (AA), reuses approximately 80% of the water utilized in the production processes in the mine. AA is also working to increase water recycling from tailings and the utilization of industrial wastewater and treated sewage water procured from third parties. In addition, AA has recently signed a contract for the procurement of desalinated water from 2025 to ensure stable, long-term water supply for operations while also providing clean water to approximately 35,000 people in communities local to the operation.

Initiatives to Reduce Water Consumption

Escondida Copper Mine

The Escondida copper mine, one of MC's major investments, is located in the desert region of northern Chile and boasts the largest production volume in the world. At the minesite, water consumption is reduced in the ore processing phase through water-saving and reuse, among other means. Moreover, an investment, approximately US$4 billion to date, has been made in the construction of the desalination plant with one of the largest processing and pumping capacities in the world; the desalination plant has eliminated reliance on subterranean aquifers covering all the project's water requirements since the end of 2019. With water shortages due to drought becoming an issue for Chile in recent years, we will continue to promote environmental protection and coexistence with local communities.

Toyo Reizo Co., Ltd.

Toyo Reizo Co., Ltd., one of MC's consolidated subsidiaries, has declared in its environmental policy that it will reduce the amount of water resources to be used in its production processes and will take preventative measures against the discharge of pollutants. It has also set targets to reduce water consumption on both a single fiscal year and mid-term basis, and engages in reduction activities. In particular, MC aims to reduce its environmental impact by saving water. To achieve this, it calculates consumption and discharge amounts in plants and related facilities with high water consumption for monthly assessment and review. In addition to these efforts to reduce water consumption, MC has also set targets for the reduction of CO_2 and waste discharge and for the implementation rate of food waste recycling, etc. while seeking continual improvements though a PDCA cycle.

Reference: Environmental report (see here for targets, data and initiatives)

Olam

MC affiliate Olam Group Limited (Olam) has endorsed the UN CEO Water Mandate (a United Nations Global Compact initiative that supports corporate involvement in activities relating to water, sanitation, and the SDGs) and is working to develop policies designed to mitigate, understand, and manage water risks.

Examples of specific efforts by Olam to reduce its water consumption include the establishment, in 2022, of usage reduction targets for 2030 at its almond orchards in Australia and the U.S., as well as a commitment to improve water use efficiency throughout each orchards by monitoring soil and plant moisture , and to remediate 75% of wet and saline areas . In addition, Olam irrigation experts have been working to implement measures at Olam's black pepper estate in Vietnam, including rainwater storing and shade trees planting. They also reduced water use by an average of 35% between January and April 2022 through the installation of drip irrigation. Olam has also implemented various measures and capital investments to improve water efficiency at its processing facilities, resulting in a 21% reduction in water consumption per ton at its main processing facilities compared to the previous year.

In 2022, Olam partnered with the USDA Forest Service, the National Forest Foundation, and Unilever to focus on improving the resilience of forested watershed and conservation of water within the Pine Flats watershed in California and reduce the risk of severe wildfires. This project is expected to replenish approximately 2.5 billion liters of water and reduce CO_2 emissions by 80,000 tons annually.

Reference: To find out more about Olam's activities to reduce water consumption, please visit their website:
Olam Priority Areas, Water
https://www.olamgroup.com/sustainability/sustainability-framework/priority-areas/water.html

Initiatives in Water-Stressed Regions

Desalination Projects

MC is delivering seawater desalination projects in drought regions of the world such as the Atacama Desert in Chile and the State of Qatar in the Middle East which contribute to the alleviation of water stress in those regions. Northern Chile is facing serious depletion of groundwater, and alternative water sources are required in consideration of local communities and the agricultural industry. MC provides a stable supply of desalted water to mines and farmlands in the region. In Qatar, MC has been delivering an Independent Water and Power Project that supplies 2,520MW of electricity and 900,000 tons per day of water (which comprises 35% of Qatar's desalination capacity) to Qatar General Electricity & Water Corporation for over 25 years. MC is delivering the project in cooperation with the Qatari government to fulfill growing demand for water associated with economic development and population growth and to contribute to the long-term development of the country.

Umm Al Houl Power, Qatar

Providing Solutions through Our Business Activities

As living standards improve, certain regions are experiencing increasingly severe water shortages. Water utilities, which provide a stable supply of sanitary water, have become indispensable for the survival of humanity and the viability of cities. MC is contributing to the resolution of various challenges pertaining to water resources by developing water-related infrastructure and addressing local water issues.

Swing Corporation

MC affiliate Swing Corporation is engaged in the domestic waterworks business, including the design and construction of water and sewage facilities and the provision of operation and maintenance services. Specifically, MC is engaged in phosphorus recovery from sewage sludge for fertilizer use at the Higashinada Sewage Treatment Plant in Kobe, Hyogo Prefecture. It promotes resource recovery through local production for local consumption and recycling (in FY2020, the project won the innovation category in a wastewater recycling award sponsored by the Japanese Ministry of Land, Infrastructure, Transport and Tourism). Swing Corporation developed a private finance initiative (PFI) project in the city of Kurobe, Toyama Prefecture to establish a facility for the beneficial reuse of sewage biomass and has assumed responsibility for everything from financing to design, construction, maintenance and operation. The sewage sludge is mixed with coffee residue to extract biogas, which is used for power generation and sludge drying, and the dried sludge can be used effectively as an alternative to coal and as a raw material for fertilizer (in FY2011, the project won the sustainability category in a wastewater recycling award sponsored by the Japanese Ministry of Land, Infrastructure, Transport and Tourism).

Kurobe City Sewerage Biomass Energy Reuse Facility

MC has built up experience in the water business in the UK, Japan, Australia, the Philippines, Chile and other countries in Asia, the Middle East and Africa. By drawing on private-sector funds and technology, we will continue to improve efficiency and offer higher-quality water services. We will also provide water-related solutions optimized for each different region to address water shortages and underdevelopment of water infrastructure with the aim of improving people’s living conditions and protecting the local environment.

External Collaboration

Responding to CDP

MC actively disseminates information about its ESG-related initiatives to its various stakeholders around the world. CDP is a UK-based international environmental NGO, and conducts activities to promote corporate environmental information disclosure at the request of institutional investors around the world. It holds the world's largest database of corporate disclosures on climate change initiatives, and since FY2011, MC has responded the CDP Water Security questionnaire, which evaluates corporate water management.

Participation in the Water Project of the Ministry of the Environment of Japan

MC participates in the Water Project*, a public-private initiative which promotes initiatives aimed at preserving or restoring healthy water cycles. MC shares information with other companies on water risks and water-related initiatives, and considers how to pursue such initiatives internally.

MC is promoting activities, both through business and corporate philanthropy initiatives, to maintain and restore sound water cycles. MC also disseminates information about its initiatives and the importance of water through internal and external communication.

※ The project was launched based on the Basic Act on Water Cycles in 2014. The Water Project was founded to build a public-private collaboration platform and to promote initiatives and self-motivated approaches from private sector companies aimed at achieving sound water cycles and water environment preservation.

Collaboration with NGOs

MC supports a wide range of initiatives focusing on environmental and sustainable development in the Americas, Europe and Africa through the Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Fund for Europe and Africa (MCFEA). Some examples include supporting mangrove ecosystem conservation activities in Senegal through ENDA Energie and U.S. Gulf Coast cleanup activities to protect biodiversity and conserve shorelines through a partnership with American Bird Conservancy and SPLASh.

Environment

Biodiversity

Policy Targets Structure Initiatives External Collaboration Performance

Policy

As stated in our Environmental Charter, MC recognizes the critical importance of natural capital, including biodiversity, and is committed to maintaining, protecting, and restoring it. We have positioned “Conserving and Effectively Utilizing Natural Capital,” including consideration of biodiversity, as part of our Materiality, which are issues for management to address in order for MC to achieve sustainable growth. Based on these policies and materiality analysis, MC analyzes its nature-related issues using the TNFD framework and strives to minimize negative impacts on its natural capital from its business activities. Natural capital issues are taken into account when reviewing and making decisions on loan and investment proposals.

Forests are regarded as one of the most important types of natural capital because of their vital role in preserving biodiversity as well as capturing and storing greenhouse gases. Therefore, MC is working to reduce the deforestation impact of its activities to zero, including through the establishment of individual guidelines for each of the forest risk commodities we handle (soybean, timber and paper products, and palm oil) with the aim of ensuring that procurement of these commodities is not connected to deforestaion. To confirm compliance with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC’s actions to address human rights, labor rights, and environmental issues in the supply chain, we also require all MC suppliers to understand, support and implement this policy. Furthermore, we conduct annual supplier surveys to ensure that our policies regarding the handling of products with high environmental or social risks are being observed. (See the Supply Chain Management page for further information.)

In addition, we are engaged in corporate philanthropy activities aimed at conserving biodiversity, including the Tropical Forest Regeneration Project and the Global Coral Reef Conservation Project.

Reference: MC’s Environmental Charter
Policy on Mine/Site Decommissioning

Targets

MC strives to mitigate the impact that its businesses have on biodiversity, and seeks ways to contribute to ecosystem preservation through its businesses as well as through corporate philanthropy activities aimed at environmental preservation. Regarding contributions to the preservation of ecosystems through our business activities, MC takes into account aspects related to biodiversity when screening new project and exit proposals, and also aims to make improvements by monitoring the management practices of existing business investments.

Structure

Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Body **(A subcommittee under the Executive Committee, a management decision-making body)**	Sustainability & CSR Committee Important matters related to biodiversity deliberated by the Sustainability & CSR Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

Risk Management

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors as well. Since 2012, we have employed the Integrated Biodiversity Assessment Tool (IBAT) developed by organizations including the International Union for the Conservation of Nature (IUCN) to help assess potential business impacts by evaluating the status of protected or endangered species in the vicinity of project sites, along with other relevant data on special conservation areas. Besides screening new investment and exit proposals, MC strives to make improvements to existing business investments by monitoring their management practices.

In addition, when dealing with products with high environmental and social risks, MC conducts annual supplier surveys to confirm their compliance with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC's actions to address human rights, labor rights, and environmental issues in the supply chain. These surveys include content on natural capital, including biodiversity, and cover a wide range of items, including consideration of the impact our business activities have on local communities and ecosystems and whether suppliers have policies, strategies, and guidelines designed to prevent soil contamination and preserve biodiversity. (See the Supply Chain Management page for further information.)

Reference: Human Rights and Environmental Due Diligence

Identifying and Responding to Nature-related Issues Using the TNFD Framework

Almost all MC businesses interact with nature and depend upon the benefits that ecosystem services provide. We recognize that in order to ensure the future continuity of our business activities, we need to understand the extent of our dependencies and impacts on nature, analyze risks and opportunities, minimize excessive dependencies and negative impacts on nature, and pursue initiatives that contribute to the recovery of nature.

From this perspective, MC conducted a trial analysis based on the beta version (V0.1-0.4) and the final recommendations (V1.0) of the TNFD framework from FY2022 to FY2023.

In the future, we will utilize the knowledge obtained through this analysis in the management of individual businesses and continue to analyze and respond to nature-related issues while incorporating the latest frameworks and analysis methods, including the final recommendations of the TNFD, with the aim of further improving MC Group's sustainability and corporate value.

FY2022-2023 Analysis Process and Results

When conducting analyses based on the LEAP approach as recommended by the TNFD, it is necessary to obtain detailed information on the natural environments surrounding each business site. Since we have a diverse range of businesses, we decided that it is necessary to conduct a LEAP analysis while identifying priorities within our overall business portfolio. We therefore split the analysis process into two phases.

In Phase 1, we identified businesses with high levels of dependence and impact on nature, which allowed us to single out those businesses that needed to be analyzed in further detail. In Phase 2, the business selected during Phase 1 were analyzed on an individual basis.
In order to incorporate the knowledge of external experts into the analysis, we conducted the analysis with the cooperation of KPMG Japan.

Phase 1 (Portfolio Analysis)

We used ENCORE*, a tool recommended by the TNFD, to map the overall levels of dependence and impact on nature for each business. Both the analysis methods and the results obtained are described below. Please note that Phase 1 of the analysis did not take into account the location of each business or any environmental initiatives.

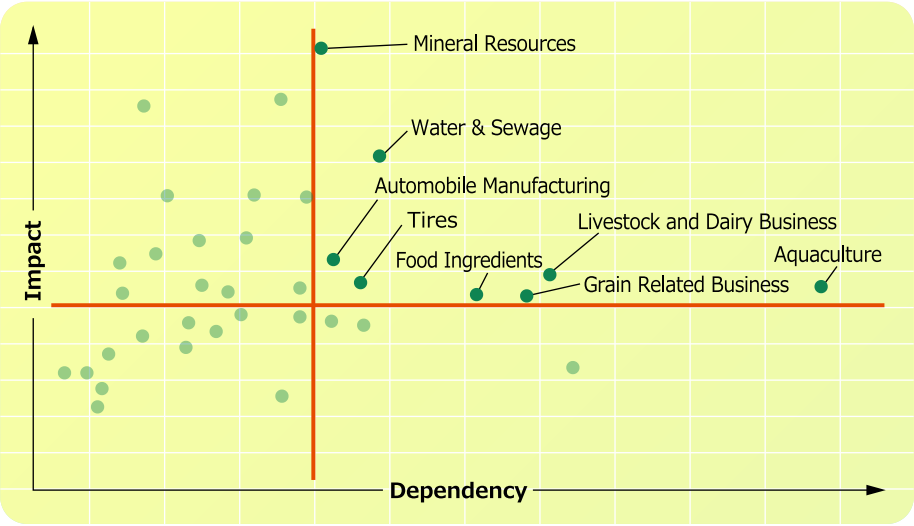
Step 1	Step 2	Step 3
Apply each process defined in ENCORE to our businesses	Quantify the qualitative evaluations of ecosystem services, impact drivers and other factors for each process	Calculate and map dependency and impact scores for each business

* A tool jointly developed by the UN Environmental Programme and various international financial industry groups.

By using ENCORE to calculate averages of environmental dependency and impact on nature across all processes, we were able to identify eight businesses with scores in these areas that were higher than averages. The business with the highest dependence on nature was in the aquaculture business, while the business with the greatest environmental impacts were active in the mineral resources business.

Since no businesses had both dependency and impact scores significantly higher than the average, we decided to conduct an individual business analysis for our aquaculture business with the highest dependency, while taking into account the following points.
Although it is assumed that we can control impact to a certain extent, there are many factors that we cannot control regarding dependency. Therefore, we determined that businesses with higher dependency have bigger potential risks.
Since MC Group's aquaculture business is mainly represented through the operations of Cermaq, a 100% subsidiary, we determined that, for the purpose of assessing and familiarizing ourselves with the TNFD framework, this business would be appropriate to analyze from the perspective of the level of our involvement in its operations and the availability of data.

Please refer to the Rehabilitation section for information about initiatives to mitigate the environmental impacts caused by the mineral resources business.



Average Impact and Dependency of all processes in ENCORE

Phase 2 (Individual Business Analysis)

Of the companies identified in Phase 1, we chose to analyze our salmon farming business, Cermaq, which had the highest level of dependence on nature. This analysis was conducted in accordance with the TNFD's Locate, Evaluate, Assess, and Prepare (LEAP) approach.

Locate	Evaluate	Assess	Prepare
Identified locations (priority locations) where Cermaq sites are at potential high risk of degrading biodiversity and reducing the quality of ecosystem services.	Compiled a long list of dependencies and impacts on nature for the priority locations identified in the "Locate" phase, and evaluated important dependencies and impacts.	Based on dependencies and impacts on nature, compiled a list of nature-related risks and opportunities for Cermaq, and conducted scenario analysis to evaluate their importance.	Assessed Cermaq's current countermeasures against nature-related risks and opportunities, and examined additional countermeasures and management metrics.

- **Locate (Location of the interface with nature)**

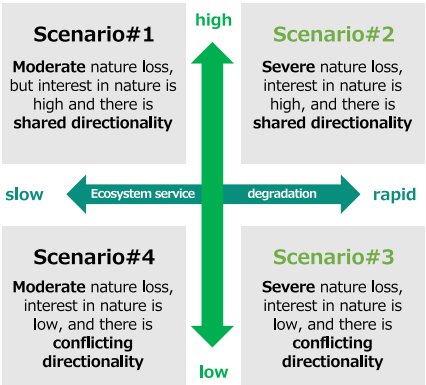
  We used the tools* recommended by the TNFD for each of Cermaq's business sites in Norway, Chile and Canada to make an assessment of the status of ecosystems and biodiversity, and used the results to identify priority locations.

- **Evaluate (Evaluation of nature-related dependencies and impacts)**

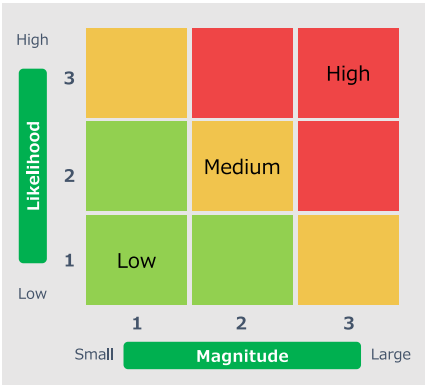
  With respect to the priority locations identified in the Locate phase, we compiled a long list of dependencies and impacts on nature by integrating qualitative evaluations of aquaculture operations in ENCORE, relevant scientific papers, and initiatives at Cermaq. In addition, we identified particularly important dependencies and impacts, taking into account the magnitude of the dependencies and impacts themselves, as well as the presence or absence of references in the Aquaculture Case Study published in the beta version of the TNFD framework. We then organized these by their relationships with natural elements. Sea-based aquaculture depends heavily on the marine ecosystem, which provides ecosystem services such as water quality and is essential for the growth of farmed salmon. At the same time, sea-based aquaculture can have impacts on the marine ecosystem. In addition, the procurement of plant-based feed such as soybeans depends on the terrestrial ecosystem and also has an impact on it.

- **Assess (Assessment of nature-related risks and opportunities)**

  Based on the dependencies and impacts on nature identified during the Locate and Evaluate phases, we made a list of the nature-related risks and opportunities in Cermaq's business and organized them based on the typology provided by the TNFD guidance. Four scenarios were then assumed in accordance with the TNFD guidance, based on the two focal points of "degree of degradation of ecosystem services" and "consistency between market and non-market principles". A materiality assessment of risks and opportunities was carried out for both Scenario 2, which considers general high risks, and Scenario 3, which considers high risks for aquaculture operations that are highly dependent on nature, as it is often difficult to pass on the damage caused by nature loss to the final sales price. We also evaluated the importance of these risks and opportunities by considering both the magnitude and likelihood of occurrence of each risk and opportunity.



<4 Scenarios>



<Matrix of Importance Assessment>

As a result of the assessment, the following items were identified as risks and opportunities that were rated as being of high importance.

Risks	Changes in suitable areas for aquaculture due to changes in the marine environment, occurrence of harmful algae, increase of parasites and pathogens, increase in mortality, etc.
Opportunities	Research and innovation such as land-based aquaculture, submersible pens, and the use of artificial intelligence and machine learning in order to mitigate risks.

- **Prepare (Preparing to respond and report)**

Regarding the significant nature-related risks and opportunities identified during the Assess phase, we have confirmed through communication with Cermaq that certain countermeasures have been taken to address them. In addition, we have evaluated the relationship between the nature-related metrics proposed by the TNFD and Cermaq's nature-related dependencies, impacts, risks and opportunities identified during the Locate, Evaluate, and Assess phases to identify the metrics that are important to Cermaq's monitoring and management of nature-related issues.

Examples of Important Metrics	Number of escaped fish, efficiency in use of marine raw materials in feed, GHG emissions, etc.

Cermaq is currently conducting an analysis for the disclosure of nature-related information based on the EU Corporate Sustainability Reporting Directive (CSRD). Since there is overlap between the TNFD and CSRD disclosure frameworks, Cermaq will prepare for disclosure based on the CSRD by referring to the results of this analysis as well.

* IBAT, a biodiversity analysis tool developed by IUCN (International Union for Conservation of Nature), Aqueduct, a water stress analysis tool developed by WRI (World Resources Institute), etc.

Future Policies based on Trial Analysis

- Through the trial analysis based on the TNFD framework, which we started from FY2022, we were able to deepen our understanding of the framework, as well as gain an overall picture of the dependences and impacts on nature for the MC Group's businesses, as well as the nature-related risks and opportunities in the aquaculture business.
- In the future, we will utilize the knowledge obtained from the trial analysis in the management of individual businesses and continue to identify and respond to nature-related issues using the TNFD framework, thereby further improving the MC Group's sustainability and corporate value.

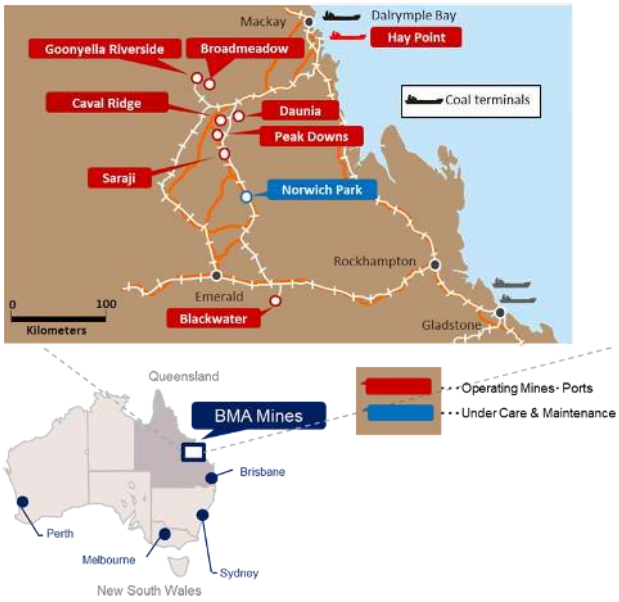
Initiatives

Examples of Protection/Conservation Activities through Business Operations

Land Rehabilitation at Post-mining Sites

In developing natural resources, companies need to consider environmental impacts in relation to areas such as biodiversity, forests, and water. The local community must also be duly engaged as an important stakeholder. MC ensures that its mining activities in Australia are conducted in harmony with the natural environment and local communities with utmost care and attention, before, during and after the mining operations.

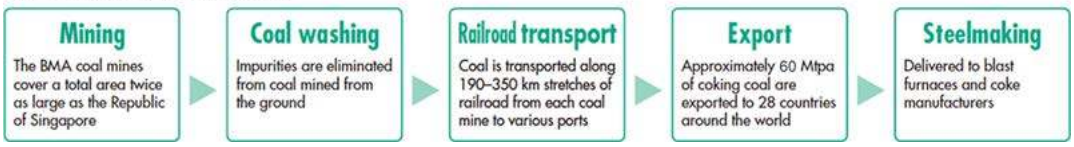
Moving into a Resource Business



MC established Mitsubishi Development Pty Ltd (MDP), a wholly-owned subsidiary, in Australia in 1968 as a mineral resources investment company. Through MDP, we have undertaken a range of investments in mineral resources operations in Australia. In 2001, MDP created BMA together with global mining giant BHP. By increasing our investment in large-scale metallurgical coal mining operations in Queensland, we took a major step toward becoming a globally significant participant in the metallurgical coal industry.

The metallurgical coal operations of the BHP Mitsubishi Alliance (BMA) are located in Queensland, Australia. BMA's mine sites cover an area twice the size of Singapore and produce high-quality metallurgical coal used for steelmaking. BMA's product is the raw material for producing coke which, when charged into a blast furnace with iron ore, acts as a reducing agent to produce crude iron. The metallurgical coal produced by BMA is supplied to customers in approximately 30 countries around the world. BMA is the world's largest seaborne supplier of metallurgical coal, producing and shipping approximately 60 million tons per annum.

BMA coal mining project in Australia



Rehabilitation of Large-scale Open-cut Mines

BMA acts as responsible miner and ensures its mine closure plans take into account social expectations and environmental regulatory requirements for rehabilitation. While complying with laws and regulations, BMA strives to minimize its impact on the environment and society by developing appropriate mine closure plans, and by implementing rehabilitation projects based on environmental impact reports and review by field experts and authorities. As part of annual renewal of long-term production plans for each site, BMA's planning and investment models are updated including all necessary rehabilitation and closure costs.

The majority of BMA's coal operations are open-cut strip mines, a method requiring overburden removal to depths up to 200+ meters in order to expose the underlying metallurgical coal seams.

The mining process at an open-cut strip mine starts with removal and stockpiling of the topsoil. The area where BMA mines are situated is not heavily forested as it has a dry tropical climate. The topsoil of about 30-40cm depth is removed and preserved in stockpiles and covered with a mixture of grass and scrub to preserve it for later use in rehabilitation.
After this process is complete, overburden removal and subsequent coal mining are carried out, leaving behind a large pit. Once the coal has been mined, the overburden that was moved and placed in spoil dumps during mining operations is profiled. The profiled dump surface is then covered with topsoil mixed with rock mulch and planted with seeds of indigenous grasses, trees and shrubs.

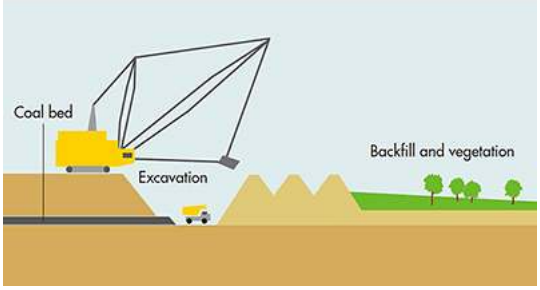
Surface Mining Scenery

After rehabilitation works have been completed, site recovery is monitored to confirm whether the final landforms are stable, water runoff is of acceptable quality and vegetation is taking root. BMA employs ecological specialists for the planning, rehabilitation, and surveying stages to supervise the rehabilitation process.

Before Rehabilitation

After Rehabilitation

Mine rehabilitation



External Collaboration

Status of Participation in the Round Table on Responsible Soy Association (RTRS)

Agrex do Brasil, an MC subsidiary, is a Round Table on Responsible Soy Association (RTRS) certified producer with a total of approximately 19,000 hectares of land certified under this standard. Agrex do Brasil was the first company in Brazil to obtain RTRS certification for the production of responsible soy in its farmland in Maranhão, Brazil. Through the RTRS certification, Agrex do Brasil seeks to make various internal improvements, increase efficiency in soil management and protection, improve water management, foster employee motivation and strengthen relationships with neighboring communities.

Compliance with the Soy Moratorium (Moratória da Soja)

Agrex do Brasil is operating in compliance with Brazil's soy moratorium (Moratória da Soja), a voluntary industry agreement that prevents participating companies from buying or selling soybeans grown in areas of the Brazilian Amazon that have been deforested since July 2008. Compliance with the moratorium is monitored through annual audits conducted by an independent organization selected by a working group made up of industry associations, including the Brazilian Association of Vegetable Oil Industries (ABIOVE) and the National Grain Exporters Association (ANEC), as well as representatives of civil society.

Participation in CDP

MC actively discloses information related to its efforts regarding ESG to a variety of stakeholders around the world. FY2014, MC has responded to CDP Forests, a survey which evaluates companies' forest management in the supply chain. CDP is a UK-based international environmental NGO, and conducts activities to promote corporate disclosure of environmental information at the request of institutional investors around the world. It holds the world's largest database of corporate disclosures on climate change initiatives.

Cermaq Initiatives

Cermaq, an MC subsidiary, has been a Global Compact member since 2011 aligning with their strategies and operations with universal principles .Cermaq has identified biodiversity protection as a key part of its license to operate in all the countries where it has operations. Cermaq works actively in cooperation with local stakeholders to protect wild salmonids in all areas where they are present, removes marine litter from the areas near its sea sites on an annual basis, and tracks bird and marine mammal mortalities at its sites in compliance with all laws and regulations of Chile, Canada, and Norway and additional requirements set by the ASC standard. In its feed supplier Code of Conduct, Cermaq mandates that no fish meal or fish oil used in the feed for its fish shall originate from IUU (Illegal, unreported, unregulated) fisheries.

Reference: Please refer to the Customer Responsibility Section for details on Cermaq's other initiatives.

Examples of Collaboration with Government Bodies

Forest Conservation Project: Mitsubishi Corporation Thousand Year Forest (Also Known as Yataro's Forest)

In February 2009, MC signed a forest preservation partnership agreement with Kochi Prefecture, Aki City and the Kochi Tobu Forestry Association. The area covered by the agreement, which includes a forest owned by MC in Aki City, Kochi Prefecture, the birthplace of Mitsubishi founder Yataro Iwasaki, has been named the "Mitsubishi Corporation Thousand Year Forest" ("Yataro's Forest"). MC initiated this forest conservation project as a way of contributing to local environmental protection efforts. Employee volunteers travel to the "Yataro's Forest" area every year to assist with forest conservation activities, such as thinning, and to take part in cultural exchange activities.

In March 2020, MC concluded an agreement with the Shikoku Forest Bureau, Aki City, and the Kochi Tobu Forestry Association to implement forest management in Yataro's Forest (Becchaku area) in line with the Shikoku Forest Bureau's policy of establishing "green corridors in the Shikoku Mountains,"* in an effort to maintain biodiversity.

* Shikoku's national forests are being protected under a protective forest system, which helps to preserve important fauna and forests. In addition, through green corridors in the Shikoku Mountains, this project will help preserve biodiversity by allowing animals and plants to move and spread across a wide area.

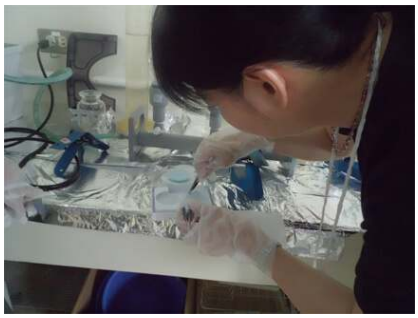
Examples of Collaboration with International Organizations and NGOs

Global Coral Reef Conservation Project

MC promotes cooperative research into coral reefs by business (MC), academia and NGOs in Okinawa and Australia.The partners are Shizuoka University and James Cook University in Australia.
The results of this research are published online and via international symposia to help evaluate the resilience of coral environments and preserve related biodiversity. This project has been recognized with a Medal of Honor in Japan, and has also been approved by the Japan Committee of the United Nations Decade of Biodiversity (UNDB-J)*. In addition, as an official supporter of the International Year of the Reef 2018, MC actively communicated the results of its Global Coral Reef Conservation Project.

* A committee that seeks to achieve the Aichi Biodiversity Targets adopted at the Tenth Ordinary Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) held in Nagoya, Aichi Prefecture, Japan in 2010.

Coral reef (Australia)



Coral Reef Conservation Project: Employee Volunteers

Coral Reef Conservation Project: Employee Volunteers

Natural Climate Solutions in South Africa

MC is now supporting Natural Climate Solutions (NCS) as part of its philanthropic activities.

There are various methods for NCS, and MC will focus on methods of preventing degradation in rangelands and intact forests, with the goal of preserving the amount of CO_2 absorbed by plants, and to prevent CO_2 stored in soil and vegetation from being released into the atmosphere. The activities will be carried out in South Africa. In addition, we also aim to contribute to the conservation of biodiversity and to support local communities.

Conservation of South Africa's Rangeland Restoration Project which also aim to improve the quality of life of local communities

Population is rapidly growing in near Durban South Africa. Due to the increase in grazing caused by an increase in population, the number of rangeland which consist by grass and shrubs has begun to decrease and there are concerns of the amount of CO_2 absorbed may decrease and that the CO_2 stored in soil will be released.

In this project, MC will work together with Conservation International, an environmental NGO, to conserve rangeland in cooperation with local communities. At the same time, it aims to improve the living standards of local residents by improving the quality of livestock farming and conserving water resources.

©Conservation International/Tessa Mildenhall

Foundation and Fund Activities

Through the Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Fund for Europe and Africa (MCFEA), which aim to tackle societal issues across the Americas, as well as both environmental protection and societal issues across Europe and Africa respectively, MC is involved in activities that support environmental conservation, educational research on the environment and efforts to address the issue of poverty. The MCFEA and the MCFA is providing support through a wide range of partner organizations, including Farm Africa, which supports sustainable coffee farming in Bale-Eco region, Ethiopia, and the Yellowstone to Yukon Conservation Initiative, which is working to protect caribou in Canada.

Coffee farmers in Bale-Eco region, Ethiopia ©Farm Africa

Examples of Collaboration with Other Companies

In April 2015, MC joined the Japan Business Initiative for Biodiversity (JBIB)*,a group of firms committed to undertake joint research aimed at protecting biodiversity. The JBIB member firms agree to respect biodiversity in their daily business operations and pursue activities aimed at minimizing negative biodiversity impacts. Going forward, through communication with JBIB members and related initiatives, we will work to find ways of enhancing our initiatives toward protecting biodiversity.

* A group of Japanese companies engaged in biodiversity protection activities

Performance

Reference: Please refer to the Supply Chain Management for information on certified products.

Results of Social Contribution Activities

Having started the Tropical Forest Regeneration Project in 1990, aiming to regenerate tropical forests in a short period of time, MC remains widely involved in forest conservation in Japan and overseas. Through forest conservation projects in Japan and the Global Coral Reef Conservation Project which strives to protect ocean biodiversity, MC's environmental conservation efforts span the globe. As part of this, each year since FY2011, MC has planted two trees for every shareholder who consents to receive important communications such as the Notice of the Ordinary General Meeting of Shareholders by e-mail rather than by post. Up until FY2021, MC planted a cumulative total of roughly 480,000 trees through this initiative.

Student volunteers working on a Tropical Forest Regeneration Project in Malaysia

Environment

Prevention of Pollution

Policy Targets Structure Initiatives External Collaboration
Prevention of Pollution Data

Policy

MC recognizes the importance of striving to create and enhance environmental value, as stated in the Environmental Charter, by undertaking conservation activities and reducing our environmental footprint, including through the prevention of pollution. Moreover, in terms of company-wide management of compliance with environmental laws, regulations, etc., MC takes responsibility as a business that produces waste. To ensure rigorous compliance with laws and regulations related to preventing pollution as well as the reduction, reuse and recycling of waste within MC, internal notifications are sent out, as well as announcements and alerts about meetings and other related events. Furthermore, MC has formulated guidelines and standards for responding to oil spills and soil contamination and disseminates this information internally to ensure thorough understanding.

Reference: Mitsubishi Corporation Environmental Charter

Targets

MC conducts an environmental performance survey for all MC Group companies in order to manage pollution prevention as well as waste reduction, reuse and recycling initiatives on both a non-consolidated and an MC Group-wide basis. On a non-consolidated basis, we set and monitor sustainable and effective reduction targets related to the volume of waste produced in conjunction with Head Office activities, in order to reduce, reuse and recycle waste through operation of environmental management systems (EMS).

Items	FY2022 targets	FY2022 results	FY2023 targets
Pollution prevention	Select projects and conduct oil spill risk survey biannually	-(Oil spill risk survey conducted biannually)	Select projects and conduct oil spill risk survey biannually
Waste production*1	Continue waste emission reduction activities and grasp emission amount*4	485.4 tons (+12.6% increase from 2022.3 results)	Continue waste emission reduction activities （Recycling rate of 96% or more）
Toxic waste emissions*2	Accurately grasp the emission amount and continue proper treatment and disposal of the specially controlled industrial waste under the Waste Management Law	159.8tons Recycled 100% of infectious waste emitted from in-house clinic, and disposed PCB waste properly and sequentially within legal deadline	Reduce the emission amount from previous year and continue proper treatment and disposal of the specially controlled industrial waste under the Waste Management Law
Use of raw materials*3	Continue paper reduction and other efforts, as well as an accurate grasp of reduction figures*4	14,192thousand sheets (+14.3% increase from 2022.3 results)	Continue paper reduction and other efforts(3% reduction from previous year)

*1 Waste produced: Waste produced in conjunction with Head Office activities

*2 The emission amount of specially controlled industrial waste under the Waste Management Law （Non-consolidated）

*3 Use of raw materials: Volume of copy paper used at the Head Office

*4 Due to the COVID-19 pandemic, MC mainly focused on qualitative targets based on the office activity manual.

Structure

Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Sustainability & CSR Committee Important matters related to preventing pollution deliberated by the Sustainability & CSR Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

Risk Management

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors including pollution prevention as well as the reduction, reuse and recycling of waste. Besides screening new investment and exit proposals, MC also strives to make improvements to existing business investments by monitoring their management practices. Regarding oil spills in particular, oil spill risk surveys are conducted regularly, confirmations are made that oil spill accident prevention and risk management frameworks have been established, and training is conducted to ensure the thorough dissemination of information on these topics. Through these measures, MC is ensuring appropriate risk management to prevent oil spills from occurring.

Reference: Human Rights and Environmental Due Diligence

Initiatives

Initiative to Reduce Waste Production (Non-Consolidated Basis)

〈Office Management〉

- Maintained recycling rate through rigorous separation of trash
- Planned management of office furniture

〈Business Activities〉

- MC's environmental management systems are based on various laws and regulations and are compliant with various recycling laws (Food Waste Recycling Law, Container and Packaging Recycling Law, Home Appliance Recycling Law, Construction Material Recycling Law). MC manages its operations while following the procedures stipulated in each of these regulations, and strives to reduce waste production through its business activities.

MC Fashion's "THE ME" Business

The Japanese clothing market has shrunk in scale from about ¥15 trillion at the start of the 1990s to about ¥8-9 trillion today. Conversely, the supply of clothing is said to have doubled from 2 billion to 4 billion items. In addition, the unit purchase price and unit import price have fallen to around 60% of their 1991 levels.*

Although many improvements have been made in supply chains relative to the 1990s, the balance between production, supply, sales, purchase and end use has seen changes. While consumers are now able to purchase products at low prices and have a wealth of choices, society is questioning the environmental impact and mass waste associated with the increased supply of goods throughout the industry.

Including its predecessor, our subsidiary Mitsubishi Corporation Fashion Co., Ltd. has been supplying clothing products to apparel companies for more than 30 years. MC Fashion has been working to address overproduction and mass waste caused by gaps between supply and demand, and in July 2020, it launched its in-house brand "THE ME," opening a showroom-style store in Jingumae, Tokyo.

Rather than mass production, the concept behind "THE ME" is to create clothes to suit each individual. With this in mind, "THE ME" has adopted a unique model of producing only what consumers want to buy and delivering it to a designated location within a short period of time, without holding any product inventory. Moreover, since this is a style of consumption that requires a waiting time forusers after placing an order, "THE ME" also offers new consumer values such as "size correction" and "customization."

As a result of industry efforts to date, a style of product supply similar to "THE ME" already exists, as represented by made-to-order suits. However, "THE ME" aims to optimize overall supply rather than focus on specific items. As such, it covers all products including T-shirts, dresses, skirts and coats, distinguishing itself by incorporating extensive use of IT, not only at the point of contact with consumers, but also in the supply chain.

"THE ME" store in Tokyo's Jingumae district

With "THE ME," MC Fashion engages in a series of production, supply, sales and purchasing processes. In doing so, it aims to identify key issues and establish a "single model" by making a series of changes to its business model and through the adoption of IT. The goal behind "THE ME" is to provide this model to as many companies as possible and to play a role in optimizing the supply-demand balance.

* Understanding of the environment based on the data released by the Japanese Ministry of Economy, Trade and Industry (METI).

Initiatives with Lawson, Inc. to Reduce Waste Losses

Together with its subsidiary Lawson, Inc., MC is implementing initiatives using AI and digital marketing to reduce food waste, which has become a pressing issue in recent years.

Since 2015, Lawson has been implementing semi-automated ordering (an AI-driven system that suggests order volumes based on a store's sales capabilities) to improve the accuracy of store orders. Going forward, Lawson will also make efforts to sell all purchased inventory while improving accuracy through the use of the latest AI technology. Up to now, discount sales for products approaching the end of their shelf lives heavily relied upon the experience of store staff. However, by using AI for guidance on how much to discount prices by and when to do so based on each store's daily inventory levels, stores are able to avoid having leftover inventory and to conduct sales more efficiently.

Initiatives to Reduce Waste Production (Mitsubishi Shokuhin Co., Ltd.)

MC subsidiary Mitsubishi Shokuhin Co., Ltd. carries out various efficiency measures to optimize its supply chains through collaboration between the manufacturing, distribution and retail sectors. Working jointly with manufacturers and retailers to enhance logistics efficiency and collaborating with retailers to reduce product return rates and optimize inventory have led to reductions in greenhouse gas emissions and waste production.

Application of Life Cycle Analysis in our Salmon Farming Business

Cermaq has tested the EU draft for Product Environmental Footprint Category Rules (PEFCR) for unprocessed marine fish on a case study of farmed salmon. In Canada, a third-party circular economy assessment is conducted to identify measures to improve the score. To date, we have been successful in diverting material generated from decommissioning farms from the landfill through various recycling facilities . Cermaq Canada will continue to implement the identified actions to further reduce waste

Reference: Cermaq website
https://www.cermaq.com/sustainability/research-and-innovation
https://www.cermaq.com/sustainability/sustainability-reports

Initiatives to Prevent Oil Spills

MC formulated its Oil Spill Risk Guidelines in 2012. On a Groupwide basis, MC strives to prevent oil spills, giving due recognition of the environmental burden they could cause. MC makes project decisions taking into account matters such as the products handled and location of the enterprise, conducts oil spill risk surveys regularly, confirms that oil spill accident prevention and risk management frameworks have been established, and conducts training to ensure the thorough dissemination of information on these topics. Through these measures, MC is ensuring appropriate risk management to prevent oil spills from occurring. In addition, there are no major leaks as far as MC is aware.

External Collaboration

Japan Foreign Trade Council

As a member of the Japan Foreign Trade Council (JFTC), an industry association for Japanese trading companies, MC is helping to formulate and execute “The Commitment to a Low-carbon Society” advocated by the Japan Business Federation (Keidanren). Based on this plan, we are actively promoting the installation of energy- saving equipment in order to reduce energy consumption on a non-consolidated basis. In addition, as a member of the Global Environment Committee established within the JFTC, MC actively engages in a variety of initiatives including promoting environmental compliance, improving environmental performance and disseminating information about industry initiatives with the aim of creating a low-carbon society and a recycling-oriented society. It is essential for companies to achieve sustainable growth while considering the environment. The entire trading industry, not limited to MC, recognizes the role it needs to play from a long-term and global perspective, and it is working to contribute through business activities.

Environment

Efficient Use of Resources

Policy Structure Targets Initiatives Efficient Use of Resources Data

Policy

Our daily lives depend greatly on plentiful global resources. MC believes it is important to simultaneously generate three kinds of value: economic value, societal value, and environmental value - while benefiting in a sustainable manner from limited resources within our planetary boundaries. MC's Environmental Charter positions this as a key consideration in business activities by clarifying that we will promote the sustainable use of natural resources including energy, minerals, food stocks, wood and water throughout our global business operations. Specifically, MC strives to recycle, reuse, and efficiently use resources, reduce the ecological footprint of our business activities, maintain healthy stocks in fishing activities, and otherwise efficiently utilize resources in accordance with our business operations.

Reference: Mitsubishi Corporation Environmental Charter

Structure

Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Sustainability & CSR Committee Important matters related to the efficient use of resources deliberated in the Sustainability & CSR Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

Risk Management

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors as well. This includes considering measures to address recycling and closed-loop businesses, waste management and related matters. Besides screening new investment and exit proposals, MC also strives to make improvements to existing business investments by monitoring their management practices.

Reference: Human Rights and Environmental Due Diligence

Targets

With regard to waste emissions in its Head Offices, in principle, MC aims to reduce emissions by 1% from the previous fiscal year, and targets are set based on the previous fiscal year's results. In addition, with regard to recycling rates, MC has set a goal of achieving zero waste emissions offices*, with the aim of recycling at least 95% of the waste produced by MC.

(Unit: tons)

		FY2020	FY2021	FY2022
Waste	Emissions volume	411	431	485
	• Recycling volume	407	425	467
	• Waste volume	4	6	18
	Recycling rate (%)	99%	99%	96%

Scope of aggregation (Non-Consolidated): Head Office and certain other offices in Tokyo

* MC defines "zero emissions" as cases where vendors are contracted to recycle 95% or more of waste produced by its Head Offices. MC also promotes waste reduction, reuse, and recycling, and manages Head Office activities with waste emissions targets.

Initiatives

Recycling and Closed-Loop Business Initiatives (Livestock Feed Production Business)

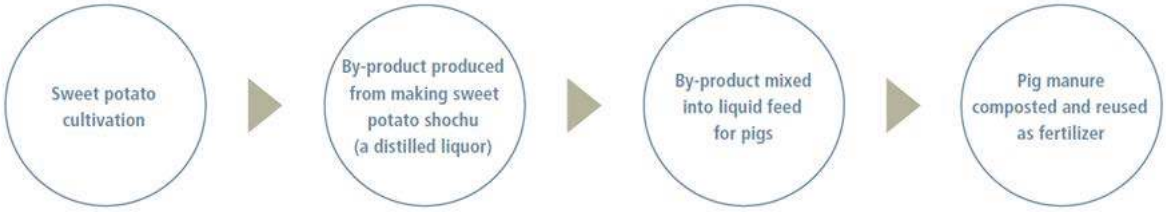
Nosan Corporation, a consolidated subsidiary of MC, uses Eco Feed* as a raw material for its formulated livestock feed, with the aim of helping to increase the food recycling rate and enhance the livestock feed and food self-sufficiency rate. Currently, Nosan Corporation uses approximately 7,000Mt per year of dried Eco Feed recycled from discarded by-products of food production, unsold food products, leftovers from cooking etc., as well as approximately 20,000Mt per year of by-products from bakeries and confectionery factories (breadcrumbs, cake flour). These are used as raw materials for livestock feed.

* A livestock feed manufactured using by-products of food production (by-products obtained from the food production process), unsold food products (bread and boxed lunches, etc.) leftovers from cooking (cut vegetable scraps and other leftovers from cooking) and residual farm products (imperfect farm produce, etc.).

Recycling and Closed-Loop Business Initiatives (Livestock Business)

Japan Farm Holdings Inc., a consolidated subsidiary of MC, is a large-scale livestock company that is working to build a closed-loop recycling model. The model is centered on reusing waste generated from a primary industry, specifically the lees left over from producing the distilled liquor shochu. Japan Farm Holdings is located in Kagoshima Prefecture, which is famous for sweet potato shochu manufacturing. The by-product waste known as lees from shochu manufacturing had been an ongoing issue. To solve this problem, Japan Farm worked in collaboration with local distilleries for over two years to develop feed that reuses the shochu lees. The feed is used for breeding pigs for “Brand Pork.” In addition to reducing waste disposal costs and CO_2 emissions, this model also involves the manufacture of fertilizer from manure produced by the pigs that consume the feed. This fertilizer is then sold by local vendors, such as agricultural cooperatives, for use in farming.

Japan Farm also maintains and operates a biomass power generation facility that uses chicken manure from the farm as fuel to generate "steam and electrical energy" for effective use. The electricity generated is used as a power source for the facility, while the steam generated by the boiler is used as a heat source. Ash generated during the incineration process is sold to outside parties as a raw material for fertilizers that contains effective minerals.



Participation in the PET*1 Chemical Recycling Business

In January 2020, MC entered the PET chemical recycling business (MC’s equity share: 34%) through an investment in Thai Shinkong Industry Corporation Ltd., which produces PET resins for beverage bottles.

PET is highly recyclable mono-material with a wide range of applications, including in food and beverage containers as well as in textiles, thanks to its excellent transparency, barrier properties, and well-established collection and recycling systems. As the transition to a circular economy progresses worldwide, we will expand our capacity for producing PET resins, for which demand is expected to grow in line with the shift towards mono-materials, and by introduce chemical recycling technologies*2 through our participation in the PET chemical recycling business with the aim of “Conserving and Effectively Utilizing Natural Capital”.

While environmental awareness in relation to plastics is heightening worldwide, plastics are highly functional basic materials that underpin sustainable economic development. In promoting its plastics business, MC aims to contribute to building a circular society by improving recycling rates and developing alternative materials.

*1 An abbreviation of polyethylene terephthalate.

*2 A recycling method in which used plastics are chemically decomposed into the raw material (molecular level) and then re-polymerized. This allows reuse of resources without any degradation in quality due to recycling.

Environment

Environmental Data

Environmental Data

■ **Scope of Aggregation (Non-Consolidated)**

Climate Change Data: Head Office, domestic branches and offices, training centers and other facilities

Other Data : Refer to each table

■ **Scope of Aggregation (Consolidated)**

Climate Change Data : MC, its consolidated subsidiaries, affiliates, joint operations and joint ventures on an equity share basis (based on the GHG Protocol's equity share approach※)

Other Data : MC, its consolidated subsidiaries and joint operations (based on the GHG Protocol's financial control approach / Japan-based only)

※ Following its GHG emission reduction targets announced in FY2021, MC calculates GHG emissions based on the GHG Protocol's equity share approach from the year ended March 2022 (the figures for the year ended March 2021 in the table are for reference).

■ **Independent Practitioner's Assurance**

ESG Data marked with a star (★) for the year ended March 2023 has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd.

Reference: Independent Practitioner's Assurance Report

Climate Change Data

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance	Scope of Reduction Target
Scope 1&2	Non-Consolidated	Scope 1&2 Total	thousand tCO_2e	9.3	3.4	3.5	★	○
	Consolidated	Scope 1 (including 6.5 gases)	thousand tCO_2e	21,829	21,046	19,518	★	
		Scope 2	thousand tCO_2e	2,187	1,806	1,746	★	
		Scope 1&2 Total	thousand tCO_2e	24,016	22,852	21,264	★	

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance	Scope of Reduction Target
Scope 3	Non-Consolidated	Category 4 (Upstream Transportation and Distribution)	thousand tCO_2e	26	24	24	★	
	Consolidated	Category 11 (Use of Sold Products)	thousand tCO_2e	-	381,254	306,939		
		Ref. Category 15 (Investments)	thousand tCO_2e	-	15,158	13,881		○

Category 4 (Upstream Transportation and Distribution): Data collected in compliance with the Act on the Rational Use of Energy in Japan. Logistics figures cover domestic (Japan) transport where MC is the cargo owner (include waste transportations).

Category 11 (Use of Sold Products):

- Emissions from the usage of each product are calculated based on the same metrics for Scope 1&2. For products that consume electricity, in cases where it is difficult to identify the country or region where they are sold, an average emission factor for the major sales regions is used.
- Only direct use-phase emissions of sold products are included in calculations.
- If it is not possible to identify which intermediate products sold are processed into which end products, they are excluded from calculations.
- If a clear double-count is found for the same emission source among the companies included in the scope of aggregation, one source is excluded from calculations.

Ref. Category 15 (Investments): Of the Scope 1&2 in the table above, emissions from affiliates and joint ventures (equivalent to Category 15 if the financial control approach of the GHG Protocol is adopted).

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Scope 1&2 Emissions by Segment	Consolidated	Natural Gas Group	thousand tCO_2e	3,354	3,172	3,228	
		Industrial Materials Group	thousand tCO_2e	512	407	395	
		Petroleum & Chemicals Solution Group	thousand tCO_2e	1,011	1,222	1,119	
		Mineral Resources Group	thousand tCO_2e	4,132	3,201	3,216	
		Industrial Infrastructure Group	thousand tCO_2e	102	126	115	
		Automotive & Mobility Group	thousand tCO_2e	117	140	131	
		Food Industry Group	thousand tCO_2e	1,380	1,430	1,390	
		Consumer Industry Group	thousand tCO_2e	384	241	206	
		Power Solution Group	thousand tCO_2e	13,003	12,889	11,442	
		Urban Development Group	thousand tCO_2e	14	20	20	
		Corporate Staff Section	thousand tCO_2e	8	4	4	
		Total	thousand tCO_2e	24,016	22,852	21,264	

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Scope 3 Category 11 Emissions by Segment	Consolidated	Natural Gas Group	thousand tCO_2e	-	111,410	116,006	
		Industrial Materials Group	thousand tCO_2e	-	896	993	
		Petroleum & Chemicals Solution Group	thousand tCO_2e	-	41,299	46,403	
		Mineral Resources Group	thousand tCO_2e	-	94,072	96,593	
		Industrial Infrastructure Group	thousand tCO_2e	-	88,470	2,436	
		Automotive & Mobility Group	thousand tCO_2e	-	30,093	32,747	
		Food Industry Group	thousand tCO_2e	-	1,431	1,617	
		Consumer Industry Group	thousand tCO_2e	-	4,360	4,065	
		Power Solution Group	thousand tCO_2e	-	8,982	5,729	
		Urban Development Group	thousand tCO_2e	-	241	350	
		Total	thousand tCO_2e	-	381,254	306,939	

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Scope 1 (6.5 Gases)	Consolidated	Carbon dioxide (CO_2)	thousand tCO_2	-	333	349	★
		Methane (CH_4)	thousand tCO_2e	-	1,722	1,712	★
		Dinitrogen monoxide (N_2O)	thousand tCO_2e	-	40	44	★
		Hydrofluorocarbons (HFCs)	thousand tCO_2e	-	0	10	★
		Perfluorocarbons (PFCs)	thousand tCO_2e	-	0	0	★
		Sulphur hexafluoride (SF_6)	thousand tCO_2e	-	0	0	★
		Nitrogen trifluoride (NF_3)	thousand tCO_2e	-	N/A	N/A	★
		Total	thousand tCO_2e	-	2,096	2,114	★

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Energy Consumption	Non-Consolidated		GJ	177,178	175,679	188,366	★
		Energy Consumption Intensity*1	kl per m^2	0.033	0.033	0.036	
	Consolidated		GJ	-	310,173,320	284,935,944	★

	Scope of Aggregation	Unit	FY2020	FY2021	FY2022	Assurance
Electricity Consumption	Non-Consolidated	MWh	13,067	12,767	13,576	★
	Consolidated	MWh	-	5,309,580	5,241,290	★

Notes (Climate Change Data):

- Effective from the FY2021, scope2 emissions were calculated on the GHG Protocol's market-based method. In addition, as a result of reviewing the range of each scope in line with the GHG protocol, the emissions from franchises, previously included in scope 1 and 2 emissions, are excluded.
- The following metrics were adopted as the basis for calculating greenhouse gas emissions.

  [Direct CO_2 emissions from fuel consumption]

  The Greenhouse Gas Protocol (GHG Protocol) "Emission Factors from Cross Sector Tools (Mar 2017)" (WRI/ WBCSD)

  [Emissions of greenhouse gases from business activities other than CO_2 from energy sources (6.5 gases)]

  Greenhouse Gas Emission Calculation and Reporting Manual (Version 4.8) (January 2023, Ministry of the Environment and Ministry of Economy, Trade and Industry)

  [Indirect CO_2 emissions from electricity consumption, etc.]

  Adjusted emission factor for each electric power company in Japan (revised in January 2023, Ministry of the Environment and Ministry of Economy, Trade and Industry)

  (Emission factors for electric power companies outside Japan are individually confirmed, if unavailable, emission factors by country for 2020 from IEA CO_2 Emissions from Fuel Combustion (2022 edition))

*1 MC(Non-Consolidated)'s energy consumption divided by the total floor area.

Water Resources Data

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Water Withdrawal	Non-Consolidated (Head Office and certain other offices in Tokyo)		thousand m^3	25	27	33	★
	Consolidated	Industrial water, water supply	thousand m^3	25,402	24,410	26,130	
		Groundwater	thousand m^3	8,816	8,691	8,850	
		Rivers/lakes	thousand m^3	20,996	20,170	19,567	
		Ocean	thousand m^3	37,844	28,709	33,682	
		Rainwater	thousand m^3	0	0	0	
		Total	thousand m^3	93,058	81,980	88,229	

	Scope of Aggregation	Unit	FY2020	FY2021	FY2022	Assurance
Water Recycling Volume	Non-Consolidated (Head Office and certain other offices in Tokyo)	thousand m^3	-	3	3	
	Consolidated	thousand m^3	790	3	4	

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Water Discharge	Non-Consolidated (Head Office and certain other offices in Tokyo)		thousand m^3	20	22	27	
	Consolidated	Ocean	thousand m^3	30,286	23,612	24,313	
		Surface water	thousand m^3	15,780	14,219	14,358	
		Subsurface / well	thousand m^3	274	68	119	
		Off-site water treatment	thousand m^3	1,469	1,262	1,241	
		Beneficial / other use	thousand m^3	105	115	121	
		Total	thousand m^3	47,914	39,276	40,152	

Prevention of Pollution Data

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Toxic Waste Emissions	Non-Consolidated*1	Specially controlled industrial waste	kg	118,047	320,096	159,775	

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
NOx, SOx, VOC Emissions	Consolidated	NOx (Nitrogen Oxide)	t	661	969	552	
		SOx (Sulfur Oxide)	t	34	44	30	
		VOC (Volatile Organic Compounds)	t	27	122	22	
			m3N	0	0	0	

*1 MC monitors production of specially controlled industrial waste under the Waste Management Law. This includes infectious waste produced by the in-house clinic as well as waste PCB and PCB-contaminated items, etc. which are disposed sequentially within legally prescribed disposal periods.

Efficient Use of Resources Data

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Waste Emissions	Non-Consolidated (Head Office and certain other offices in Tokyo)	Emissions (General waste from business + Industrial waste)	t	411	431	485	★
		Recycling Volume	t	407	425	467	
		Recycling Rate	%	99	99	96	★
	Consolidated (Non-Consolidated (Head Office) and subsidiaries (Japan domestic))	General waste from business	Thousand tons	157	154	167	
		Industrial waste	Thousand tons	257	217	209	
		Total	Thousand tons	414	371	376	

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Paper Consumption	Non-Consolidated (Head Office and certain other offices in Tokyo)	(A4 copy paper conversion)	Thousand sheets	15,180	12,412	14,192	★

	Scope of Aggregation		Unit	FY2020	FY2021	FY2022	Assurance
Other Recycling Volume	Non-Consolidated （Business related）	Food waste recycling volume*1	kg	164,700	169,600	95,200	
		Mandatory container and packaging recycling volume*2	kg	22,391	21,330	16,521	

*1 MC periodically reports on its food waste on a non-consolidated basis including amounts generated and recycled in accordance with Japan's Food Recycling Law, and works to recycle in line with targets the law stipulates that companies must strive to achieve.

*2 Regarding container and packaging waste discarded by consumers, the mandatory container and packaging recycling volume as an importer. Waste produced by MC on a non-consolidated basis is not included. MC fulfills its recycling obligations pertaining to container and packaging waste on a non-consolidated basis as an importer in accordance with Japan's Containers and Packaging Recycling Law.

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Human Rights

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Policy

Basic Approach on Respect for Human Rights

MC believes that respect for human rights is fundamental to conducting a diverse range of businesses globally. MC promotes fair and sound business activities based on the Three Corporate Principles, which have served as the Company's corporate philosophy since its inception, and has been implementing initiatives to respect human rights in its Corporate Standards of Conduct, Social Charter, and the Mitsubishi Corporation Code of Conduct.

As part of its Midterm Corporate Strategy 2024, MC has established its own Materiality, a set of material societal issues to address through its business activities toward the goal of continuous creation of MC Shared Value. For MC, as a global company involved in businesses across a wide range of products and services worldwide, respect for human rights is a key management issue, and we address this under the material issues of "Promoting Stable, Sustainable Societies and Lifestyles" and "Respecting Human Rights in Our Business Operations."

Moreover, after reorganizing and clarifying our approach on respect for human rights and to promote efforts to do so, we formulated the following Human Rights Policy in February 2024, which has been approved by the Executive Committee and the Board of Directors.

References: The Corporate Standards of Conduct, Mitsubishi Corporation Code of Conduct, and Mitsubishi Corporation Social Charter

Human Rights Policy

1. Our commitment to respect human rights

We believe that respect for human rights is fundamental to our business [*1] across the world. In an increasingly complex business environment, we face various human rights challenges. We believe that respecting and promoting human rights are directly linked to the sustainability of our business activities. Since our founding, we have been promoting fair and sound business activities based on our corporate philosophy, the Three Corporate Principles [*2] . The Three Corporate Principles guide us in striving to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment. We believe respect for human rights relates deeply rooted in our philosophy. Based on these beliefs, we have established this Human Rights Policy (hereafter "this Policy"), which represents our commitment to respect human rights throughout our business activities.

*1 Mitsubishi Corporation_Our Business

*2 The Three Corporate Principles

2. Scope of application

This Policy applies to all persons working for Mitsubishi Corporation. This Policy is shared with our group companies, and we will work together to ensure our adherence to this Policy, as well as to respect human rights throughout our business operations.

3. Outreach to business partners

We recognize the importance of respecting human rights not only within our own business activities but also throughout our value chain. We will work together with our business partners, including our suppliers, to respect human rights in line with this Policy.

4. Support and respect for international norms

We support international norms on human rights, including the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the Declaration on the Fundamental Principles and Rights at Work of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights.
We comply with the local laws and regulations of the countries and regions in which we operate. In cases where there is a conflict between internationally recognized human rights principles and the laws and regulations of the country or region in which we operate, we will seek ways to honor the international principles.

5. Human Rights Due Diligence

We conduct human rights due diligence to identify, prevent and mitigate adverse impacts on human rights and engage with affected stakeholders where relevant. We pay special attention to vulnerable or marginalized individuals and strive to identify actual or potential adverse human rights impacts that our business activities have caused or contributed to.

6. Human rights issues related to business activities in our group

We recognize the following as major human rights issues related to our business activities and will work to address them.

(1) Prohibition of discrimination

We prohibit any discrimination based on race, ethnicity, creed, religion, gender, gender identity, sexual orientation, nationality, age, origin, mental or physical disability, illness, or any other grounds.

(2) Prohibition of inhumane treatment

We do not tolerate any forms of inhumane treatment including mental or physical abuse and harassment.

(3) Providing a safe and healthy working environment

We provide our employees with a safe, and healthy working environment.

(4) Respect for freedom of association and right to collective bargaining

We respect the right of employees to organize and to bargain collectively as a means to facilitate dialogue among employees and management regarding, but not limited to, working conditions and wage levels.

(5) Securing appropriate working hours and wages

We properly manage our employees' working hours. We compensate our employees at least the statutory minimum wage, and endeavor to pay at least the living wage.

(6) Prohibition of all forms of forced labor

We employ all of our employees at their free will and prohibit the use of forced labor.

(7) Prohibition of all forms of child labor

We do not employ children under the minimum working age and prohibit any forms of work that impairs their physical and mental development.

(8) Rights of indigenous peoples and local communities

We respect the rights of indigenous and local people as defined by the laws and international arrangements of the countries and regions in which we operate. We will take measures that our business operation will not cause or contribute to cause threat to the rights of indigenous and local people.

(9) Environment

Acknowledging the adverse impact of environmental destruction on human rights, we take measures to protect the global environment within our business activities. This includes addressing climate change and preserving and restoring natural capital, notably biodiversity.

(10) Diversity, Equity & Inclusion

We aim to foster an inclusive society where individuals with diverse values and personalities are respected and have equal opportunities to participate and contribute.

7. Remedy

When we identify that our business activities have caused or contributed to adverse human rights impacts, we will remediate such impacts through legitimate processes.
In case if adverse impacts were directly linked to our operations, products, or services by a business relationship, we will endeavor to correct and remedy the situation by using our leverage.

8. Grievance mechanism

We recognize that establishing a grievance mechanism, which consists of a series of processes to address internal and external stakeholder grievances, is crucial to identifying adverse human rights impacts concerning our operations and value chain. We will establish and operate grievance mechanisms to enable individuals and groups to show concerns about adverse human rights impacts caused by our business activities and seek remedies.

9. Education and capacity building

We will provide the necessary training and capacity building to ensure that our officers, employees, suppliers, and other business partners understand the importance of respecting human rights and put it into practice.

10. Information disclosure

We ensure transparency by regularly and appropriately disclosing information on our human rights efforts and their progress.

11. Stakeholder engagement

We engage with relevant stakeholders through sincere and constructive dialogue to understand, improve and address human rights issues.

12. Governance and management system

Our human rights efforts are overseen by the Corporate Functional Officer responsible for sustainability efforts and practices. Following deliberations by the Sustainability & CSR Committee, these efforts and practices are put forward or reported to the Executive Committee[*3] and the Board of Directors.

*3 Management decision-making body

Established in February 1, 2024

Policies and Measures for Specific Matters

Policy on Children's Rights

MC understands that children are especially vulnerable to human rights abuses and that special consideration to respect their rights is necessary. MC also believes that respecting the rights of children allows them to better understand their own rights, which in turn contributes to their ability to become active members of society and leaders of future generations. With this understanding, MC supports the United Nations and ILO treaties * regarding children's rights and has established internal policies for its employees to ensure that child labor is not tolerated and that children's rights are respected. In particular, MC supports the four principles of the Convention on the Rights of the Child, including children's survival and development rights, protection rights, and participation rights. As stated in the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, MC will not employ any person who is under the minimum working age and will not engage in any employment that impairs children's development. MC also supports the Children's Rights and Business Principles, strives to prevent abuses of children's rights in our business, and invests in social contributions through philanthropic efforts focused on children's rights.
Through the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, MC also expects its suppliers to conform to these standards by refraining from employing anyone under the minimum working age, and prohibiting children to work in any way that impairs their development.

* The UN Global Compact, the Convention on the Rights of the Child, the Children's Rights and Business Principles, the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (ILO Convention No. 182), etc.

Policy on Indigenous Peoples' Rights

In the context of its overall commitment to respecting human rights, MC pays special attention to upholding the rights of indigenous peoples, acknowledging their unique social and legal status under national and international laws, as well as their unique histories and cultural contributions throughout the world. When examining new business investment proposals, MC takes into consideration how the business operations may impact the rights of indigenous peoples and will consult with the relevant stakeholders. MC supports the United Nations Declaration on the Rights of Indigenous Peoples and the Indigenous and Tribal Peoples Convention (ILO Convention No. 169).

Policy on the Appointment of Armed Security

MC understands the importance of protecting its employees from dangers such as violence and preventing theft of assets throughout its business operations, and retains armed security services when deemed necessary. MC believes that the abuse of weapons by security forces involves a potential risk of human rights abuse. With regard to retaining armed security services, in addition to complying with the laws of the countries and regions in which it operates and adhering to international standards, MC also supports relevant international agreements*.

* The UN Global Compact, the Voluntary Principles on Security and Human Rights, the UN Code of Conduct for Law Enforcement Officials, the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, etc.

Response to the UK Modern Slavery Act 2015

MC issues MSA statements in response to the UK Modern Slavery Act 2015, which requires companies to disclose actions taken to mitigate modern slavery in their supply chains.

Structure

In MC's management framework, human rights initiatives are overseen by the Corporate Functional Officer (CSEO) and Member of the Board/Corporate Functional Officer (CAO). The Sustainability Department and Global Human Resources Department plan and draft any related policies and measures. Following deliberations by the Sustainability & CSR Committee and Human Resources Development Committee, items are put forward or reported to the Executive Committee and the Board of Directors.

Officers in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO) Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters
Deliberative Body **(A subcommittee under the Executive Committee, a management decision-making body)**	Sustainability & CSR Committee, Human Resources Development (HRD) Committee Important matters related to human rights deliberated by the committees are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Departments in Charge	Sustainability Dept., Global Human Resources Dept.

Reference: Diagram of the Sustainability Promotion Framework

Consultation Desk Framework

Internal Consultation Desk

MC has established various consultation systems, including an internal human rights consultation desk and the whistleblowing system, so that any human rights concerns can be raised. These systems ensure that human rights-related concerns can be raised any time by mail, telephone or in person. These systems can be used anonymously and in confidence, ensuring the safety of the informant (no subsequent dismissal or other disadvantageous treatment), and that matters are handled and investigated by persons who have no conflict of interest in the matter. Solutions are offered with the utmost consideration of the informant's wishes. Employees are informed about the systems during human rights awareness training at the start of employment, and information related to the systems is posted at all times on MC internal bulletin boards. MC also covers human rights issues in its annual compliance e-learning program to which all executives and employees (including full-time and part-time employees, secondees and temporary staff) are required to take. In addition, as part of a Groupwide compliance program, MC provides human rights training with information on the existence of the systems to employees who are transferred or seconded to affiliated companies.

In FY2022, MC received a total of 80 reports under the whistleblowing system, of which 46 were related to human rights, including harassment, health and safety, labor management, personal data, etc. Compliance Officers shall conduct necessary investigations, giving due consideration to not infringing on the human rights and reputation of the persons involved. The results of the investigations are reported to the Chief Compliance Officer and used to plan and implement measures to prevent recurrence.

Consultation Desk for External Stakeholders

MC implements human rights and environmental due diligence on its operations as part of its commitment to identifying, preventing and mitigating any human rights violations or negative environmental impacts caused by the MC Group's business activities, as well as to fulfill its responsibilities. As part of this due diligence, the Group has established and manages a consultation desk, which serves as a point of contact for external stakeholders to consult on cases where the MC Group's business activities are causing, or could potentially cause, a negative impact on human rights and/or the environment.

References: Whistleblowing System, Grievance Mechanism

Dialogue with Stakeholders

MC has established the Sustainability Advisory Committee which consists of six external experts. MC regularly seeks the diverse perspectives of this committee regarding MC's human rights initiatives and other sustainability-related matters. In addition to regular committee meetings, committee members also visit business sites on an annual basis in order to deepen their understanding of MC's sustainability efforts and provide advice from their own professional viewpoints.

Reference: Sustainability Advisory Committee

Human Rights and Environmental Due Diligence

Identifying Human Rights and Environmental Risks

MC's current activities have expanded far beyond its traditional trading business to include project development, production, and manufacturing operations, working in collaboration with our trusted partners around the globe. Furthermore, since MC handles a wide range of products and services around the world, we believe that it is important to identify and analyze the negative impacts of our business on human rights and the environment, to ensure that such impacts are avoided/mitigated, and to fulfill our responsibilities. MC is conducting human rights and environmental due diligence with this in mind.

Value Chain of MC's Business Activities

- **Employees of MC and MC Group companies**: As MC believes that respect for human rights is fundamental to developing our various businesses globally, we have formulated a Human Rights Policy that organizes and clarifies our approach on respecting human rights, based on which we promote specific efforts to respect human rights. All MC Group companies share a common philosophy. With regard to labor practices, MC stipulates the International Labour Standards of the International Labour Organization (ILO) as the relevant regulations underpinning the compliance requirements detailed in the Code of Conduct. Furthermore, from FY2022, in order to strengthen efforts to respect human rights throughout the MC Group, we have added questions regarding human rights (existence of human rights policies, identification of risk of human rights violation, etc.) to our annual survey for collecting sustainability related information/data from our subsidiaries and affiliates.

  References: Corporate Standards of Conduct, Mitsubishi Corporation Code of Conduct, Mitsubishi Corporation Social Charter, Human Rights Policy
  Labor Practices

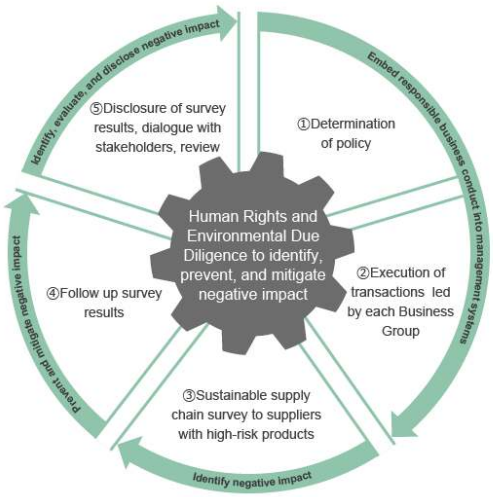
- **Business Management**: When reviewing investment and loan proposals, MC conducts a comprehensive screening process which considers not only economic factors, but ESG impacts as well. From the viewpoint of human rights, MC's assessments and considerations are informed by human rights risks that need to be addressed from the perspectives of the severity (scale of risk, their scope, and how remediable they might be) and likelihood (situation in each country, industry, and region of procurement) of potential negative impacts on MC's stakeholders. MC's risk management approach is informed by the UN Guiding Principles on Business and Human Rights, the International Finance Corporation (IFC) Guidelines and the Japan Bank for International Cooperation (JBIC) Guidelines for Confirmation of Environmental and Social Considerations. Through consolidated environmental and social surveys, besides screening new investment and exit proposals, MC also strives to make improvements within existing business subsidiaries and affiliates by monitoring their management practices. In FY2023, MC's Internal Audit Department conducted thematic audits on human rights and environment-related items when auditing MC Group companies. MC will strengthen its human rights and environmental due diligence on a consolidated basis by checking a wider range of human rights and environment-related items and communicating directly with Group companies.

  References: Incorporating Sustainability into Individual Projects
  Collecting Sustainability Information on a Consolidated Basis

- **Trading Business**: Regarding supply chain risk management, the Mitsubishi Corporation Policy for Sustainable Supply Chain Management outlines actions to address human rights, labor rights, environmental issues, etc., including the prohibition of forced labor and child labor, and MC expects its suppliers to support, understand, and implement this policy. In addition, MC conducts human rights and environmental due diligence on its supply chain every year through the Mitsubishi Corporation Sustainable Supply Chain Survey to confirm compliance with the policy. The due diligence is conducted through the following process: 1) report of due diligence policy to the Board of Directors at the beginning of each fiscal year, 2) conduct a survey to assess the results of transactions led by each Business Group, 3) conduct dialogues with stakeholders on the survey results, and 4) review.

Reference: Sustainable Supply Chain Surveys

Human Rights and Environmental Due Diligence process for Trading Business



Initiatives

Employee Training

We provide training (such as programs geared toward specific levels of management including those for new employees, as well as training on trading practices) on our corporate philosophy, including respect for human rights and relevant guidelines.

- **Training for all officers and employees**: MC's policies and guidelines, including those related to respecting human rights through its businesses and supply chains, can be viewed on the Company intranet at any time, and are communicated to all new recruits and reinforced at various internal training sessions on a regular basis, including sustainability seminars for each Business Group. These policies and guidelines are also conveyed to employees of overseas offices and Group companies at various internal training seminars on a regular basis. In addition, content related to human rights infringement and the Modern Slavery Act are incorporated into an e-learning program which all officers and employees are required to take every year, in order to cultivate a better understanding toward modern slavery in all employees. Our results for FY2023 are as follows.

Scope	Total Time Spent	Percentage of Training Participants *
Non-Consolidated Officers and Employees	5 hours	97.1%

- **Overseas Training (various level-specific training in Europe)**: MC provides regular training through workshops and seminars to board members, management, and employees to deepen their understanding on the importance of respecting human rights. Furthermore, MC is working to provide these workshops to as many of its employees in the UK as possible, such as holding the training at certain UK-based associates. Further details are available via the following link: https://www.mitsubishicorp.com/gb/en/csr/slavery/

- **Training for MC Group employees**: InSeptember 2023, we held a business and human rights seminar for MC employees and suppliers of its Group companies. A total of 159 people representing approximately 80companies attended this event, which saw outside lecturers provide an overview of the various international standards forming the foundation of human rights due diligence, as well as specific processes in this field. We also took this opportunity to reiterate our basic approach on respect for human rights and efforts to repect them. MC will continue working to enhance its human rights and environmental due diligence activities on a consolidated basis.

* Average rate of participation for each training course

Educational Support for Indigenous Youths in Australia through the Clontarf Foundation

From FY2023, MC is supporting the “Clontarf Academy National Participant Funding Program,” which assists self-reliance of the indigenous youths. The Clontarf Foundation aims young Aboriginal and Torres Strait Islander men to finish the secondary education by opening the Clontarf Academy in public schools all around Australia, offering a program to assist them to achieve better educational outcomes.

Friendship Camp for Mothers and Children

MC has been holding the Friendship Camp for Mothers and Children since 1974. The camp is catered to single mothers and their children, and gives them a chance to interact with nature. Through these activities, MC aims to help the next generation to play an active role in society. The employee volunteers who accompany the campers train and hold meetings for about three months prior to the camp so that the participating parents and children can maximize their time and enjoy a fun and safe experience in nature. In FY2023, 50 mothers and children from 20 single-parent households living in Tokyo participated in the camp in Minamitsuru District, Yamanashi Prefecture.
To date, 17,951 mothers and children and 1,194 employee volunteers have participated. The camp is one of MC’s flagship philanthropic activities and aligns with MC’s focus on long-running initiatives and employee participation.

Friendship Camp for Mothers and Children:
Crossing a lake in a large canoe

Examples of External Collaboration

Examples of Collaboration with International Organizations

MC regularly participates in the UN Forum Business and Human Rights in order to learn the latest developments in this field. At the November 2023 meeting of the forum in Geneva, Switzerland, staff from MC engaged in discussions on human rights initiatives with human rights experts and other attendees.

Staff from MC also participated in the B+HR Academy in October 2022, together with representatives from MC Group subsidiary companies Toyo Reizo Co., Ltd., MC Agri Alliance Ltd., and MC Fashion Co., Ltd. The B+HR Academy is a human rights due diligence training program for Japanese companies run by the United Nations Development Programme. It consists of a two-day course of lectures from both Japanese and overseas experts as well as group discussions among participants. The MC staff who participated in this program were able to gain an overall appreciation of the various international standards that serve as the foundation for human rights due diligence, as well as a deeper understanding of the specific processes that are used in this field.

Participation in Initiatives

Through its participation in the World Business Council for Sustainable Development (WBCSD) and the Global Compact Network Japan (GCNJ), MC exchanges information with other companies and participates in initiatives to strengthen the exchange of information and best practices with leading companies and apply such information to business practices. We also actively participate in seminars and training programs organized by Shift Project Ltd., a group specializing in research relating to the UN Guiding Principles on Business and Human Rights, and the British Institute of International and Comparative Law (BIICL), an independent, multi-stakeholder research institute.

References: WBCSD, United Nations Global Compact (see the Participation in Initiatives page for further information)

Social

Grievance Mechanism

Policy Processing Inquiries through the Grievance Mechanism Submitting Inquiries Process After Receiving an Inquiry

Policy

MC implements human rights and environmental due diligence as part of its commitment to identifying, preventing and mitigating any human rights violations or negative environmental impacts caused by the MC Group's business activities. As part of this due diligence, we have established and manage a consultation desk, which serves as a point of contact for external stakeholders to consult on cases where the MC Group's business activities are causing, or could potentially cause, a negative impact on human rights and/or the environment.

Reference: Human Rights and Environmental Due Diligence at MC

Processing Inquiries through the Grievance Mechanism

Eligible Users

MC responds to inquiries from 1) individuals who have suffered negative human rights or environmental impacts (harm) caused by the MC Group's business activities, 2) representatives acting on behalf of individuals who have suffered impacts (harm), 3) organizations, groups or other entities that have a direct relationship with individuals who have suffered impacts (harm), and 4) organizations, groups or other entities that have no direct relationships with individuals who have suffered impacts (harm) but are active in related fields. While we also accept anonymous reports in line with our commitment to identifying all issues, it should be noted that our ability to investigate or respond to matters reported anonymously may be limited.

Eligible Topics

We respond to inquiries concerning specific cases where the MC Group's business activities are causing, or could potentially cause, a negative impact on human rights and/or the environment in violation of international norms or local laws. However, the scope of the system does not include matters that are not related to human rights violations or environmental impacts in violation of international norms or local laws, such as dissatisfaction with personal relationships with colleagues in the workplace, HR benefits, or product quality matters.

Eligible Product Categories

We respond to inquiries concerning the following products* handled by the MC Group that we have identified as having high environmental or social risks and that are subject to our Sustainable Supply Chain Survey. (Please see the Supply Chain Management page for further information regarding the selection process for this survey.)

* Beginning in 2024, tea will be excluded from the Sustainable Supply Chain Survey and will also be excluded from the scope of the Grievance Mechanism.

LNG, plastic (PP/PE/etc.), wood (biomass), paper, copper, zinc, coal, iron ore, tin, tantalum, tungsten, gold, chicken, pork, soybean, sugar cane (sugar, raw sugar), shrimp, tuna, cacao, coffee, natural rubber (tires), and apparel

Eligible Companies

In addition to MC and MC Group companies, we also respond to inquiries concerning suppliers covered by the Sustainable Supply Chain Survey. Fundamentally, the survey covers the primary suppliers of MC itself, our wholly owned subsidiaries and any group companies with "Mitsubishi Corporation" or equivalent words in their name. Secondary suppliers of certain products are also included. (Please see the "Sustainable Supply Chain Survey" section of the Supply Chain Management page for further information.)

Handling of Non-Eligible Inquiries

Please be aware, we are unable to respond to inquiries that do not meet the above criteria for eligible users, subjects, products and companies.

Submitting Inquiries

Inquiries under the Grievance Mechanism can be submitted through an online form. Please click here to access the inquiry website.

Note: This is not an emergency service and should not be used to report situations that pose a direct threat to life or property. If emergency assistance is required, please contact official emergency services.

Process After Receiving an Inquiry

Once an inquiry has been received, MC will investigate and respond to the situation in accordance with the process described below. We exercise the greatest care, including maintaining confidentiality and prohibiting disadvantageous treatment of the party who submitted the inquiry. Access to information regarding the content of the inquiry is limited to those (including external parties in some cases) who have reasonable grounds to view the information according to the circumstances of the inquiry.

Receipt of Inquiry	Verification of Inquiry Contents	In-Depth Investigation	Remediation and Remedy
Department(s) in Charge	Sustainability Department	Sustainability Department and Relevant Business Departments and Group Companies	
Response Process	• Upon receiving the inquiry, confirm any details with the party making the inquiry, if necessary. • Determine whether an investigation will be required based on the content of the inquiry. • Inform the party who submitted the inquiry about any initial response plans (some inquiries may not receive any response due to their content, such as when the eligibility requirements have not been met).	• Conduct an investigation to verify the information included in the inquiry. • Based on the results of the investigation, take any necessary remedial measures against negative impacts. • Notify the party who submitted the inquiry about the results of any response measures.	

Social

Labor Practices

1. Labor Standards, Labor Environment and Related Matters

Policy Structure Initiatives Relevant Data

2. Employee Relations

Policy (Freedom of Association and Collective Bargaining) Structure Initiatives

Performance

1. Labor Standards, Labor Environment and Related Matters

Policy

Basic Approach to Human Resources

As a party to individual businesses and the industries on which they are built, MC has sincerely taken on the challenge to address societal challenges and achieve sustainable growth together with society through its business activities, while anticipating the needs of the times. Recognizing these distinctive qualities of our business, we consider the diverse and versatile human resources that have supported our growth as a source of value creation, and will continue to actively invest in our human capital. In response to the further diversification and globalization of its businesses, the MC Group is working to develop human resources and support their success on a Group-wide and global basis with the aim of “Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce”, part of MC’s Materiality. This is to enable MC’s diverse and versatile group of employees, regardless of gender, nationality and other attributes, to demonstrate their unique abilities to the fullest extent possible.

Policy on Labor Practices

(1) MC’s Policy on Labor Practices

MC believes that consideration for human rights is essential in the course of undertaking various businesses worldwide. Based on this belief, MC’s Code of Conduct stipulates that MC will respect human rights and will not engage in any form of discrimination or harassment. With regard to labor practices, MC stipulates the International Labour Standards* of the International Labour Organization (ILO) as the relevant regulations underpinning the compliance requirements detailed in the Code of Conduct. Furthermore, MC adheres to the legal minimum wage and has adopted a uniform compensation structure for employees of different genders with the same qualifications and same level of professional duties.

Reference: Basic Approach on Human Rights

* ILO International Labour Standards
The International Labour Organization (ILO) was founded in 1919 on the basic principle that universal and lasting peace can be established only if it is based on social justice. Since its establishment, one of the most important functions of the ILO has been the formulation of international labor standards through Conventions and Recommendations. The ILO has a tripartite structure with workers and employers participating as equal partners with governments. Conventions and Recommendations are adopted at the International Labour Conference of the ILO and ratifying States commit to observing them. The ratifying States also use Recommendations to guide their national policies, lawmaking and actions. Since its founding, the ILO has adopted Conventions and Recommendations that cover nearly every issue affecting the working world. The ILO has established four fields and eight conventions as fundamental labor standards (see table below). MC endorses all of these fields and conventions, and makes specific reference to compliance with them in the Mitsubishi Corporation Code of Conduct.

(2) Participation in the UN Global Compact

MC joined the UN Global Compact in 2010, declaring our commitment to the ten universal principles in four fields: human rights, labor, environment and anti-corruption. Guided also by the spirit of the Three Corporate Principles, we are promoting initiatives in each of these four areas.

Reference: Support for the UN Global Compact

The Four Fields and Eight Conventions Constituting Fundamental Labor Standards

Freedom of association and the effective recognition of the right to collective bargaining	Convention concerning Freedom of Association and Protection of the Right to Organise (No. 87) Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively (No. 98)
Elimination of all forms of forced or compulsory labor	Convention concerning Forced or Compulsory Labour (No. 29) Convention concerning the Abolition of Forced Labour (No. 105)
Effective abolition of child labor	Convention concerning Minimum Age for Admission to Employment (No. 138) Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (No. 182)
Elimination of discrimination	Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (No. 100) Convention concerning Discrimination in Respect of Employment and Occupation (No. 111)

Structure

Officer in Charge	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Human Resources Development (HRD) Committee Important matters related to labor practices deliberated by the committees are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Global Human Resources Dept.

Risk Management

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors as well, including labor relations, labor management and labor rights. Besides screening new investment and exit proposals, MC also strives to make improvements to existing business investments by monitoring their management practices.

Initiatives

(1) Conducting Fair Recruitment Activities and Providing Job Opportunities

MC's greatest asset is its human resources, and MC conducts activities to hire new graduates and mid-career employees every year. Our latest recruitment history is as follows. Based on recent circumstances, MC is also utilizing online hiring practices to conduct extensive screening of university and graduate students from both Japan and abroad. In addition, MC carries out interviewer training, including by external experts, each year in order to ensure appropriate screening practices.

Recruitment history (separate)

(Unit: persons)

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of new graduates recruited	130	127	123	120	127
Male	92 (70.77%)	89 (70.08%)	88 (71.54%)	89 (74.17%)	96 (75.59%)
Female	38 (29.23%)	38 (29.92%)	35 (28.46%)	31 (25.83%)	31 (24.41%)
(The number of general office workers)*	7	-	-	-	-
Number of career hires	13	21	16	43	-
Male	12 (92.31%)	17 (80.95%)	13 (81.25%)	39 (90.70%)	-
Female	1 (7.69%)	4 (19.04%)	3 (18.75%)	4 (9.30%)	-
Career recruitment ratio	9%	14%	12%	26%	-

In addition to recruitment activities, MC conducts hands-on employment workshops offering career counseling to university and graduate students.

* Recruitment of general office workers (formerly called "Business support staff") was postponed for FY2020-2023, so this has been marked with "-".

(2) New Work Styles Befitting MC

We are making determined attempts to pursue new work styles which allow us to enhance work productivity and efficiency while delivering high results and performance. The initiative aims to ensure each organization and individual autonomously practices work styles that best suit respective needs.

While taking into consideration the uniqueness of each organizational and individual initiative due to diversified business environments, industries and other factors they face, we aim to achieve an average annual paid leave utilization rate of 70% or more by systematically encouraging personnel throughout MC to take their annual paid leave. In addition, we formulate and implement individual improvement measures that require overtime-heavy organizations to develop more efficient labor-saving practices. As a result, in the FY2022, MC came very close to achieving those objectives, with employees on average taking 67% of their paid leave and working 29.9 hours of overtime per month on a non-consolidated basis.

Our efforts extend to a work environment that enables diverse employees to thrive professionally while fostering an organizational culture in which performance is evaluated fairly on the basis of results.

(3) Respect for Human Rights

MC's Corporate Standards of Conduct emphasize respect for human rights, while the Code of Conduct and Social Charter stipulate that MC will respect human rights, not engage in any form of discrimination or harassment, not engage in discrimination on the basis of race, ethnicity, creed, religion, gender, gender identity, sexual orientation, national or regional origin, age, physical or mental impairments, illness or any other grounds, and respect the cultures, customs, and languages of other countries and regions.

MC has established a Basic Policy on Preventing Harassment, which is disseminated widely throughout MC. "Harassment" is defined in the Basic Policy as encompassing sexual harassment and "power harassment," as well as maternity harassment (disadvantageous treatment related to pregnancy, childbirth, childcare leave, family care leave and so on). It also states that harassment encompasses verbal or physical conduct of a sexual nature, regardless of sexual orientation or gender identity such as LGBT.
Moreover, MC has established human rights help desks internally and outside MC. The help desks operate around the clock, providing consultations via e-mail, telephone, in person or by other means.

- MC conducts human rights training for new employees, an annual e-learning course for all employees.
- MC also conducts lectures that focus on the issue of harassment at times including when new general managers or Team Leaders are appointed.

Employees dispatched to MC affiliate companies also receive human rights training (including topics such as prevention of forced labor and child labor, etc.).

Relevant Data

	FY2020	FY2021	FY2022
Annual average actual working hours ＊1	1984.3 hours	2002.5 hours	1993.8 hours
Monthly average overtime hours ＊1	27.2 hours	30.4 hours	29.9 hours
Percentage of annual paid leave taken ＊2	55%	60%	67%
Number of violations of the Labor Standards Act ＊3	0	3	1
Percentage of temporary employees	Approx.7%	Approx.8%	Approx.9%
Average number of temporary employees (male)	450 people (20 people)	435 people (19 people)	474 people (12 people)

Percentage of retirees for personal reasons (as of the end of March)

FY2020			FY2021			FY2022		
Male	Female	Total	Male	Female	Total	Male	Female	Total
1.4%	1.4%	1.4%	1.5%	1.3%	1.5%	1.3%	1.2%	1.3%

Ratio of female employees by employee category (permanent / non-permanent) (as of the end of March)

	FY2020	FY2021	FY2022
Permanent employee	26%	26%	26%
Non-permanent employee	21%	22%	22%

Ratio of employees by age bracket (as of the end of March)

	FY2020	FY2021	FY2022
20s	16%	16%	15%
30s	27%	28%	29%
40s	22%	22%	22%
50s	33%	33%	34%
60s	1%	1%	1%

Reference: About other various personnel data

＊1 Employees at the Head Office and Japanese branches (excluding managers, corporate advisers and contract employees).

＊2 Employees at the Head Office and Japanese branches (excluding secondees from other companies).

＊3 Employees at the Head Office and Japanese branches.

2. Employee Relations

Policy (Freedom of Association and Collective Bargaining)

Basic Approach

MC is engaged in various forms of dialogue with the MC Staff Union at MC-wide level and individual group level. This dialogue is undertaken to reflect in management the opinions and awareness of issues of MC staff who are involved in operations on the ground. Through this process, MC seeks to enhance the performance of each employee whilst enhancing the business performance of MC and fulfilling its public mission to create a more positive work environment. The results of this dialogue are taken into consideration by MC in the course of formulating and implementing various policies.

Policy on Freedom of Association and Collective Bargaining

MC has always respected the freedom of association and the right to collective bargaining recognized by the Constitution and various laws and regulations of Japan. MC has entered into a union shop agreement with the Mitsubishi Corporation Staff Union ("MC Staff Union"), which was formed in 1970. Based on the agreement, all eligible employees are required to join the union, except for those qualified for management-level positions and those deemed to be non-union members based on individual agreements, taking into account the characteristics of their duties and other conditions. Guided by the policy of respecting the freedom of association and right to collective bargaining, MC's operating companies also comply with and respect the laws and regulations and labor practices of their host countries.

Collective Bargaining

MC has established conditions related to collective bargaining between MC and the MC Staff Union, beginning with labor conditions, as well as related operational procedures. Where necessary, MC has a process in place for both sides to reach agreements by increasing their understanding of the issues through discussions undertaken in good faith. In recent years, MC has engaged in collective bargaining between MC and the MC Staff Union in the process of reviewing compensation and personnel systems and revising annual income.

Structure

Officer in Charge	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Human Resources Development (HRD) Committee Important matters related to labor practices deliberated by the committees are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Global Human Resources Dept.

The MC Staff Union had 3,015 members (representing an 54% participation ratio) as of April 1, 2023. All eligible employees join the MC Staff Union, except for those considered as non-union members based on agreements between the MC Staff Union and MC (including those qualified for management-level positions and those deemed to be non-union members in keeping with the characteristics of their duties based on individual agreements). The MC Staff Union is led by an executive chairman elected from among the union members. The MC Staff Union and MC share the following basic philosophy: “Recognizing the public mission of companies, both the workforce and management will endeavor in earnest to achieve the sound development of MC and to improve the economic and cultural standing of union members.” Guided by this philosophy, the MC Staff Union carries out a variety of initiatives.

Risk Management

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors as well, including labor relations and labor management. Besides screening new investment and exit proposals, MC also strives to make improvements to existing business investments by monitoring their management practices.

Initiatives

The MC Staff Union and MC hold labor management meetings and conferences based on the “Basic Agreement between MC and the Union” concluded by both parties, and conduct proposals, status reports and discussions concerning the mutual recognition of issues. These meetings and discussions aid in ensuring proper business management by reflecting the opinions of staff involved in daily duties at the corporate level and the level of each organization.

(1) Labor Management Meetings

The aims of these meetings are to facilitate communication on various matters of mutual interest between the MC Staff Union and MC through the exchange of views, to reflect the union members’ broad range of opinions aimed at stimulating better management policies / business performance, and to create a more positive workplace. Numerous labor management meetings are held at the levels of each office, business department, division and business group. Not only are the matters discussed in the meetings put to effective use in the management of each organization, they are also placed on the reporting and discussion agenda of Company-wide labor management meetings held once a year, including meetings with the President and CEO, meetings with the Corporate Functional Officer for Human Resources, meetings to discuss yearlong business performance, and meetings to discuss interim business performance.

(2) Conferences

Conferences are held to facilitate communication between the workforce and management on specific matters through the exchange of views and to reflect the union members’ broad range of views on energizing MC through various management policies.
In FY2023, three conferences were held on topics including Evaluation/Compensation, Careers, and DE&I. The MC Staff Union presented reports and proposals to the relevant internal departments based on questionnaires and discussions held within the union, and certain proposals have been implemented by MC.

Performance

Agreement on Collective Bargaining

Under the Basic Agreement between MC and the Union entered into by the two parties, collective bargaining covers (1) matters concerning work conditions and (2) other matters for which collective bargaining is deemed necessary by the MC Staff Union and MC. Accordingly, MC and the MC Staff Union have undertaken collective bargaining on the matters described below.

FY2015	Revision of annual income (3 collective bargaining sessions)
FY2016	None
FY2017	Revision of annual income (1 collective bargaining session)
FY2018	Revision of HR System/Remuneration System (4 collective bargaining sessions)
FY2019	None
FY2020	Revision of annual income (3 collective bargaining sessions), revision of staff system (1 collective bargaining session)
FY2021	None
FY2022	Revision of annual income (3 collective bargaining sessions)
FY2023	None

In addition, matters deemed to be collective bargaining agreements have been established based on the Basic Agreement between MC and Union and individual labor management agreements. These collective bargaining agreements cover all employees of MC.

Social

Diversity Management

Policy Structure Initiatives Relevant Data Evaluation by Society

Policy

A Flexible and Powerful Organization Capable of Adapting to Changing Business Environments

The MC Group's global workforce is made up of a diverse group of employees in terms of lifestyles and values. As the MC Group's businesses rapidly become more global and diverse, MC recognizes that it will be essential to drive growth while encouraging a diverse range of employees to share common values and engage in healthy competition with one another. Doing so will be vital for achieving sustainable corporate growth. We believe that the significance of diversity management at the MC Group lies in building a strong organization with the flexibility to adapt to changing business environments. In sharing the spirit of its guiding philosophy, the Three Corporate Principles, the MC Group aims to:

- Recruit and apply its broad professional expertise without discrimination.
- Reap the benefits of workforce diversity by embracing and applying different perspectives and ideas to its management practices, business creations and regional developments.
- Improve organizational performance by ensuring an inclusive professional work environment that maximizes the abilities of a diverse workforce.

[Specific Initiatives]

- Reviewing work styles with an emphasis on work-life balance
- Building a corporate culture that embraces diverse values
- Supporting employees with childcare, family care and other family responsibilities
- Supporting women's careers
- Engaging expertise of senior employees
- Engaging expertise of employees with impairments
- Engaging expertise of employees regardless of nationality

Establishment a company-wide Diversity, Equity, and Inclusion (DE&I) working group

Our “diversity and versatility” is the foundation for DE&I at MC. Establish a company-wide working group directly under MC’s President and promote the development of an environment and organizations where all employees can flourish by fully demonstrating their individual strengths. Proceed to study/implement initiatives that empower employees to succeed by respecting/accepting their individuality and leveraging our versatility.

Structure

Officer in Charge	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Human Resources Development (HRD) Committee Important matters related to labor practices deliberated by the committees are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Global Human Resources Dept.

Reference: Diagram of the Sustainability Promotion Framework

In 2007, MC established its first organization specifically dedicated to diversity management in the Global Human Resources Department (originally named the Work Environment Support Office, it was renamed as the Diversity Management Promotion Office the following year). Thereafter, following reorganization, MC established the Health Promotion, DE＆I Team in April 2021. This team strives to enhance and expand support measures for employees balancing work with childcare or family care responsibilities. It also considers measures such as initiatives to create welcoming workplaces for non-Japanese employees. MC will continue to undertake initiatives to further improve its work environments in order to ensure that each employee in its diverse workforce is able to keep motivated and achieve his or her own full potential.

Initiatives

Supporting Employees with Family Responsibilities

MC has been improving its internal systems to enable employees to better balance matters such as childcare and family care with their careers. MC will continue to focus on building a corporate culture that embraces diverse work styles in order to create a comfortable and supportive atmosphere that understands and encourages the active utilization of these systems.

Support for Balancing Career and Childcare

MC seeks to put the support of the entire Company behind employees who are balancing their work with maternity and paternity roles and childcare responsibilities. For this, MC is working to upgrade and expand various systems available for use by both men and women.

Maternity/Paternity and Childcare Systems

Establishment of MC's Childcare Concierge within the Global Human Resources Department

To help employees smoothly return to work from maternity and paternity leave, MC has set up the Childcare Concierge within its Global Human Resources Department. This service provides employees with information on daycare facilities, babysitters, services for children to continue their studies after regular school hours, etc. It also provides consultations about pediatric health and other concerns that employees may have about raising children.

Children's Daycare Facilities & Services

MC has secured the services of a nearby daycare facility so that employees can smoothly return to work when they wish. In addition, MC has also secured the services of sick-child daycare facilities so that employees always have access to a daycare facility and babysitters who they can rely on confidently when their children are ill. In addition, MC has been providing the MC Gakudo service for employees with children in elementary school. This service provides day camps for children during long vacation periods from school.

Paid School Events Leave, Staggered Work Hours, Flex-Time Work and Telecommuting (Working from Home)

MC has established a system for paid school events leave, which allows employees to take time off to attend official school and daycare events, such as entrance and graduation ceremonies. In addition, employees with children can utilize systems such as staggered work hours and flex-time, and MC is further supporting employees balancing work and childcare by implementing a system for telecommuting (working from home).

Encouraging Work-Style Diversity and Work-Life Balance

MC has distributed its Childcare Support Handbook to all MC employees, as part of its efforts to promote understanding and foster a supportive culture internally. The handbook includes not only explanations on all of MC's childcare systems and policies, but also provides specific advice for mothers, fathers, bosses and colleagues on how to improve office communication. MC also provides regular guidance to staff in management-level positions.

Support for Balancing Career and Family Care

In order for employees to continue to demonstrate their abilities while balancing career and family care responsibilities, MC has expanded systems such as family care leave, flex-time, staggered work hours and family care leave. In addition, we provide a variety of support such as holding Work-Care Balance Support Seminars giving employees the opportunity to deepen their understanding regarding family care, as well as establishing a Family Care Consultation Desk, providing a system where employees and their family members can consult regarding their concerns at an early stage.

Family Care Support Systems

Family members requiring nursing care	Spouses, children, parents, parents of spouses, grandparents, grandchildren, brothers and sisters
Paid Family Care Leave	10 days per fiscal year, paid
Work Styles	• Exemptions from and restrictions on late-night, overtime and weekend work • Staggered work hours/flex-time • Special medical leave (for family care reasons) • Consultations on family care with external experts
Family Care Leave	1 year on a cumulative basis for each family member requiring family care (365 days including non-business days) ＊ Can be obtained in separate segments for each family member requiring ongoing, constant nursing care
Employee benefits	Use of nursing care services (24-hour consultation desk)

Encouraging Work-Style Diversity and Work-Life Balance

MC has distributed a Support for Balancing Career and Family Care Handbook to all employees as part of its efforts to promote understanding and foster a supportive culture internally. The handbook includes not only explanations of all of MC's family care systems and policies, but also provides specific advice for employees providing family care, as well as for bosses and colleagues on how to improve office communication. MC also provides guidance to those in management-level positions and Work-Care Balance Support Seminars for all employees on a regular basis.

Re-Employment System for Employees Accompanying Spouses on Domestic or International Job Transfers

Providing that certain conditions are met, MC will re-employ those who previously left MC due to their spouses' domestic or international job transfers. This system was introduced to enable these personnel to resume their careers at MC by making the most of their prior experience and skills.

Supporting Women's Careers at MC

MC considers its workforce to be its greatest asset, and as such, its policy is to support the professional growth and development of each and every employee through flexible, performance-based treatment and compensation. To ensure that the right people are appointed to the right positions, MC focuses on the skills, performance and experience of each candidate, and does not discriminate based on age, gender, nationality or any other factors. To best accommodate the needs of female professionals and help them to excel, MC has established a five-year plan to support its working women. The plan's targets and initiatives are described below.

Plan Period: April 1, 2021 – March 31, 2026

Targets and Initiatives

○ Target 1: Encourage more high-level appointments of female employees and raise the percentage of women in management-level positions above 15%.

By expanding its systems to promote a healthy work-life balance and taking special, career-support measures for its female professionals, MC has managed to boost this percentage in recent years; however, the company now plans to take the following, additional steps to further accelerate its appointment of women to executive positions:

〈Description of initiatives〉

- Leverage job recruitment sessions, the company website and other PR tools to proactively target female candidates for positions at MC and boost the percentage of job applications from women.
- Instruct the Women's Career Managers to analyze and address any separate issues that may exist within their respective departments (in addition to their general responsibilities under MC's companywide policy).
- Develop/roll out training programs and networking opportunities that are specially designed for working women (this initiative shall be part of MC's overarching aim to rear management professionals who are committed to raising the value of MC Group businesses).
- Enhance support for working women, such as by offering a mentorship program aimed at further motivating women in executive positions and broadening their perspectives.
- Provide more support to ensure that women can enjoy a healthy work-life balance by accommodating flexible work styles (assist early returns from maternity or paternity leave and help women to secure full-time positions).
- Take measures to improve the managerial and negotiating skills of all employees, regardless of background, in order to ready them for management-level positions.

○ Target 2: Ensure that all eligible male employees take their full paternity leave.

Although in recent years more working fathers at MC have been taking paternity leave and doing so for longer periods, many are still not taking full advantage of the program. MC shall continue working on improvements that will both raise awareness of the program and make it easier for male employees with newborns to use it.

〈Description of initiatives〉

- Separately remind both each male employee with a newborn and his superior about his eligible paternity leave.
- Encourage male employees to use the program through roundtable discussions with those who already have, internal PR work and other initiatives.
- Use internal training programs to explain diverse work styles, support for achieving a healthy work-life balance, and diversity management (including making better use of the expertise of MC's female employees).

Career Support Based on Major Life Events during Childbirth and Childcare Periods

Taking into account the major life events of individual employees, MC is focused on systematically providing career development opportunities to the greatest extent possible, including overseas assignments. For employees planning to take maternity/ paternity leave or those currently raising children, MC explains the relevant systems and policies, in addition to offering Work-Life Balance Seminars where employees can hear about the experiences of their senior colleagues on topics such as work styles after returning to work from maternity/paternity leave.

Support for Employees on Overseas Assignments Accompanied Only by Children

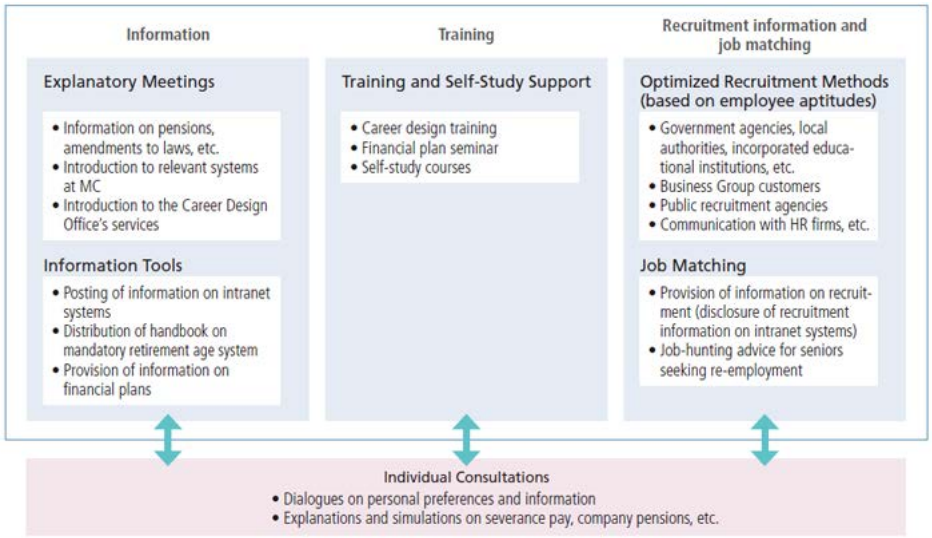
In some cases, employees may be assigned overseas and accompanied only by their children of junior high school age or younger, without their spouses. In these cases, MC provides support to ensure a smooth assignment and the necessary arrangements for daily life during the assignment. This includes sending the employee on business trips to the location prior to the assignment, arranging housing in advance, concurrently allowing family members to join the employee, and providing a special subsidy for accompanying family members.

Engaging the Senior Workforce

The awareness towards working beyond the age of 60 differ widely from one person to the next, and opinions on the subject are likely to vary even more in the coming years. In addition to introducing its Re-employment Course Syetem for extending the careers of employees aged 60 and over, MC has established a Career Design Center at Human Link Corporation, a wholly owned subsidiary of the Global Human Resources Department, which provides comprehensive support for senior employees.

The Center offers comprehensive services such as individualized career planning consultation based on each employee's personal situation and values, provision of various information and training programs for employees who wish to continue their careers outside the company, and collection of recruitment and job matching information.

Functions of the Career Design Center



Diverse Employment Opportunities for Persons with Impairments

As part of its CSR and diversity initiatives, MC has a long and proud history of employing persons with impairments. Together with its special-purpose subsidiary, Mitsubishi Shoji & Sun Co., Ltd., MC will continue its efforts in expanding career opportunities for persons with various impairments, while maintaining the statutory employment rate for these workers.

Helping to Increase Employment Opportunities for Persons with Impairments Mitsubishi Shoji & Sun Co., Ltd.

Mitsubishi Shoji & Sun Co., Ltd. was established in 1983 as an IT company following a joint investment by MC and Social Welfare Organization Japan Sun Industries. It is headquartered in Beppu City, Oita Prefecture, and has offices in Tokyo (Marunouchi). Operating under its corporate philosophies of coexistence between persons with and without impairments, corporate self-reliance, and new corporate value, Mitsubishi Shoji & Sun Co., Ltd. works to increase employment opportunities for various persons with impairments while providing IT services such as system development, data entry, DTP and server operation to numerous business partners including MC and other MC Group companies.

Reference: Mitsubishi Shoji & Sun Co., Ltd. website (Japanese only) https://www.mctaiyo.co.jp/

Engaging a Global Workforce

Support for Non-Japanese Employees

MC provides support to non-Japanese employees working in Japan by providing information on matters such as application procedures for period of stay extensions, rental housing, pensions and medical information. MC also provides a consultation desk to field any concerns or questions that non-Japanese employees may have about living and working in Japan.

Reference: For details on value sharing and international transfers of employees at overseas offices, please see Human Resource Development.

Relevant Data

Data on Employees Using MC's Various Systems (As of March 31 Each Year)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees who took Paid Spousal Childbirth Leave	96	98	88	110	108
Number of employees who took Maternity/Paternity Leave *1	58	72	84	116	146
Male	14	20	36	49	78
Female	45	52	48	67	68
Number of employees who have children *2	233	275	241	259	261
Male	184	216	190	191	176
Female	49	59	51	68	85
Ratio of people taking childcare leave（%）					
Male	7	9	18	25	44
Female	93	96	96	99	80
Number of employees who return to work after childcare leave *3					
Male	14	11	16	32	48
Female	52	47	57	50	64
Rate of continued employment after childcare leave（%） *4					
Male	100	84.6	80.0	88.9	98.0
Female	96.3	95.9	98.3	98.0	92.8
Number of employees who took Paid Childcare Leave	251	274	246	209	236
Male	94	123	82	72	86
Female	130	151	164	137	150
Number of employees who took Paid School Events Leave	281	299	189	232	244
Male	138	139	84	107	108
Female	143	160	105	125	136
Number of employees who shortened work hours for childcare	82	91	67	60	81
Male	2	1	0	0	1
Female	80	90	67	60	80
Number of employees who obtained staggered work hours or flex-time for childcare reasons	87	92	25	14	11
Male	18	22	3	2	2
Female	69	70	23	12	9
Number of MC Childcare Concierge consultations	116	93	45	43	51
Male	22	13	20	13	21
Female	94	80	25	30	30
Number of participants in MC Gakudo (total)	94	102	-	-	-
Number of participants in work-life balance seminars for employees with children	19	19	10	23	26
Number of employees who took Family Care Leave *1	4	1	1	0	1
Male	0	0	1	0	1
Female	4	1	0	0	0
Number of employees who took Paid Family Care Leave	247	271	269	189	185
Male	68	78	75	55	56
Female	179	193	194	134	129
Number of employees who obtained staggered work hours or flex-time for family care reasons	8	9	5	4	3
Male	0	0	0	0	0
Female	8	9	5	4	3
Number of employees who applied for the re-employment system for employees who left to accompany spouses on domestic or international transfers *5	6	14	10	13	12

＊1 Number of employees who began taking childcare leave during said fiscal year.

＊2 Number of male employees whose spouses gave birth during said fiscal year, number of female employees who gave birth during said fiscal year.

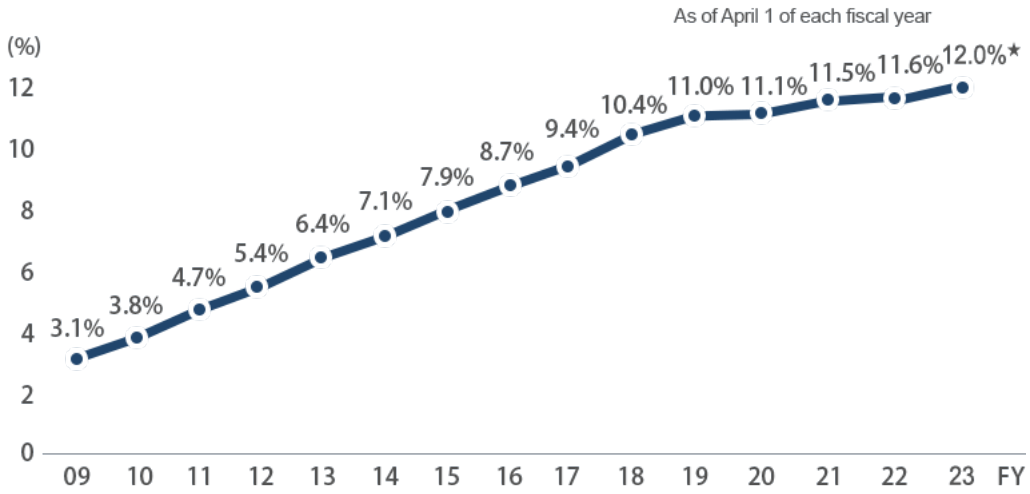
＊3 Number of male employees who began taking childcare leave the previous fiscal year who had returned to their positions at the end of said fiscal year, number of female employees who gave birth during the previous fiscal year who had returned to workcare at the end of said fiscal year.

＊4 Percentage of male employees who began childcare leave the previous fiscal year who had returned to their positions at the end of said fiscal year, percentage of female employees who had given birth during the previous fiscal year who had returned to work at the end of said fiscal year.

＊5 Re-employment system for employees accompanying spouses on domestic or international transfers refers to a system in which re-employment is offered, under certain conditions, to employees who resign from their positions in order to accompany their spouse to the location of a domestic or international transfer.

Percentage of Women in Management-Level Positions and Gender Composition of Board Members

Percentage of Women in Management-Level Positions (Non-Consolidated)



Gender Composition of Board Members (As of July 1, 2023)

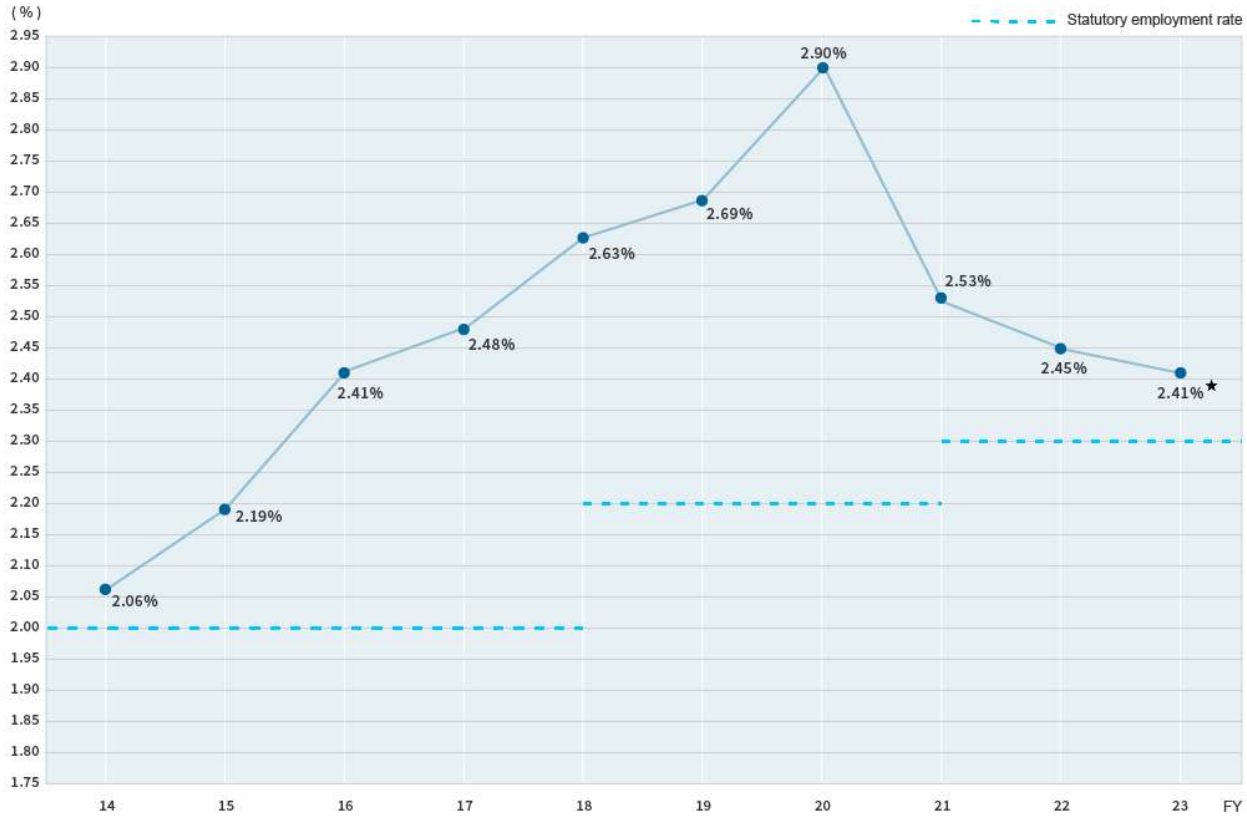
(Unit: person)

	Male	Female
Members of the Board	7	2
Outside Directors	2	2
Audit & Supervisory Board Members	3	2
Outside Audit & Supervisory Board Members	1	2
Executive Officers（includes President and executive officer also serving as a director）	46	0

MC Women Overseas (As of April 2023)

Region	No. of people	City
North America	11	Boston, Calgary, New York, Delphi, Los Angeles, San Diego
Latin America & the Caribbean	4	Santiago, Escondida, Huaraz, Panama
Europe	5	London, Rotterdam, Madrid
Africa	1	Johannesburg
Middle East	1	Doha
Asia & Oceania	31	Singapore, Bangkok, Samut Prakan, Jakarta, Kuala Lumpur, Ho Chi Minh, Brisbane, Perth, Brunei
East Asia	6	Shanghai, Changsha, Ulaanbaatar, Hong Kong, Taipei

Employment Rate of Persons with Impairments



(as of June 1 of each fiscal year)

- The statutory employment rate of persons with impairments (private-sector companies) was raised from 2.2% to 2.3% on March 1, 2021.
- The total of the non-consolidated company, Mitsubishi Corporation Taiyo, a special subsidiary, and the three companies applicable to the group.

Independent Practitioner's Assurance

ESG Data marked with a star (★) has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd.

Reference: Independent Practitioner's Assurance Report

Evaluation by Society

Key Certifications

In January 2017, MC received the Platinum Kurumin Certification from the Ministry of Health, Labour and Welfare. The Platinum Kurumin Certification is awarded to Kurumin-certified companies that have implemented measures to support employees' childcare needs at a higher standard. At MC, childcare benefits include both maternal welfare and childcare support. MC has been working to create processes as well as an environment that supports employees with children. Specifically, MC has ensured that its Maternity/Paternity Leave exceeds Japan's minimum legal requirements, and has introduced other measures to help employees returning from Maternity/Paternity Leave to comfortably balance their parenting and work responsibilities. These include a flex-time system as well as shortened or staggered work hours. MC has also made it easier for male employees to take advantage of these benefits, such as by lifting the restriction that previously did not allow employees' spouses access to full-time childcare, and also by introducing MC's Paid Spousal Childbirth Leave. As a result of these and other measures to support work-life balance, MC has received Kurumin certification from the Ministry of Health, Labour and Welfare continuously since 2008, in recognition of the action plan it has formulated and implemented to support employees' childcare needs.

＊ About the Kurumin certification and Platinum Kurumin certification (Excerpt from the Ministry of Health, Labour and Welfare's website) Enterprises that have formulated general business operator action plans in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and satisfy certain standards may apply to receive certification by the Minister of Health, Labour and Welfare (Kurumin certification) as a company that supports the childcare needs of employees. Moreover, the new Platinum Kurumin certification was instituted on April 1, 2015 to recognize Kurumin-certified enterprises that have made considerable progress in terms of the introduction and use of work-life balance support systems and which have executed measures to a high standard, along with encouraging these enterprises to continuously undertake such measures.

Reference: Work-Life Balance Plaza (Japanese only)

In January 2017, MC received L-boshi (second level) certification from the Ministry of Health, Labour and Welfare as an outstanding enterprise in promoting women's participation and career advancement.

＊ About the L-boshi certification (Excerpt from the Ministry of Health, Labour and Welfare's website)
The Act on Promotion of Women's Participation and Advancement in the Workplace entered into force on April 1, 2016. Under this act, enterprises that have formulated general business operator action plans and have submitted notification to the effect that they have formulated such plans, as well as satisfy certain standards, may obtain certification by the Ministry of Health, Labour and Welfare (L-boshi certification) as an enterprise offering excellent conditions with respect to promoting women's participation and career advancement.

Social

Well-being (Health & Productivity Management, Occupational Safety and Health)

Policy Targets Structure Initiatives Performance Data

Policy

Management Message

The MC Group has a global workforce of approximately 86,000 professionals. These people are MC's source of value creation. "Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce" has been identified as one of the eight materialities for MC to address together with our Group companies, and as our operations continue to expand and globalize, diverse human resources representing all genders, nationalities and other characteristics will be needed to fully utilize their respective capabilities in order for the MC Group to continue generating corporate value sustainably. With this in mind, MC believes that it is important to improve the well-being of employees by ensuring safe working environments and maintaining and promoting health. MC has been continuously recognized as an "Outstanding Enterprise in Health and Productivity Management — White 500" for its efforts.

The MC Group promotes initiatives around occupational Safety and health (OSH) management, which are flexibly tailored to the independence and capacity of each individual and organization. These include activities to create environments where employees and contractors can work with peace of mind, as well as health, labor and crisis management initiatives. We aim to build and operate management systems that go beyond simply meeting the legal requirements in the countries where we operate to provide support that is more substantial.

Within the MC Group, there are companies with OSH management systems that have obtained the international certifications ISO 45000. Furthermore, in order to promote OSH management throughout the entire MC Group, we will develop an organizational framework, clarify responsibilities and continuously monitor progress in order to refine, maintain and further improve our activities. Accordingly, we have set out the following policy for the MC Group:

MC Group Occupational Safety and Health (OSH) Policy

- The MC Group as a whole will work to promote safety and health of all stakeholders, including MC employees and contractors, and to enhance our systems for occupational safety and health.
- We will conduct robust OSH management regardless of the country or region where we operate, upholding and seeking to go beyond local labor standards, laws and regulations.
- In order to create an environment where our people, the MC Group's greatest asset, can work with peace of mind, we will work to maintain and improve their health, such as reducing the risks posed by infectious diseases and preventing overwork, including the reduction of excessively long working hours.
- Through proper management systems, we will prevent occupational accidents at each workplace. In the event an accident does occur, we will quickly assess the situation, analyze the cause and formulate preventative measures.

Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce and Reducing Health Risks

MC has designated “Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce” as one of its materialities.

Our policies on occupational safety and health are designed to enable diverse human resources to make full use of their capabilities and approach their work with enthusiasm.

MC responds rapidly in the event of an accident and continues to raise awareness about safety and establishing and improving its management systems. MC also encourages maintaining and promoting employee health by reducing the risk of employee illness. Within the area of employee occupational health, MC places a particular focus on mental health, providing a counseling desk and mental health support desk staffed by licensed psychologists and clinical psychotherapists, as well as dedicated physicians at the in-house medical clinics. Furthermore, MC conducts a regular online stress check.

Supply Chain Initiatives

Recognizing the importance of managing environmental and social impacts in its supply chains, MC has established the Mitsubishi Corporation Policy for Sustainable Supply Chain Management (as amended in August 2018). The policy requires suppliers to respect human rights and endeavor to provide their employees with safe and healthy work environments. In addition to sharing the policy with suppliers, MC conducts a regular questionnaire to confirm compliance with it. While basic measures for occupational health and safety management are undertaken by each business, the MC Group endeavors to strengthen in this area throughout the supply chain collectively. Measures include visiting suppliers to confirm the status of their activities when determined that site visits are necessary* considering location as well as the type of business. Furthermore, MC makes other efforts to strengthen occupational safety and health throughout the supply chain as the MC Group.

Reference: For details on other supply chain initiatives other than those described above, please see Supply Chain Management.

* Covers only Tier 1 suppliers in Japan and abroad

Policy to Proactively Address Global Health Issues (HIV/AIDS, Tuberculosis, Malaria)

MC is actively conducting business globally with a business network spanning more than 200 countries around the world. For some of these countries, health issues such as HIV/AIDS, tuberculosis and malaria are pressing issues. MC’s policy is to work proactively to address these global health issues.

Targets

MC Group

- Reduction in the rate of workplace accidents, including contractors, from the previous year (FY2021 target of 2.74 or less)
- Implementation of health checkups at MC Group companies (Japan-based) as required by law (*) : 100%

Reference: For details on performance related to the targets above, please see Performance Data.

* FY2021 results refer to the percentage of MC Group companies (Japan-based) subject to the Sustainability Survey that provides opportunities for employees to receive regular health checkups in line with the Industrial Safety and Health Act.

MC

- Reduction in the rate of workplace accidents, including contractors, from the previous year (FY2021 target of 0.16 or less)
- Health checkup rate for domestic (Japan-based) employees (*) : 100%
- Percentage of annual paid leave taken: 70%

Reference: For details on performance related to the targets above, please see Performance Data.

* Refers to the percentage of MC employees who have undergone regular health checkups in line with the Industrial Safety and Health Act implemented by the Company.

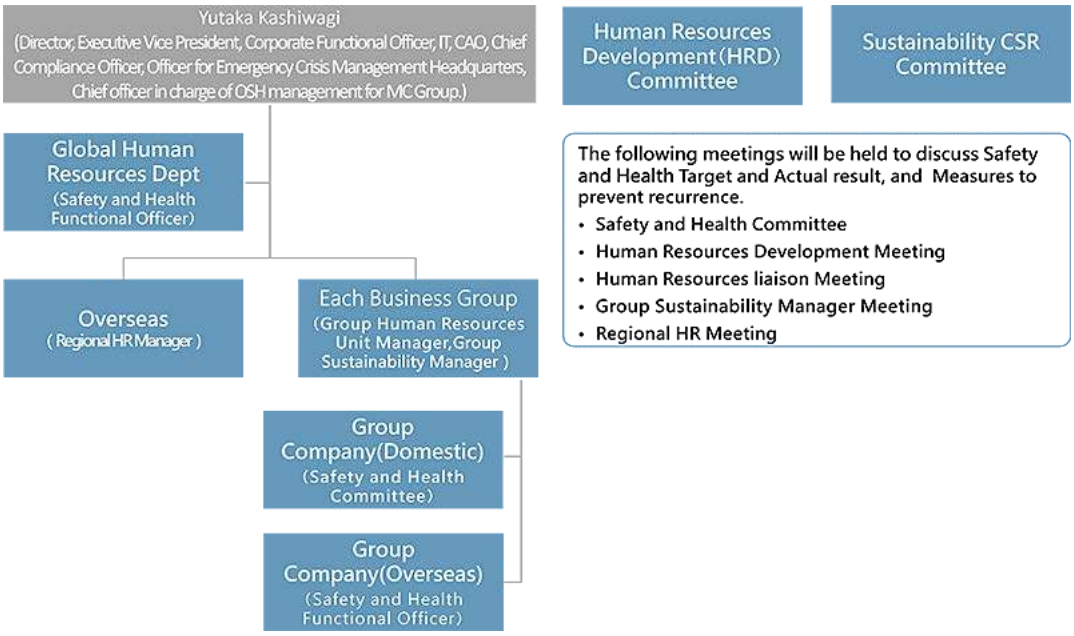
Structure

Officers in Charge	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters) Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Bodies **(A subcommittee under the Executive Committee, a management decision-making body)**	Human Resources Development (HRD) Committee, Sustainability & CSR Committee Important matters related to occupational health and safety deliberated by the committees are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Departments in Charge	Global Human Resources Dept., Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

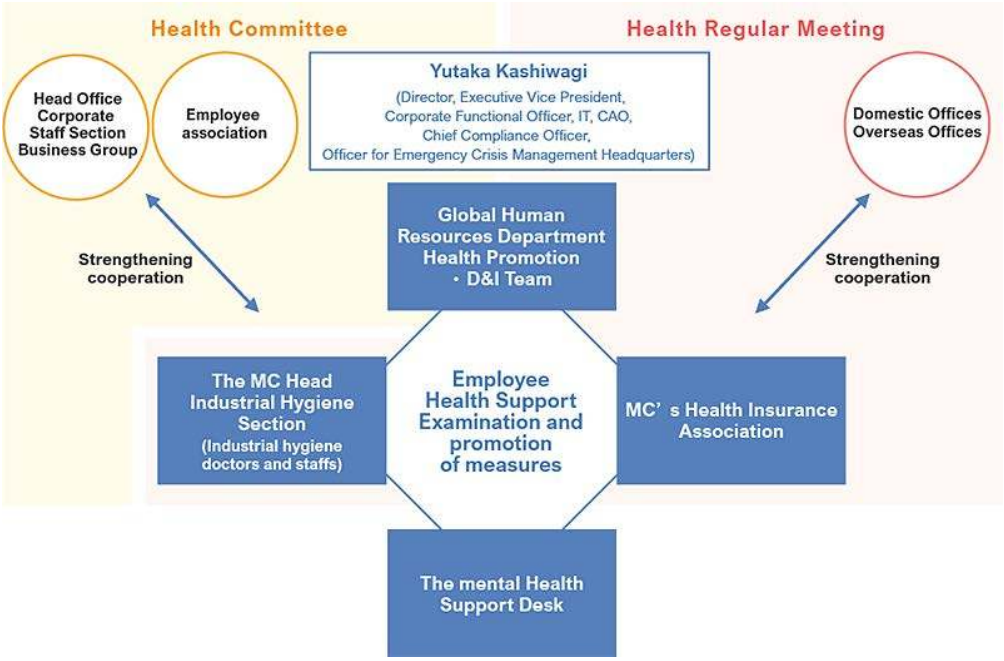
MC has appointed the Director, Executive Vice President, Corporate Functional Officer (CAO) as the chief officer in charge of OSH management for the MC Group, and promotes a structure where the Global Human Resources Department coordinates each of the Business Groups, which are primarily responsible for OSH management.

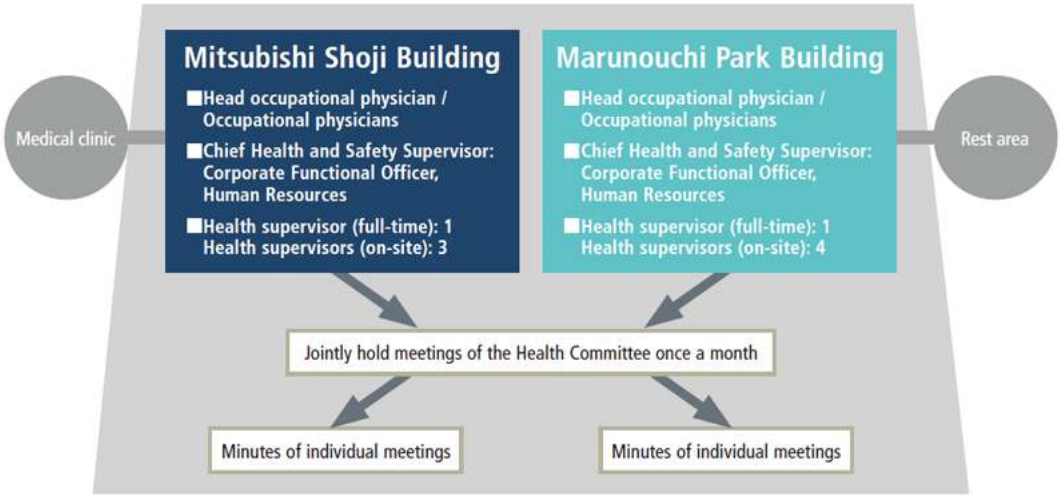
For each MC Group company in Japan, we have established committees such as the Health Committee in line with the Industrial Safety and Health Act, in which employees also participate in developing, evaluating and determining plans related to preventing health problems as well as maintaining and promoting good health. In particular, at consolidated subsidiaries hazards such as near misses are reported by employees at morning meetings and other occasions, and necessary countermeasures are put into practice.



MC considers occupational safety and health as a key management priority, and has been working to pursue health and productivity management.

- Headed by the Chief Safety and Health Supervisor (who serves concurrently as an Executive Vice President), and consisting of four occupational physicians and 11 health supervisors from each Business Group, the Health Committee meets once a month, on a non-consolidated basis, to discuss employee health and workplace safety matters. The minutes of the monthly meetings are posted on the intranet and disseminated to employees.
- MC believes that it is essential to understand the Company's current situation and to manage the entire safety and health process from the consideration of measures to their implementation in order to promote good health. Consequently, MC has established the Health Management Office (established in April 2018 with the Health Promotion and D&I Team active from April 2021), a dedicated safety and health office within the Global Human Resources Department. This office coordinates with related departments (such as the industrial hygiene section, the internal medical clinic, the Mental Health Support Desk, etc.) and the MC Health Insurance Association to implement industrial hygiene and consider various health-related measures, such as the appropriate use of data.
- Furthermore, monthly meetings are held between the Global Human Resources Department, industrial physicians, the MC Health Insurance Association, and personnel in charge of human resources in Japan to discuss policies and share information.





* The Mitsubishi Shoji Building and the Marunouchi Park Building are registered as separate business sites. For each business site, MC has established an occupational safety and health framework as required by labor laws.

Employee Participation

- Employees participate in the Health Committee which develops plans concerning the prevention of health problems and the maintenance and enhancement of good health, along with discussing evaluations and improvements. It is also engaged in identifying and disseminating accurate knowledge and information related to emerging infectious diseases.
- MC strives to create safe and healthy workplace environments in order for its diverse workforce to thrive and succeed. At the same time, MC takes steps to ensure that each employee is able to manage his or her own health independently through training seminars and related events. Particular emphasis is placed on the health management of employees on overseas assignment. MC has also implemented measures which allow employees to coordinate with their supervisors to take flexible hourly paid leave when they require outpatient care. In addition, sponsoring charity marathons and holding in-house health events has provided opportunities for employees to develop an interest in sports and to foster an awareness of their own health.
- MC conducts discussions on creating a more positive workplace and promoting appropriate time management. Regular communication between employees and management is maintained through meetings between the MC Staff Union and management staff, including the President and CEO, along with bi-annual meetings to discuss business performance and regular meetings with the Global Human Resources Dept. Moreover, the MC Staff Union also holds health seminars for employees.

Loan and Investment Screening

When reviewing and making decisions on loan and investment proposals, MC conducts a comprehensive screening process which considers not only economic aspects, but ESG factors as well. From an occupational safety and health perspective, particularly for projects which have a high risk of accidents or fatalities, MC ensures that numerous issues, including the maintenance status of HSE management systems, past cases of accidents or fatalities, and quantitative data such as the Lost Time Injury Frequency Rate (LTI) are considered in its deliberations. Besides screening new investment and exit proposals, MC also strives to make improvements to existing business investments by monitoring their management practices.

Risk Management (Risk Assessment)

Occupational safety and health is a vital component of HSE risk and is managed in accordance with the MC Group Risk Management Policy.

Excerpt:

1. Definition: HSE risk refers to recognizing the impact of manufacturing, industrial works, distribution and other operations on occupational safety and health as well as the environment, and identifying and managing risks related to accidents, damage to health, environmental contamination, etc.
2. HSE risk management: a. Risk identification and management: Identify latent risks related to HSE based on the nature of the operations and sector, and avoid, mitigate and manage the risks. b. Risk awareness-raising: Raise employees' awareness of the importance of HSE risk based on the nature of the operations and sector through education, training and other activities. c. Formation of policies related to accidents and response: Stipulate emergency policies in advance in order to be prepared in the event of an accident. Establish the necessary measures to minimize damage while working with relevant institutions when an accident occurs. Should an accident occur, conduct necessary investigations, analyze the causes, and implement measures to prevent future reoccurrence.
3. System: Comply with law and regulations, international rules, voluntary industry standards, and customer requirements related to HSE and formulate an action plan based on MC's industry and business activities. In addition, formulate policies based on the action plan and introduce a system for regularly confirming their implementation. Further, monitor performance related to HSE and review the action plan.

Reporting of Workplace Accidents

The MC Group strives to prevent workplace accidents for employees.
We have established a system that enables us to deal with workplace accidents appropriately (investigation, response to findings, etc.) and take preventative measures in a prompt manner. In the event that a workplace accident occurs at an MC Group company, it will be reported via a dedicated reporting channel for occupational accidents. In the event of an accident with severe consequences, such as death or serious injury, or an accident involving suspected violations of laws and regulations, a report will also be made via the compliance reporting channel.
Workplace accidents that occur in the MC Group are reported to the Compliance Committee and monitored by the annual Sustainability Survey, and are used to take preventive measures to reduce future accidents.

Initiatives

Initiatives on a Non-Consolidated Basis

Management Message on Safety and Health

MC recognizes that employee health is a key management issue, and therefore strives to foster dynamic, spirited and vibrant employees and workplaces.

Based on the belief that a healthy mind and body determine the success of the individual, we strive to enhance both the mental and physical health of our employees and the quality of their work environments.

We will continue to promote health and productivity management in order to improve the well-being of all MC employees, and allow our diverse and versatile talent pool to make the most of their skills and personalities.

Katsuya Nakanishi
President and CEO of Mitsubishi Corporation

At MC, we believe that the source of value creation is our human resources, and have established “Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce” as one of the eight societal issues of our materiality that must be pursued and realized throughout the Group. In order to continue creating sustainable corporate value, we must find ways to respond to the further diversification and globalization of our business activities, and enable our diverse human resources to make full use of their unique abilities regardless of attributes such as gender or nationality. MC therefore views the creation of safe working environments and the maintenance and promotion of employee health as key issues, with senior management issuing a message on safety and health in FY2022.
MC’s initiatives continue to be recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program’s "White 500".
MC strives to create work environments in which both employees and contract employees can work with peace of mind, including in terms of safety, health promotion, productivity management and crisis management. In addition to complying with the legal requirements of each country in which we operate, we are also working to create and manage comprehensive occupational health and safety management systems.

健康経営優良法人
Health and productivity
ホワイト500

Employee Health Management

Most Recent Initiatives (FY2019–FY2022) and Results of Analysis of Effectiveness

1) Efforts to improve health awareness and lifestyles

(1) Internal notifications by industrial physicians, etc.
Explanation and sharing of health data, issues, and approaches, etc. in the "Health Column" of the internal newsletter and at various level-specific training sessions.

(2) Health seminars and health check events
These events were held online for all employees, including those working overseas.

- Seminar themes: Diet, practical exercise, sleep apnea syndrome, cancer, women’s health, mindfulness, etc. (e.g., online seminars on diet and exercise in collaboration with sports clubs).
- Health check events: Measurement of health condition and on-the-spot individual exercise guidance based on results (body composition, vascular age, body misalignment).

(3) Provision of health apps
We introduced a health app that helps all employees in Japan to visualize and improve their lifestyle habits by recording their diet, exercise, and sleep, and provides health advice based on those records.
Going forward, we plan to introduce the system to overseas employees as well.

(4) Provision of healthy meal opportunities

- To encourage employees to choose health-conscious meals, a health-conscious menu is offered at every meal in the employee cafeteria and is also available on the company intranet. Also, all other menu items include information on their nutritional value, such as the amount of salt they contain.
- Vegetables and fruits (vegetable sticks, cut fruits, mini salads, etc.) are provided in the office so that employees can easily pick them up to add to their lunch or as a snack.
- In addition to introducing recipes for healthy seasonal menus on the health app, examples of recommended menus for lifestyle-related diseases such as diabetes are posted on the Company intranet and are also provided when nutritional guidance is given to the target employees.

Results
There was a reduction in the percentage of obesity within the company, especially among males, falling 1.7% from 30.6% in FY2020 to 28.9% in FY2022.

2) Initiatives for early detection and prevention of mental health problems

(1) Conducted stress checks for all employees including those on overseas assignments as a means of ensuring regular mental health evaluations.

(2) Individual consultations with a licensed psychologists are offered during the mental health support period (by request, in person or online).

- Distributed regular columns on mental health.
- Notified all employees about handouts containing information on self-care and care for subordinates' mental health.
- Sent out individual emails about mental health support within three months of employees being assigned abroad, and arranged online sessions with licensed psychologists for those who want the support.
- Sent out monthly emails from licensed psychologists to all employees on overseas assignments informing them of availability of consultation services.

Health Management of Employees and Their Families During Overseas Appointments

There are approximately 1,100 MC head-office employees on overseas assignments at any given time, and some 1,350 family members accompanying them. Recognizing that working overseas for extended periods can have an impact on one's health due to differences in language, culture, medical systems, and other environmental factors, MC has taken several steps to ensure that its employees and their family members remain in good health wherever they happen to be. In addition to facilitating annual local health examinations, the MC Head Office medical clinic is equipped to handle health-related inquiries from employees and their family members should they feel unwell while overseas. If there are no suitable medical facilities in the area, MC will provide for the employee and their family to either return to Japan or travel to another nearby developed country for the examination. Employees and their families also qualify for subsidized travel expenses when taking Health Maintenance Leave, which can be taken in addition to paid holidays when employees need time off to refresh themselves, both in mind and body. MC also provides a global, 24-hour Japanese language service for medical emergencies, emergency assistance in transporting employees to more medically advanced regions like Tokyo, Singapore, and Bangkok and other extensive health-related support for its employees on overseas assignments.

Survey to Monitor and Improve the Health and Working Environments of Employees on Overseas Appointments

In order to drive continuous improvement, since 2013 the Global Human Resources Department has conducted a survey targeting employees on overseas assignments to assess the quality of healthcare they receive as well as their working conditions in general for the purpose of further enhancing health-related measures. Monitor working conditions and stress levels, and if needed, additional support is provided by the Global Human Resources Department or the Mental Health Support Desk.

Medical Clinics for Employee Health Management

MC has established medical clinics at its Head Office and Kansai and Chubu Branch Offices for MC employees and those on domestic and overseas assignments. The Head Office clinic employs approximately 50 full- and part-time medical professionals, including physicians specializing internal medicine, ophthalmology, dermatology, otolaryngology, orthopedics and neurology, as well as nurses, testing and radiology technicians, nutritionists and pharmacists. These professionals, together with examination systems using the latest testing equipment, help to run a clinic that manages the health of MC employees, with a cumulative total of approximately 15,500 users in FY2021, and approximately 17,745 employees in FY2022 despite the COVID-19 pandemic.
Within Japan, the attendance rate for regular checkups is 100%. Where necessary, employees are called in for follow-up examinations (3 to 6 months later), and are offered further tests.
The medical clinic also has an occupational health department, which provides medical support to employees with health concerns to enable them to work with peace of mind. This includes return-to-work assessments for those who go on leave due to medical treatment, and support to help them balance work with their treatment needs. We also aim to maintain a comfortable work environment through workplace assessments and discussions via the Health Committee. We interview employees who work overtime to inform them about long working hours and the associated health issues. In these ways, we are making ongoing efforts to improve health literacy and create a workplace where all employees can work in optimal physical and mental health.

Reference: For details on performance, please see Head Office Clinic Usage.

Preventing Lifestyle-Related Diseases and Metabolic Syndrome

MC's health clinics provide early checkups and treatment and offer medium- and long-term health management in conjunction with health examinations. Special examinations are offered to employees aged 40 and over and are utilized by 84% of employees in this age group. Preventing lifestyle-related diseases such as dyslipidemia, hypertension, diabetes and hyperuricemia is a pressing societal issue. MC is working to prevent lifestyle-related diseases and metabolic syndrome for employees by providing access to physicians and nutritionists via the clinics. Early action is essential to preventing lifestyle-related diseases. Going forward, in addition to providing health guidance to younger employees, MC will also work to raise the awareness of healthy employees with normal checkup results on how to structure their lifestyles for maintaining their health.

Efforts Related to Self-Medication

In collaboration with the Mitsubishi Corporation Health Insurance Association, we are providing employees with a self-medication service that allows them to consult with a specialist (pharmacist) and purchase medication online with the aim of encouraging them to take an interest in maintaining and improving their health. When developing health management-related programs such as this self-medication service, we provide services and conduct trials among our employees in order to make improvements to such programs.

Mental Health Measures

Focusing on preventive measures and early treatment, MC provides extensive mental care support. MC has a simple, web-based system through which employees can assess their own stress levels and propensities to develop health problems. MC also conducts various types of training for employees, including managers, in an effort to prevent mental health issues. MC has made it a requirement for all employees, including secondees, to complete a stresscheck. After answering an online survey, employees immediately receive an on-screen evaluation of their stress levels, along with feedback. If their stress levels are particularly high, they are recommended to make an appointment with a neurologist at one of MC's clinics. If necessary, working environment adjustments are also prescribed to help bring their stress levels down.

Meanwhile, MC's internal Mental Health Support Desk and medical clinic neurology department are equipped to quickly accommodate employee (including employees on domestic and overseas assignments) health inquiries, with a system that supports employees together with their workplaces. MC has also set up an outside help desk that is linked to its specialized EAP* medical facilities. Through this comprehensive system, employees and their family members can consult with healthcare professionals or receive counseling at any hour of the day, whether in person or by telephone or email.

Moreover, a summary of the results are shared on an anonymous basis within MC and utilized to improve working styles and workplace conditions. Going forward, MC plans to make use of the survey findings to inform its mental health issue prevention measures for employees, as well as training and other measures to further raise awareness of mental health issues.

* Employee Assistance Program

〈The Mental Health Support Desk〉

The Mental Health Support Desk has been established for MC employees (including those on domestic and overseas assignments). Staffed by licensed psychologists and clinical psychotherapists, the Mental Health Support Desk is available to employees for mental health consultations. It helps employees to check their stress levels and enables those feeling off form to have an initial consultation before seeing a neurologist. It also supports employees who have been on extended leave due to psychiatric issues to return to work by offering rehabilitation programs, recommendations on workplace re-integration and long-term follow-up.

Stress Check Results (Domestic)

	FY2020	FY2021	FY2022	FY2023
Implementation rate	95%	94%	94%	94%

Assistance with Fees for Multiphasic Health Screenings

Multiphasic health screenings are offered to employees in line with the Japanese Industrial Safety and Health Act, the fees for which are partially subsidized*.

* Subsidized by the MC Health Insurance Society

Measures for Infectious Diseases

MC gathers and analyzes the latest information from the Ministry of Health, Labour and Welfare, the Ministry of Foreign Affairs, the World Health Organization, the CDC (Centers for Disease Control and Prevention), and other organizations on the outbreak and spread of infectious diseases. Based on this, the Emergency Crisis Management Office works together with occupational physicians and occupational health staff to implement in-house infection control measures.

With respect to COVID-19, MC is monitoring the situation in Japan and overseas, and has adopted the following three principles: prevention of infection; prevention of the spread of infection; and prevention of severe cases. With these principles in mind, we are taking the necessary measures to mitigate any adverse impacts on not only MC employees but all staff working within MC, all whilst striving to ensure business continuity.

We have strengthened our medical consultation system for employees assigned overseas and their families, and are providing medical advice on infection prevention and mental health care to help them work with peace of mind even in areas where infection is widespread.

MC takes an exhaustive approach toward preventing the spread of diseases in the workplace with initiatives such as providing anti-malaria vaccinations for employees taking business trips to regions where tropical malaria is prevalent, recommending antibody tests and vaccinations against measles and rubella (MR), and administering in-house vaccinations against seasonal influenza.

Reference: For the Emergency Crisis Response Headquarters, please refer to Crisis Management.

Tuberculosis Prevention Initiatives (Mongolia)

MC partnered with the Mongolian Anti-Tuberculosis Association to raise awareness of tuberculosis in Mongolia's capital Ulaanbaatar. Targeting particularly high-risk groups such as college students, MC aimed to raise awareness of the disease through pamphlet distribution, videos and events. In addition, for secondary school students, MC organized a drawing contest and used the winning entries in advertising posters. These awareness-raising activities were conducted at five universities and 750 secondary schools.

New Work Styles Befitting MC

As business becomes ever more complex and fast-paced, the pressure on employees to carry out more work at a higher quality inevitably increases. In addition, the nature of a *sogo shosha* means there are often busy and high-pressure periods, such as with large projects and overseas business. As such, in order to prevent health problems caused by overwork, MC places particular priority on: 1) the mental and physical health of employees; 2) compliance with laws, regulations and rules; and 3) appropriate management of extended overtime. Specifically, MC goes beyond legal requirements in terms of managing overtime hours for non-managers and managers. When employees exceed a certain level of overtime hours, they must submit a health questionnaire and receive health guidance from an occupational physician. As well as using computer logs and objective data to accurately report overtime hours and complying with the Japanese Article 36 Agreement as a matter of course, MC also conducts time management training and other initiatives for managers. While taking into account the differences between specific business environments and industries, MC aims to achieve an average annual paid leave utilization rate of 70% or more, and systematically encourages employees to utilize their annual paid leave. In addition, where certain departments demonstrate a tendency to work overtime frequently, MC will draw up and implement improvement measures on an individual basis and endeavor to prevent overwork, including by reducing excessive overtime. As a result, in FY2022, the annual paid leave utilization rate was 67% while average monthly overtime was 29.9 hours/month (As for FY2021, 55%, 30.4 hours/month). MC is promoting initiatives for each organization and individual to pursue autonomous and flexible work styles, and improve productivity and efficiency whilst also improving results and performance.
MC is creating a working environment that enables its diverse workforce to thrive professionally while fostering an organizational culture in which performance is evaluated fairly based on results.

Initiatives on a Consolidated Basis

Initiatives at Consolidated Group Companies

MC Group companies conduct activities to prevent industrial accidents by formulating response policies, introducing occupational Safety and Health(OSH) management systems* for employees, and taking other appropriate measures based on the nature of the business and context. Out of the MC Group companies that have OSH risks, 99.6% have OSH management systems, and we will inquire about initiatives in our consolidated partner companies.

* Refers to all MC Group companies that have experienced one or more instances of lost time injuries and are working to reduce lost time injuries under their OSH policies. (Results of the FY2021 Sustainability Survey.)

1) Donggi-Senoro LNG Project

MC is one of the largest shareholders of the Donggi-Senoro LNG Project in Indonesia (DSLNG). There are various safety and operational risks associated with the production of liquefied natural gas(LNG). DSLNG recognizes this and considers process safety and occupational safety and health to be of utmost importance. To ensure the safety of workers, DSLNG has implemented a range of measures, including formulating policies on integrated quality management, health, safety, environment, and security along with establishing a Process Safety Management Committee. In addition, DSLNG also provides employees with training on matters such as Permit to Work, process safety management, crisis management, and firefighting measures, and conducts Safety Leadership Workshops in collaboration with contracted companies to further raise safety awareness among staff. Moreover, MC maintains a robust safety framework by conducting regular reviews of and improvements to its safety measures.

(1) Implementation of Audits:
DSLNG conducts Permit to Work Audits and Safety Leadership Conversations (SLC) on a daily basis. Through these audits, checks are conducted on various aspects related to onsite safety, along with ensuring that Permit to Work entries are recorded accurately. In the event that any work safety concerns are identified, DSLNG ensures operations are immediately suspended pending a review.

(2) Examples of Risk Assessments:
A job hazard analysis (JHA) is conducted for the majority of jobs to scope out potential risks, assess their severity, identify possible measures to manage the risks, and determine the overall level of risk. Through this process, DSLNG ensures that jobs are performed in line with adequate safety standards.

2) MC Ferticom Co., Ltd.

As its core safety initiative, MC Ferticom Co., Ltd. implements S・I・GMA (sigma) activities with the aim of improving manufacturing operations.
S = Safety
I = Improvement
GMA= Good Manners
Through these activities, MC is making a concerted effort to raise awareness of safety and improve manufacturing operations. MC Ferticom Co., Ltd. has also acquired the ISO45001 occupational health and safety certification at all of its facilities. As a responsible fertilizer manufacturer, MC will continue to pursue further safety and reliability.

Reference: MC Ferticom Co., Ltd. website (Japanese only) https://www.mcferticom.jp/company/csr/#csrMenu

Status of Acquisition of ISO45001

Main MC Group Companies with ISO 45001 Certification

* The percentage of affiliated companies that have acquired ISO 45001 certification is 9.4% (Sustainability Survey Results for FY2021).

Business Group	Name of Company	Business Activities
Industrial Materials Group	POSCO MC MATERIALS Co.,Ltd.	Manufacturing and sales of needle coke
	Cape Flattery Silica Mines Pty. Ltd.	Mining, Processing and sales of silica sand
Chemicals Solution Group	MC Ferticom Co., Ltd.	Fertilizer production
	Thai Shinkong Industry Corporation Ltd.	Manufacturing and sales of PET resin
Mineral Resources Group	Anglo American Sur S.A.	Copper ore mining, processing and sales
Industrial Infrastructure Group	Chiyoda Corporation	Plant engineering business
	Mitsubishi Electric de Colombia Ltda.	Elevator business (sales and maintenance)
	MITSUBISHI ELEVATOR MALAYSIA SDN. BHD.	Elevator business (sales and maintenance)
	MITSUBISHI ELEVATOR (SINGAPORE) PTE. LTD.	Elevator business (sales and maintenance)
	Mitsubishi Dendai Hong Kong Co., Ltd.	Elevator business (sales and maintenance)
	Mitsubishi Elevator (Thailand) Co., Ltd.	Elevator business (sales and maintenance)
	Mitsubishi Heavy Industries Compressor International Corporation	Production, sale, and servicing of compressors
Automotive & Mobility Group	PT MITSUBISHI MOTORS KRAMA YUDHA INDONESIA	Automobile manufacturing
Food Industry Group	Zhejiang Dalian Marine Foods Co., Ltd.	Import, export, purchase, processing, and sales of marine products
	Cermaq Group AS	Salmon aquaculture business
	Deccan Fine Chemicals (India) Private Limited	Contracted manufacturing of agrochemical intermediates and active ingredients
	OLAM GROUP LIMITED	Production, collection, processing, trade, and port operations for agricultural products
	Princes Limited	Food and beverage production
	Nisshin Foods (Thailand) CO., LTD	Production and sales of instant noodles, etc.
	Foodlink Corporation	Meat trading company
Power Solution Group	N.V. ENECO	Energy supply business

Provision of HSE Information

Since 2002, Nikken Corporation has a regularly-published newsletter called Safety News (in Japanese), which is shared with customers and other stakeholders. MC gathers a range of information including recommendations on how to reduce labor-related accidents as well as methods for how to avoid and prevent HSE incidents based on white papers published by related organizations

Performance Data

Occupational Safety and Health Data (Consolidated and Non-Consolidated Basis)

Occupational Accident Data（Consolidated Basis）

Lost Time Injuries Frequency Rate*
(This data includes subsidiaries and unincorporated joint operations, which contain production business sites)

	FY2020	FY2021	FY2022
① Employees	4.16	3.26	3.87★
② Non-employee workers (Contractors)	1.95	1.14	0.52★
Whole company (①+②)	3.79	2.73	2.75

Lost Time Injuries Frequency Rate*
(This data includes subsidiaries and unincorporated joint operations, any other group companies like affiliates, which contain production business sites)

	FY2020	FY2021	FY2022
① Employees	3.40	2.43	2.77
② Non-employee workers	0.72	0.87	0.48
Whole company (①+②)	2.74	2.03	1.98

* “Frequency rate” refers to the frequency of occupational accidents and is derived from the number of lost time injuries resulting from occupational accidents per 1,000,000 actual working hours.

The number of fatalities and injuries in FY2022 at MC's main businesses (subsidiaries and unincorporated joint operations) with production sites over which MC has control through shareholdings etc. was 1. This number is including fatalities of contractors.

Meanwhile, the frequency rate of occupational accidents at major businesses (including subsidiaries, unincorporated joint operations, affiliates, etc.) with production sites in FY2022 was1.98, which reflects decrease compared with FY2021(2.03), in line with MC's initial target. This was because we made significant progress on reducing injuries(Decreased 11.0% compared with the value of FY2021)at MC's main businesses with production sites based on occupational safety and health management.

The goal of MC Group for FY2023 stands at a lost time injuries frequency rate of 1.98. MC believes it can ultimately reach zero injury accidents (especially zero fatalities) through its progress on achieving goals on occupational safety and health every year.

MC will continue to enhance occupational safety and health on cosolidated basis, with grasping occupational safety insidents at cosolidated basis, and strengthening occupational safety and health management system for MC's main business with relatively high occupational safety and health risks.

【Reference 1】The number of FY2022fatalities and injuries by Business Group (including subsidiaries, unincorporated joint operations)

	FY2022
Industry Digital Transformation Group	0
Natural Gas Group	0
Industrial Materials Group	0
Chemicals Solution Group	0
Mineral Resources Group	0
Industrial Infrastructure Group	0
Automotive & Mobility Group	0
Food Industry Group	1
Consumer Industry Group	0
Power Solution Group	0
Urban Development Group	0
Corporate Staff Section	0
Total	1

【Reference 2】FY2022 Occupational Frequency rate by Business Group (including subsidiaries, unincorporated joint operations, affiliates, etc.)

	FY2022
Industry Digital Transformation Group	0.67
Natural Gas Group	0.06
Industrial Materials Group	1.06
Chemicals Solution Group	4.16
Mineral Resources Group	1.08
Industrial Infrastructure Group	1.78
Automotive & Mobility Group	0.14
Food Industry Group	3.53
Consumer Industry Group	2.52
Power Solution Group	1.10
Urban Development Group	0.10
Corporate Staff Section	0
Total	1.98

Occupational Accidents by Business Group (Consolidated Basis)

MC manages occupational safety and health on a consolidated basis for each Business Group.

Reference: Please refer to "Occupational Accidents by MC Business Group (Consolidated Basis)" for occupational accidents by Business Group and efforts to prevent recurrence.

Occupational Accident Data (Non-Consolidated Basis)

Lost Time Injuries Frequency Rate*1

	FY2020	FY2021	FY2022
① Employees	0.16	0.17	0★
② Non-employee workers (Contractors)	-	0	0★
Whole company (①+②)	0.16	0.15	0

Lost Time Injuries Severity Rate*2

	FY2020	FY2021	FY2022
① Employees	0.00	0.00	0★
② Non-employee workers (Contractors)	-	0	0★
Whole company (①+②)	0.00	0.00	0

Occupational Illness Frequency Rate*3

	FY2020	FY2021	FY2022
① Employees	0	0	0★
② Non-employee workers (Contractors)	-	0	0★
Whole company (①+②)	0	0	0

Employees working at head offices and domestic branches (excluding advisors and contract employees).
Contractors include temporary staff working at head offices and domestic branches.

*1 "Frequency rate" refers to the frequency of occupational accidents and is derived from the number of lost time injuries resulting from occupational accidents per 1,000,000 actual working hours.
"Injuries/ deaths" refers to occupational accidents resulting in both physical injury or loss of physical function as well as one or more days of absence from work.

*2 "Severity rate" refers to the severity level of accidents and represents the total number of lost time injury days/1,000 total actual working hours.

*3 Frequency of industrial accidents classified as work-related illnesses as stipulated by the Japanese Ministry of Health, Labour and Welfare (including fatalities caused by illness).

There have been no fatal accidents at MC during the three-year period stated above.

Comparison with industry average (from the Japanese Ministry of Health, Labour and Welfare's "Survey on Industrial Accidents" for Wholesalers and Retailers with a Business Scale of 100 Employees or More)

	FY2020	FY2021	FY2022
Lost time injuries frequency rate	2.27	2.31	1.98
Workplace accident severity rate	0.11	0.05	0.05

MC's data is comparable to non-consolidated occupational health and safety data only, as it is based on various places of business.

Data Related to Regular Health Checkups (Consolidated and Non-Consolidated Basis)

Health Checkup Rate for Domestic (Japan-Based) MC Group Company Employees (Consolidated Basis)

	FY2020	FY2021	FY2022
Health checkup implementation rate for domestic (Japan-based) employees	100%	100%	100%

Health Checkup Rate for Domestic (Japan-based) Employees (Non-Consolidated Basis)

	FY2020	FY2021	FY2022
Health checkup rate for domestic (Japan-based) employees	100%	100%	100%

Percentage of Annual Paid Leave Taken (Non-Consolidated Basis)

Percentage of Annual Paid Leave Taken (Non-Consolidated Basis)

	FY2020	FY2021	FY2022
Percentage of annual paid leave taken	55%	60%	67%

Other Data

Head Office Clinic Usage

Patients in FY2022: (total no. of people)	Approximately 17,745 people per year (Medical examinations: 5,722; general medical examinations: 10,897; overseas medical consultations, health guidance and others: 1,126)

Health Checkup Results

	FY2020	FY2021	FY2022
Overseas assignees checkup rate	80%	77%	86%
Domesitic assignees checkup rate	84%	84%	90%
Health guidance for employees who meet certain standards based on health checkup results etc. (health guidance for those who received findings in accordance with Article 6 and Paragraph 7 of Japan's Industrial Safety and Health Act)	-	100%	100%

Stress Check Results (Domestic)

	FY2020	FY2021	FY2022	FY2023
Checkup rate	95%	94%	94%	94%

Training and Education Performance

Training Course Title	Theme	Target	Participants
			FY2022
Organizational management training	Lecture on Safety and Health Management by the supervising occupational physician	Team Leaders	96
Health included as a theme in New Manager (M2)	Training introductory seminar	Persons promoted to management positions	151
Intermediate Follow-up Training for new employees	Lecture on stress management	University graduate employees	121
Induction training for mid-career hires	Lecture on stress management	Mid-career hires	42
Instructor training	Lecture on workplace mental health	“Instructor” employees	123
Domestic assignment orientation	Mental health included as theme in lecture on human resources management. Lecture delivered by legal advisor.	Managers sites/companies	150
MC Skill-up Seminar	“Labor law and personnel management” lecture on the basics of labor law and labor management (mental health care, harassment, etc.)	Employees whose work requires it (application basis)	23

Training Course Title	Theme	Target	Participants
			FY2020
Care for subordinates’ mental health during the COVID-19 pandemic (Only implemented in FY2020)	Lecture on “Care for subordinates’ mental health during the COVID-19 pandemic” by supervising occupational physician and in-house licensed psychologist	Management	3,162

Number of Consultations with MC's Mental Health Support Desk

	FY2020	FY2021	FY2022
Number of people receiving consultations	205	263	270
Total number of consultations	1,909	2,431	3116
Number of courses concerning care for subordinates' mental health	(1,276)	(1,592)	(1,687)

Presenteeism

	FY2020	FY2021	FY2022
Respondents	4,520	5,376	5,206
Absolute presenteeism (WHO-HPQ) Note: Out of 100 points	65.9	67.9	69.5
Relative presenteeism (WHO-HPQ) Note: Range of 0.25 to 2	1.09	1.11	1.11

Incidence of Obesity (BMI of 25 or Over)

	FY2020	FY2021	FY2022
Male	30.6%	28.7%	28.9%
Female	9.7%	5.9%	6.3%
Total	23.4%	23.0%	23.3%

Additionally, we collect and analyze data such as medical check-up items and numerical values, as well as questionnaires in order to identify issues and consider response measures.

Other Metrics

	FY2021			FY2022		
	Weight Gain Since Age 20 (*1)	Dietary Risks (*2)	Awareness of Lifestyle Improvement (*3)	Weight Gain Since Age 20 (*1)	Dietary Risks (*2)	Awareness of Lifestyle Improvement (*3)
Male	32.8%	30.7%	55.9%	32.8%	33.7%	52.0%
Female	12.2%	27.3%	39.6%	13.4%	32.9%	35.2%
Total	27.5%	29.9%	51.8%	28.0%	35.5%	47.9%

All data is based on in-house data from MC clinics.

Independent Practitioner’s Assurance

ESG Data marked with a star (★) has received independent practitioner’s assurance from Deloitte Tohmatsu Sustainability Co., Ltd.

Reference: Independent Practitioner’s Assurance Report

Social

Human Resource Development

Policy Targets Structure Initiatives Performance

Policy

Principles of Human Resource Development

MC's basic policy on human resources development (HRD) is to continuously produce “management-minded human capital committed to enhancing business value,” and to ensure the stepwise development of both a strong moral compass and advanced conception and execution skills in all of its people.
MC's off-the-job training (OFF-JT) is designed to equip employees with the necessary knowledge and competencies to sharpen the abovementioned traits at each of their Job Grades and at the right stages of their careers. MC's HR training programs support the career development of all employees throughout the MC Group, including those at MC's parent company, its overseas offices and its group companies in Japan and around the world.

Targets

Priority Targets and Current Status

MC has identified the following three priorities for its efforts to enhance and expand its training systems. With the aim of implementing an HR strategy that responds promptly to management strategies, we will respond to rapid changes in the operating environment, promote the right people to the right positions and strengthen our ability to respond to changes in the environment so that all employees can demonstrate their capabilities.

Reskilling to Adapt to Change: Leadership Development

Through a wide variety of HR development programs, MC is working to update leadership skills in response to changes in the business environment. We will embrace HR diversity to make the most of our diverse and versatile talent pool, and strengthen growth support skills. We believe that employees in Team Leader positions, who serve as a nodal point between management and the workplace, play a particularly important role in realizing a “dynamic, spirited and vibrant organization,” and we hold the MC Leadership Program for newly appointed Team Leaders over three sessions from May to October. We provide content such as leadership development that helps to demonstrate appropriate leadership styles according to each business stage, and organizational development that promotes improvement after visualizing the various situations and issues facing the organization.

Talent Management that Leverages Individuality

MC respects the diverse work styles and values of individuals and are expanding our efforts to support career autonomy, to ensure that our diverse and versatile talent pool feels a sense of satisfaction and pride in their work, and to continue to grow and play an active role while making use of their abilities to the fullest.

Promoting DX

To accelerate DX, we have defined the areas based on “DX Talent Type”, specifically “producers,” “business designers,” and “architects.” We have started offering training in the skills required for each of these areas through the MC DX Advancement Program, an on-demand training program that allows each participant to learn based on their individual level. All executives and employees have begun taking this program in FY2022. In addition, we are working to develop human resources who will lead our DX projects through other training programs, including programming training for those in charge of DX promotion and new business launch, workshops on web service launch, courses for management, , and the Innovators’ Program.

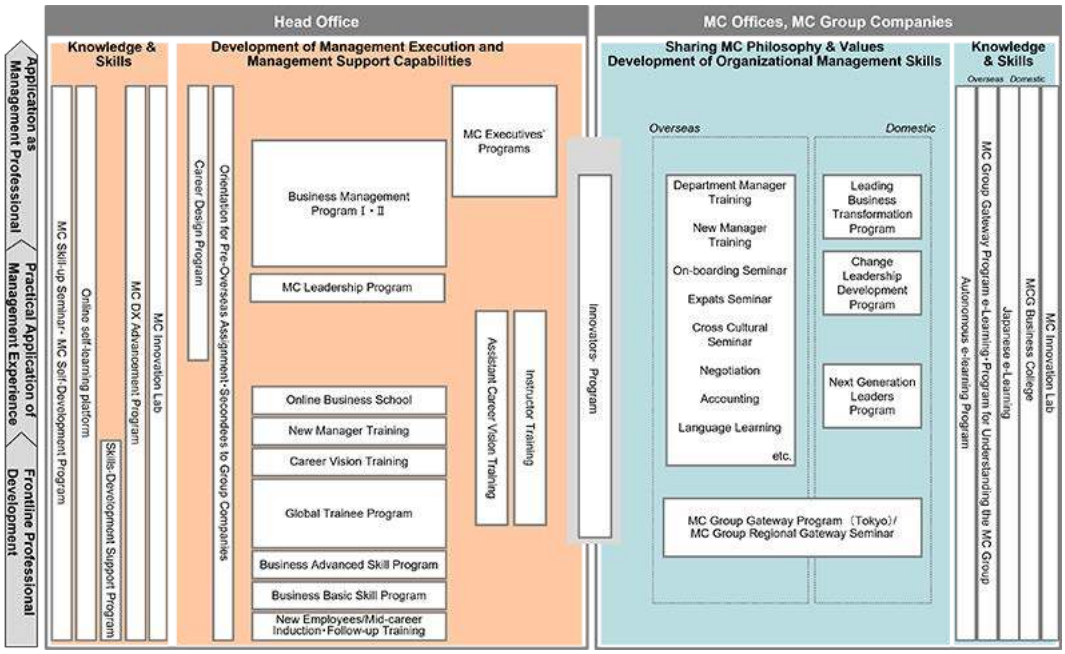
Outcome Metrics

Metric	FY2021 Result	FY2022 Result	FY2023 Target
Total cost of training	1.75 billion yen	2.43 billion yen	2.43 billion yen
Average training hours per person	13.2 hours	21.8 hours	21.8 hours
Percentage of professional staff who have acquired business-level English by the third year of employment	95%	96.2%	96.2%
DX-related training attendance rate	-	About 99.0%	100%

Structure

Officer in Charge	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Human Resources Development (HRD) Committee Important matters related to human resource development deliberated by the HRD Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Global Human Resources Dept.

MC Group HRD Program Structure



Initiatives

Promoting Career Autonomy

We respect the diverse work views and values of individuals and are expanding our efforts to support career autonomy, to ensure that our diverse and versatile talent pool feels a sense of satisfaction and pride in their work, and to continue to grow and play an active role while making use of their abilities to the fullest.

Growth Dialogues

With the goal of increasing the effectiveness of employees' autonomous growth, we conduct annual reviews focusing on employee skill development and career building, and provide opportunities for dialogue with supervisors.

Feedback Supporting Growth

Prior to Growth Dialogues, employees who lead certain organizations undergo a 360-degree management review from their superiors, subordinates, and colleagues, while other employees receive team feedback from their subordinates and colleagues. This provides opportunities for growth support leading to increased awareness and improvement of behavior.

Talent Review Program

MC has established a mechanism to encourage the development of employees' skills and careers through observation and assessment from multiple perspectives by sharing skill growth and career aspirations of employees confirmed through Growth Dialogues with a wider population.

Mechanisms that Encourage Career Autonomy

Based on individual career aspirations along with skills and qualities that employees want to develop in the future, we will promote open recruitment assignments to support the transfer of employees to positions they wish to take on and Dual Career initiatives that provide opportunities for skill acquisition and growth through in-house dual work.

Career Shift Support

Employees turning 50 or 55 are required to take career design training courses as an opportunity to think autonomously about their future life and career, including post-retirement. Furthermore, for those in their late 40s who wish to participate, in addition to career design training, we provide briefings on company schemes as well as financial planning seminars.

Introduction of Human Resource Development Programs

Basic and Specialized Training

When employees first join MC, they participate in training programs designed to equip them with basic business, communication, analytical and management skills. They also work on becoming globally competitive professionals, something that all *sogo shosha* (trading company) employees must aspire to be.

New Employee Training

This training focuses on instilling employees with the knowledge, skills and other qualities required of both working professionals in general and those employed by MC. We also implement programs that contribute to strengthening conceptual abilities for incorporating environmental and societal issues into business.

Business Basic Skill Program and Business Advanced Skill Program

This comprehensive, two-stage training program is designed to strengthen the basic skills of young employees who are in their first three years with MC, covering finance and accounting, bookkeeping, M&A operations, English-language proficiency, leadership and other areas. The first stage is the Business Basic Skill Program (BBS) and the second is the Business Advanced Skill Program (BAS).

Global Trainee Program

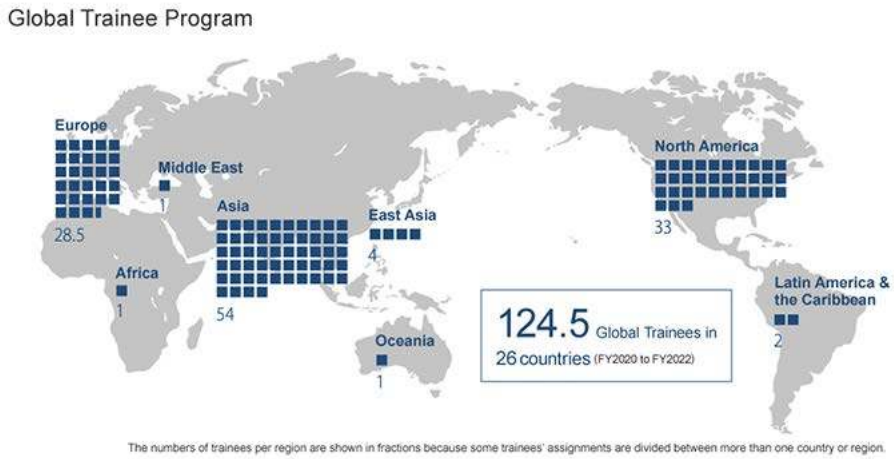
The purpose of this program is to rapidly develop and diversify young employees. To achieve this goal, MC utilizes its overseas assignment system so that all employees will, in principle, be provided with overseas experience at some point during their first eight years of employment. By exploring viewpoints and multifaceted perspectives that they would not encounter in Japan, trainees improve their conceptual capabilities and learn how to cooperate with diverse individuals in order to see a project through to completion.

・Global Trainee Program (OJT)
This program aims to further develop employees as businesspeople by having them experience on-the-job training (OJT) in an environment different to Japan, such as at overseas MC offices or subsidiaries, etc. In order for them to become immersed in the local environment and learn as much as possible about their training country, trainees study the official language of the country both before and during their training.

・Global Trainee Program (Regional)
As business becomes more and more globalized, to develop projects that are deeply rooted in each country/region, it is very important to not only have business skills, but to also have a deep understanding of the respective countries or regions. Starting with acquiring language ability, in order to deepen knowledge about concerned countries and regions, 1.5-2-year language training and OJT is held in various countries, such as Indonesia, Thailand, Vietnam, China, Turkey, Brazil, etc.

・Global Trainee Program (Business Schools)
In order to develop human resources with a grasp of the most up-to-date business management methods and extensive problem-solving abilities, MC dispatches trainees to business schools in Europe, America and Asia. After completing their training, they make use of their newly acquired knowledge and skills by working in various areas, such as contributing to the management of MC subsidiaries, etc.

Assignment of Global Trainees (FY2020~ FY2022)



Leadership

MC offers training programs that are designed to sharpen employees' thinking as managers and equip them with the skills to help grow business value. These programs help to enhance employees' business and digital-strategy conception skills and their HR management skills. Additionally, in line with the new personnel system, which highlights "growth support" for subordinates and colleagues as a key mission for management, MC is developing and expanding training programs aimed at delivering the skills and knowledge necessary for growth support management.

Instructor Training

MC appoints senior employees to act as instructors by giving them the responsibility of training new employees that join their workplace. These instructors are responsible for actively providing guidance on day-to-day operations and instructing and educating employees on the qualities necessary to be an MC employee. We provide instructors with training on how to guide new employees and support their growth so they can demonstrate their abilities immediately and progressively build relationships.

Innovators' Program

Run by MC with the support of professors from institutions including Stanford University this program aims to nurture the conception skills necessary to grow business value. It is a good platform for focused learning around design thinking, and other thought processes that inspire innovation, as well as the background and mechanisms behind the rapid growth of Silicon Valley enterprises.

Online Business School

Designed for employees appointed to management-level, this system enables participants to take online correspondence courses from top overseas universities. Participants are free to choose from a wide range of programs that cover topics such as leadership, strategy, and finance.

Overseas Business Schools

MC dispatches management level employees to short-term programs at top business schools in the US, Europe and Asia. These assignments are designed to build up employees' management skills and networks with other program participants from diverse cultures and industries.

MC Leadership Program

We believe that Team Leader positions, who serve as a nodal point between management and the workplace, play a particularly important role in realizing a "dynamic, spirited and vibrant organization." Designed to equip participants with the leadership know-how and skills in growth-support management, and performance management needed to support subordinates' career growth and otherwise manage organizations, the MC Leadership Program trains approximately 150 newly-posted Team Leaderemployees per year.

Business Management Program

At present, 30% of MC's employees are on secondments to MC's subsidiaries and affiliates, which they are directly engaged in managing. The objective of the Business Management Program is to provide such secondees with the skills they will need in areas such as leadership, diversity management, corporate strategy and governance, and organizational development in order to run organizations and enhance business value.

MC Executives' Program

This program, which targets executive candidates employees, has been running since FY2003. Its core feature is its management-issues workshops, which involve discussions and presentations for VPs and other current executives on a variety of company's management issues. Lively opinion exchanges with the diversely experienced participants, lectures by internal and external business leaders, and other rich content make this program a good opportunity for executive candidates to broaden their perspectives, learn how high-level managers think and network with professionals from all of MC's Business Groups.

Autonomous Learning

To provide employees with more opportunities for proactive learning and self-improvement, and thereby encourage "self-growth," MC continues to enhance and upgrade its independent study programs. We have also introduced the Online Learning Platform that can be accessed by all employees, creating an environment that allows people to freely select and learn from a variety of educational courses. This was done in order to help employees adapt to changes in the business environment, as well as to expand the number of learning opportunities that can be tailored to meet the needs of a diverse array of individuals.

Online Learning Platform

To support the diversification, modernization, and optimization of learning content, as well as the improvement of individual abilities and skills through autonomous learning, MC has introduced a platform that allows students to learn from a wide range of online content. In addition to providing access to approximately 9,500 pieces of online content, this platform also contains over 75videos covering internal topics. A typical employee will watch at least 10 hours of video on this platform every year (based on figures for FY2022).

Career Vision Training

MC utilizes its personnel system and various other means in order to integrate employee development with corporate growth. We recognize that a vital part of employee development is a strong personal desire to achieve autonomous growth, and therefore began providing a Career Vision Training course via e-learning in FY2022 as part of our efforts to support such development. Career Vision Training aims to teach participants how to reflect on their careers in a way that will help them to continue to grow autonomously, visualize their own talents, and produce results by formulating and implementing action plans designed to realize their career visions.

MC Skill-up Seminar

MC offers a number of courses to foster skills and abilities that connect to development of expertise, foresight and execution skills.

MC Self-Development Program

This program is designed to equip employees with useful management, business and language expertise. MC encourages employees to take a selection of designated courses.

Competency Development Support Program

This program encourages self-growth and the kind of commitment to raising business value that is typically demonstrated by those in upper management. MC helps employees to take courses that are considered suitable for those in the "Frontline Professionals" stage of their careers.

DX Reskill Program

To further accelerate DX, MC is rolling out training according to each employee's level so that they can acquire the digital knowledge they need. MC provides opportunities for programming training and web service development workshops for employees in charge of implementing new businesses and DX promotion as well as programs for project managers to understand the entire process of business development and business improvement projects from planning and conception to development. MC also provides a mandatory course aimed at improving IT and digital literacy for all employees, as well as some specific courses tailored to individual levels.

IT and Digital Literacy Courses for All Executives and Employees

MC is working to reskill its human resources in order to enhance their adaptability and DX capabilities. As part of these efforts, the MC DX Advancement Program was recently established to provide all MC executives and employees with the IT and digital literacy skills they need. The program consists of an on-demand training course that allows each participant to learn in a balanced, gradual fashion based on their individual skill level. The MC DX Advancement Program offers approximately 70 hours of lessons spread across 16 courses that cover a wide range of topics, such as data design and DX project management. These courses can be accessed by all MC executives and employees.

IT and Digital Issue Courses for Management

MC provides training courses on DX and IT utilization to its management with the aim of helping them make proper decisions and give appropriate advice to their subordinates. These courses are designed to deepen management’s understanding of a variety of topics, including the leadership characteristics needed in the DX era when introducing new technologies, appropriate communication methods, the timing of decision-making, and points to consider when making decisions.

MC Group Values

To comprehensively strengthen its consolidated workforce of 80,000 global professionals, MC is dedicated to sharing values and building robust networks throughout the MC Group.

MC Group Gateway Program

Since FY2010, the MC Group Gateway Program has been conducted as an orientation program for employees of MC's offices and group companies worldwide. Held in Tokyo in both Japanese and English, the program's objectives are to encourage employees to share MC's corporate principles and values, and to foster a greater understanding of the MC Group. Approximately 4,600 people have participated in the program since its inception. Similar orientation programs to share MC Group values are being held in other regions.

International Transfers

In recent years, we have been transferring more employees hired at MC overseas offices to other countries to meet the growing needs of our global operations. These international transfers provide a wide range of experiences and help to refine employees’ global perspectives. At the same time, they give employees a clearer understanding of the MC Group overall and its corporate policies. MC will therefore continue to promote deployments on a consolidated, global basis, assigning the right people for the right positions.

Performance

Human Resource Development and Training Data

Number of Training Participants (Non-Consolidated Basis)

Program Name	Eligible Employees	FY2020	FY2021	FY2022
Business Basic Skill Program	1st or 2nd year employees	124	128	137
Business Advanced Skill Program	3rd year employees	121	114	124
MC Executives' Program	Managing Director class employees	28	29	29

Overview of MC's Training (Non-Consolidated Basis)

	FY2020	FY2021	FY2022
No. of training participants per year ＊1	4,541	3,915	10,988
Total annual training hours	Approx. 92,000	Approx. 74,000	Approx. 118,000
Annual training hours per employee ＊2	16.0	13.2	21.8
Total cost of training ＊3	1.63 billion yen	1.75billion yen	2.42 billion yen
Cost per employee ＊4	286,000 yen	316,000 yen	445,000 yen

＊1 Training programs run by the Global HR Dept. at the Head Office.

＊2 Total annual training hours divided by the total number of employees.

＊3 Total cost includes internal development costs and billings for training related services, etc. from outside entities.

＊4 Total cost of training divided by the total number of employees.

Number of participants & training hours for each training program (excerpt from some training programs organized by the Global HR Dept. at Head Office, FY2022)

Program Name	Eligible Employees	No. of Participants	Training Hours
Business Management Program Ⅰ	Employees involved in business management at domestic and overseas MC Group companies	70	15.0
Business Management Program Ⅱ	Employees involved in business management as executives at domestic and overseas MC Group companies	36	18.5
Innovators' Program	Employees expected to be responsible for business conception, digital strategy, new business planning, etc.	92	77.0
MC Leadership Program	Newly appointed heads of internal organizations (Team Leaders, etc.)	122	43.5
Online Business School	Employees promoted to a management-level position	147	Average 41.2
New Manager Training	Employees promoted to a management-level position	151	36.5
Instructor Training	Instructors (mentors for new employees)	141	17.0
Career Vision Training	6th year employees	107	10.0
Business Advanced Skill Program	3rd year employees	124	73.0
New Employee Training	1st year employees	121	184.5
Career Design	Employees over 48 years of age	1,646	19.0 ＊1
Assistant Career Vision Training	Secretarial Staff	239	24.5
Online self-learning platform (Udemy)	All employees	5,596registered members	Average viewing time 10.4hours
MC Skill-up Seminar	All employees (free to apply for each course)	639	Average 5.9hours ＊2

＊1 Typical hours for employees in general management-level positions.

＊2 Average time for all 21courses.

Social

Customer Responsibility

Policy Targets Initiatives Participation in External Initiatives

Policy

Responsible Advertising and Marketing

MC engages in responsible advertising and marketing in line with the Three Corporate Principles, MC's core philosophy, as well as with the Corporate Standards of Conduct, the Social Charter and the Code of Conduct. Through its corporate communications activities, MC strives to raise its brand value by conveying accurate information to the public while at the same time receiving feedback from external stakeholders with humility and incorporating it into business activities.

Advertising

In order to present a consistent corporate image to customers and conduct advertising and promotional activities with the appropriate messaging, content and media, MC has developed a set of internal rules, guidelines and manuals that include specific considerations and stipulate approval and reporting procedures and other important matters. In particular, we take adequate precaution with respect to slanderous or discriminatory expressions, religious and political creeds, the environment, third-party privacy, confidentiality, disclosure and intellectual property rights. We have also created manuals for MC Group companies to ensure consistency across the Group.

Marketing

MC engages in responsible marketing in a manner that respects third parties and their reputation. We use information and language that is easy to understand and make sure to avoid any potential for misunderstandings with our customers. This is accomplished by complying with laws and regulations related to marketing (such as the Japanese Unfair Competition Prevention Act), formulating and complying with internal rules, and conducting training, etc.

Policy and Approach Related to Food Products Businesses

While the MC Group conducts business in a variety of areas, the food products business is most directly connected to consumers. The products we handle also cover a broad range and include processed foods, fresh foods, and beverages. For this business, we have established value chains that cover activities ranging from raw material procurement and processing to product manufacturing, distribution and retail. MC aims to meet the needs of an increasingly diverse and sophisticated consumer group and to respond to mounting concerns over food safety and security. As we develop businesses closely connected to people's daily lives, it is essential for the growth of the MC Group that we provide products and services that add value for our consumers and that we obtain feedback directly from consumers through our retail businesses including MC consolidated subsidiary Lawson, Inc. Consumer feedback is reflected back into our raw material procurement and processing, product manufacturing and distribution. Through this process, MC is optimizing and driving forward its businesses with a "consumer-first" mindset. In promoting consumer-related businesses, MC recognizes the issues involved (see below) and will conduct initiatives to prevent the occurrence of incidents and to mitigate their impacts.

- Ensuring food safety
- Ensuring reliability and proper provision of food (providing information on allergens, preventing provision of alcohol to minors, etc.)
- Appropriate handling of customers' personal data

Access to Better Nutrition and Medical Care

The MC Group conducts business activities globally which involve providing consumers with food products and medical services. From upstream raw material procurement to downstream retail, we provide a stable supply of products and services that meet consumer needs in order to help them lead rich and varied lives. With a mission of conducting business activities closely connected to food and medicine, MC strives to ensure safety and security for consumers, thereby providing value that meets social requirements while also contributing to improved access to better nutrition and medical care.

Policy and Approach for Access to Better Nutrition

In emerging countries, nutrient imbalances caused by lifestyle changes, increasing obesity, other lifestyle-related diseases and lower nutrient intake due to eating difficulties caused by aging have all become broad social issues. In emerging countries, hunger and malnutrition brought on by poverty and other conditions are widespread. At the same time, people are becoming more health-conscious. Each of these trends has the potential to create new markets and generate business opportunities, especially in emerging countries. The MC Group recognizes these social issues, and by leveraging the strength of our value chains which range from raw materials to retail as well as our technical capacities in the food science business, we will work to improve, for example, nutrition for elderly people who are nutrient deficient, etc., and to develop and provide nutritious products that meet consumer needs. Furthermore, we will strive to maintain a stable supply of products to prevent consumers from being negatively impacted by supply disruptions.

Policy and Approach to Providing Access to Better Medical Care

The MC Group is undertaking healthcare-related businesses through its Consumer Industry Group. In Japan, one pressing issue is that government finances are being strained by worsening business conditions faced by medical institutions and burgeoning social insurance costs, which in turn reflect the aging population and growing medical expenditures. Meanwhile, in emerging countries, many people lack access to high-quality medical services due to underdeveloped healthcare environments and systems. Leveraging the knowledge and networks developed through its healthcare-related businesses over many years, the MC Group is working to address various healthcare issues arising worldwide, with the aim of realizing a society with improved access to better healthcare.

Lawson, Inc. Initiatives

Sale of Alcohol

Lawson, Inc., an MC consolidated subsidiary, maintains non-alcohol sales areas and develops and sells products aimed at eliminating the consumption of high-alcohol beverages in order to reduce the health risks caused by drinking and other lifestyle-related factors. The Ministry of Health, Labor and Welfare's (MHLW) guidelines define "alcohol consumption that increases the risk of lifestyle-related diseases" as a daily net alcohol intake of 40 g or more for men and 20 g or more for women. To keep alcohol intake to 20 g or less, the alcohol content of 350 ml cans, which is the standard size for canned “chuhai,” must be below 7%, and the alcohol content of 500 ml cans of beer, often purchased at convenience stores, must be below 5%.
Lawson develops and sells original “chuhai” and beer with the highest priority on taste rather than high alcohol content in accordance with the MHLW guidelines. Lawson is not only working on the quantity of alcohol but also on improving the quality of alcohol by reducing nonvolatile substances.

Advertising, Marketing and Labeling Guidelines

MC consolidated subsidiary Lawson, Inc. is characterized by its great variety of products and services it offers, which at the same time means that it must adhere to laws as well as both anticipate and respond to risks. Lawson’s “Basic Policy for Improvement of Internal Control Systems” has been established to strive for healthy, continuous growth with these business characteristics. Japanese consumer laws (such as the Food Labeling Act, the Food Sanitation Act and the Health Promotion Act) are held as important laws that need especially to be followed as common knowledge in order to reliably improve systems to ensure Lawson’s indispensable product safety and security, as well as to maintain consumer trust. Thus, Lawson attaches labels to its original lunchboxes and prepared foods in compliance with the Food Labeling Act indicating the product name, expiration date, ingredients, etc.
Moreover, the Intellectual Property Act and other laws are taken into consideration in order to further strengthen Lawson’s label-checking system so as not to violate the intellectual property rights (trademark rights, copyrights, etc.) of others when creating promotional materials.

Furthermore, Lawson publishes information about these in its Integrated Reports.

Employee Training for Compliance

MC consolidated subsidiary Lawson, Inc. conducts compliance and risk management training for all employees every year and aims for further improvement of ethical awareness and crisis-response capability. Compliance is also included in the training when employees join Lawson or are promoted to managerial positions, training by job category, as well as management training. Moreover, by revising the content of this training in accordance with changes in the status of risks, Lawson is working to improve operations by having employees in all positions and job categories share their problems.

Furthermore, Lawson publishes information about the aforementioned on its homepage.

Mitsubishi Shokuhin Co., Ltd. Initiatives

Sale of Alcohol

MC consolidated subsidiary Mitsubishi Shokuhin Co., Ltd. engages proactively in the sale of non-alcoholic beverages in its wholesale operations in order to reduce the harmful effects of excessive alcohol consumption.

Advertising, Marketing and Labeling Guidelines for Processed Foods; Employee Compliance Training

In addition to upholding advertising guidelines, Mitsubishi Shokuhin conducts employee training on the relevant Food Labeling Act and Act Against Unjustifiable Premiums and Misleading Representations every year.

Quality Management

MC is a member of the Japan Food Safety Management Association and collects information on Quality Management System (QMS) and the Food Safety Management System (FSMS) to use when providing guidance to contracted manufacturing companies.

Targets

MC's goal in the life sciences field is to become the world's leading company in the field. We will achieve this by sustaining growth and establishing a robust presence in the food and health sector by further developing the Japanese domestic market through strategic investment and innovative R&D based on our technical capacities, as well as through the provision of safe and reliable products.

Initiatives

Initiatives on a Non-Consolidated Basis

Corporate Website and Corporate Brochure

Given the global presence of the MC Group, MC discloses information through its corporate websites in seven languages＊ (Japanese, English, Chinese, Portuguese, French, Russian and Korean), and annually releases its corporate brochure in six languages (Japanese, English, Chinese, French, Russian, and Spanish). The goal is to ensure accurate information disclosure to audiences around the world.

＊ Including websites of overseas subsidiaries

System for Responding to Inquiries

MC has created a Frequently Asked Questions (FAQ) page on its corporate website, and strives to respond to inquiries as quickly as possible. In addition, the relevant divisions promptly address customer inquiries via the Head Office's main telephone line.

Initiatives in the Food Science Business

Initiatives by Mitsubishi Corporation Life Sciences Limited

Mitsubishi Corporation Life Sciences Limited develops seasonings, food-quality-improvement ingredients, and health food ingredients utilizing the power of microorganisms, primarily yeast. It uses yeast extracts to offer low-sodium seasoning alternatives and is also developing them as supplement ingredients for the health and beauty fields. Moreover, in the medical and nursing care sectors, MC is proposing solutions to the issues affecting the elderly - such as difficulties in swallowing, aspiration pneumonia, and nutritional deficiencies - through improved food texture formulations and thickening agents, protein food formulations, sweeteners, etc. MC also proposes materials and applications for plant-based foods, and develops and sells materials that make effective use of unused resources.

In this way, the MC Group will continue to develop safe and secure foods in the medical, nursing, and healthcare fields, thereby contributing to the betterment of society.

Response to Issues Related to the Food Products Business

In the food-related business, which is directly linked to consumers, the MC Group is working to address various related challenges through its business.

Cermaq Initiatives

Cermaq, an MC subsidiary, considers the provision of healthy and sustainable food to be its core mission. A salmon producer, Cermaq has the ambition to produce healthy and nutritious food to a growing world population and play a role in improving the global food system by engaging in multi-stakeholder partnerships. Farmed salmon is one of the richest sources of omega-3 fatty acids, which are fundamental for the formation and functionality of the nervous system and known to help lower the risk of cardiovascular diseaseIt . It is also a sustainable food product, with a low carbon footprint and an efficient feed conversion ratio compared to other animal proteins. Cermaq considers salmon farming as part of the solution to solving the world's food needs and engages actively in partnerships to build best practice and share knowledge across the food industry.

Reference: Cermaq website
https://www.cermaq.com/sustainability/sustainability-reports

Lawson, Inc. Initiatives

Lawson, Inc., an MC consolidated subsidiary, manages and operates convenience stores. Lawson is closely connected to consumers within the food products value chain, and conducts the following initiatives.

1) Promoting long-term health

Lawson is committed to supporting healthy and long-lived lifestyles, something which is possible because it is a convenience store that is aspires to be is '"close"' to its customers, and makes them feel confident in the knowledge that there is always a Lawson nearby. Lawson has introduced a "Meal Solutions" initiative which aims to provide healthy everyday food. This initiative offers a wide range of meals, makes these meals convenient to purchase, and takes into account health considerations. Thus, it is highly rated by consumers who want not only quick and easy meals but also to pursue or maintain a healthy diet. Additionally, Lawson offers "self-medication support" towards those who are concerned about their own health in order to help customers maintain good health by offering consultation services.

Lawson Yushima Ekimae Store (Bunkyo, Tokyo)
A model shop with the optimal balance between
a convenience store and a drugstore
(Picture from the time of opening)

Reference: Lawson website (Japanese only)
https://www.lawson.co.jp/company/activity/social/consumer/health/

2) Materials procurement and quality management

Lawson's subsidiary SCI, Inc. oversees Lawson's supply chain management and is responsible for supplying original products that are also safe and reliable. SCI conducts rigorous quality assessments, and in procuring raw materials only selects products that have passed a stringent screening process based on Lawson's quality control standards. In the product manufacturing process, for example at plants that produce rice products, a unique system for food sanitation management that includes a recommendation to obtain JFS-B certification, a Hazard Analysis and Critical Control Point (HAACP) standard originating in Japan, has been established to prevent incidents involving food poisoning or contamination. In this way, Lawson procures safe raw materials and carries out rigorous quality control to prevent any negative health impacts on consumers. Furthermore, Lawson has established the "Lawson Farm" project, which provides stable supplies of fresh fruits and vegetables that are safe, reliable and high quality to stores in the Lawson Group. As of January 31, 2023, there are 16 LAWSON Farms in Japan, all of which are working to acquire JGAP and ASIAGAP＊ certification.

Reference: Lawson website (Japanese only)
https://www.lawson.co.jp/company/activity/lawsonfarm/

＊ GAP: Good Agricultural Practice
LAWSON Farms will acquire regular Japanese JGAP and international-standard ASIAGAP

3) Clarification of product information

Lawson's products are labeled with food labels in compliance with the law. Additionally, Lawson lists boxed lunches, rice balls, sandwiches, cooked noodles, prepared foods, and fast-food items containing allergens on its website. The labeling information is checked internally and by external organizations to ensure customer safety.

4) Preventing the sale of alcohol and tobacco products to persons under 20 years of age

In order to prevent the sale of alcoholic beverages and cigarettes to those under 20 years of age (the legal age for drinking and smoking in Japan), Lawson displays a notice on the screen visible to customers on the point of sale (POS) cash register explaining that the sale of alcoholic beverages and cigarettes to those under 20 years of age is prohibited. At the POS, customers who appear to be under 20 years of age are asked to confirm their age with an ID card. In addition to providing regular training for store employees, Lawson displays posters and makes in-store announcements to encourage understanding and cooperation from customers.

5) Safety Station activities

From crime prevention and disaster preparedness to safety measures and children's health initiatives, there is an ever-increasing expectation for convenience stores to play a broader role in society. To meet these expectations, the Lawson Group participates in the Safety Station activities of the Japan Franchise Association, helping to build safe and secure communities and promoting healthy environments for young people. Lawson also implements anti-crime measures to combat theft and other crimes, while also supporting women and children who seek safe harbor in-store.

〈Examples of Safety Station Activities〉

- Preventing bank transfer scams
  Examples include a member of staff preventing a bank transfer scam when noticing suspicious behavior by a customer using an in-store ATM machine, and another staff member questioning the intentions of a customer wanting to send money, thereby preventing a potential refund scam.
- Caring for people with sudden illnesses and senior citizens
  Examples include administering first aid to a customer who had sudden pain while shopping and accompanying that customer to the hospital, and escorting an elderly customer believed to have dementia back home due to sudden memory loss. An increasing number of stores are able to provide this kind of assistance to customers in need of help.
- Supporting local crime prevention and disaster preparedness activities
  Lawson conducts presentations at elementary schools near its stores on measures it takes to prevent shoplifting and other crimes. Staff members also act as youth guidance personnel and regularly patrol the streets near middle schools, helping to prevent anti-social behavior. Through such activities, Lawson is contributing to the creation of safe communities and healthy environments for young people.

Reference: Lawson website (Japanese only)
https://www.lawson.co.jp/company/activity/social/community/safetystation/

Appropriate Food Labeling Initiatives

When people with food allergies consume an allergen it can trigger anaphylaxis. Similarly, consuming large quantities of certain substances can potentially damage one's health. To prevent such problems, the MC Group strives to label its food products in a way that is easy to understand in accordance with applicable laws and regulations. To ensure that consumers understand product characteristics and are in a position to make appropriate purchasing decisions based on health and other factors, Mitsubishi Shokuhin Co., Ltd., Lawson, Inc. and other MC Group companies make it a top priority to comply with laws and regulations such as Japan's Food Labeling Act. These companies provide information which is easy to understand from the consumer standpoint such as quality labeling, warnings related to alcoholism, acute alcohol poisoning, and underage drinking, as well as clear allergen warnings.

Nutritious Product Initiatives

Lawson, Inc. Initiatives

Offering low-carbohydrate/high protein/fiber-rich bakery products and nutritionally-balanced Natural Lawson brand products

Lawson, an MC subsidiary, offers health-conscious products such as Bran Bread, which is low-carbohydrate, and bakery products made using pearl barley, which contains a lot of nutritional components such as dietary fiber.
In addition, the Natural Lawson brand, which focuses on raw materials with the theme of beauty and health, not only allows customers to enjoy the original taste of the ingredients, but also develops unique products such as confectionery, rice balls, and salads to support their healthy lifestyles.

Reference: Lawson website (Japanese only)
https://www.lawson.co.jp/company/activity/social/consumer/health/

Mitsubishi Shokuhin Co., Ltd. Initiatives

In addition to striving for nutrition information labels that are easy for consumers to understand, Mitsubishi Shokuhin is also working to develop health-conscious Karada Shift products.

Reference: About Karada Shift: https://karadashift.jp/ (in Japanese)

Initiatives for Better Access to Medical Care

As a company engaged in the healthcare sector, MC is involved in the following initiatives with its Group companies to help provide people in Japan and around the world with better access to healthcare.

Stabilizing Medical Care in Japan and Raising the Elderly's Quality of Life

MC Healthcare Holdings, Inc., a MC consolidated subsidiary in Japan, is contributing to the improvement of hospital operations as well as the enhancement and stability of domestic medical systems through procurement and inventory control of medical supplies and equipment, group purchasing and system installation support. MC Healthcare is also applying its experience and expertise in the rapidly growing Chinese market. Nippon Care Supply Co., Ltd. is a pioneering provider of rental welfare equipment and in-home nursing care services. In order to raise the quality of life of the elderly and enable them to continue living independently in their accustomed area, Nippon Care Supply conducts its core business of renting welfare equipment as well as other businesses including providing meals to day service facilities and other institutions. In doing so, Nippon Care Supply is contributing towards a healthy longevity society where all senior citizens can live comfortably and with peace of mind.

Access to Medical Care in Local Communities

As a convenience store closely connected to consumers, Lawson, Inc., an MC consolidated subsidiary, is focusing on the sale of pharmaceutical products in order to provide convenience to customers in an aging society and to curb national healthcare costs. In regard to pharmacy services provided under health insurance, since 2003 we have been working on the development of stores with drug dispensing pharmacies on the premises with the aim of creating community pharmacies. In addition, from the perspective of promoting self-medication, we have been fostering alliances with drug dispensing pharmacies and drugstore chains throughout Japan, and handling over-the-counter medicine (non-prescription drugs) in our stores. In addition, as a Lawson exclusive initiative based on "community," some of our stores offer onsite health checkups and machikado (street corner) community health consultations. In cooperation with local governments, health checkupscheck-ups and consultations, which were previously conducted at government offices and community centers, are now available at convenience stores, a more familiar and accessible location for residents.

Reference: Lawson website (Japanese only)
https://www.lawson.co.jp/company/activity/social/community/safetystation/

Participation in External Initiatives

Cermaq, an MC subsidiary, engages in external sustainability initiatives in line with its strategy, which emphasizes partnerships to find solutions for salmon and seafood sector inline related to the UN Sustainable Development Goals (SDGs). In particular, three goals have been identified as high priority for Cermaq, including Goal 2: Zero Hunger, Goal 13: Climate Action, and Goal 14: Life Below Water. Cermaq engages in industry and multi-stakeholder initiatives to find solutions, on different levels.

Examples of initiatives include:

Salmon Aquaculture Industry - Global Salmon Initiative (GSI)

GSI is a leadership initiative established by global farmed salmon producers. It seeks to provide a highly sustainable source of healthy protein to feed a growing global population, in tandem with minimizing the environmental footprint, and continuing to improve the industry's contributions to society.

Seafood Industry - SeaBOS

Seafood Business for Ocean Stewardship. Established in 2016 by nine of the world's largest seafood companies (including Cermaq, Thai Union, Nissui, Maruha Nichiro, and Mowi) working together with leading scientists across disciplines and universities, to explore transformative risks and opportunities to promote sustainable seafood operations and ensure a healthy ocean.

UN Global Compact - Ocean Stewardship Coalition

Cermaq has been a Global Compact member since 2011 aligning with their strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and actions that advance societal goals.

Reference: Cermaq's Corporate Website

Social

Community

Policy Structure Corporate Philanthropy Activities Examples of Initiatives Other Reference Data

Policy

Basic Approach

One of MC's Materialities is "Addressing Regional Issues and Growing Together with Local Communities," through which MC strives to contribute to regional development through its business and corporate philanthropy initiatives and grow together with the regions and communities where it operates.

Policy on Community Investment

In identifying "Addressing Regional Issues and Growing Together with Local Communities" as one of its Materialities, MC recognizes the value of building relationships with communities for the success of its businesses. Furthermore, by growing together with communities through job creation, promoting community development and procuring raw materials from local communities, MC also strives to minimize negative impacts. Growing together with local communities is equally as important as advancing MC's businesses and generating financial return. This represents the true spirit of MC, which seeks to simultaneously generate economic, environmental, and societal value.

Policy on Local Employment and Procurement

MC appreciates that local employment and procurement have an important role to play in building positive relationships with and contributing to the sustainable development of the countries and regions in which it operates (as outlined in ISO26000, etc.). MC understands that hiring employees and procuring goods and services from the local areas near to project operations contributes to the sustainable development of the region through local human resource development and through social and economic growth. As a company with business operations in many countries and regions across the globe, MC will endeavor to make economic contributions through its business by way of local employment and procurement, as well as social contributions through various philanthropic efforts, with the aim of growing together with local communities.

Policy on Mine/Site Decommissioning

MC believes in the importance of minimizing impact on the environment and society when carrying out decommissioning for mining and for oil and gas projects. When carrying out these projects, in order to ensure that measures for future decommissioning are undertaken smoothly and appropriately, MC will, from initial project planning through to operation, carry out environmental impact assessments in accordance with the laws of the countries and regions in which it operates as well as with international principles*. In addition, MC will engage in dialogue with governments, local communities and other stakeholders in order to develop appropriate decommissioning plans and implement necessary measures such as rehabilitation in order to minimize impact on the environment and communities.

* The ICMM (International Council on Mining & Metals) 10 Principles, etc.

Structure

Officers in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Sustainability & CSR Committee Important matters related to communities deliberated by the Sustainability & CSR Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Departments in Charge	Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

Risk Management

When reviewing and making decisions on loan and investment proposals, MC not only takes economic factors into consideration, but also places importance on ESG as well. We also take into account revitalization of the local society and economy, the status of the surroundings such as indigenous people and cultural assets, and related factors. Besides screening new investment and exit proposals, MC also strives to make improvements to existing business investments by monitoring their management practices.

Corporate Philanthropy Activities

In keeping with our belief that MC's sustainable growth cannot be achieved without realizing a sustainable society, we address our Materiality through both business and philanthropic activities. MC engages in philanthropic activities that are in line with three overarching themes: "Realizing an Inclusive Society," "Empowering the Next Generation" and "Conserving the Environment." In addition, MC also provides support for regions affected by natural disasters, which includes recovery efforts for the Great East Japan Earthquake. Each of our philanthropic activities is conducted with a focus on long-running initiatives in which our employees can voluntarily take part and which highlight and respect the unique strengths of our company. These contribute to MC's overall pursuit of businesses that generate value for societies.

Employee Volunteer Activities

MC places great emphasis on deepening employee awareness of the importance of giving back to society. We therefore have taken steps to encourage employee participation in volunteer activities, for example, by establishing a volunteer leave system and by holding in-house volunteer programs during lunch hours. In addition, MC launched a series of relief activities in the immediate aftermath of the Great East Japan Earthquake in 2011, and as of March 31, 2021, a total of 4,958 employees had participated in those activities as volunteers.

Volunteer Token System/Volunteer Leave System

MC donates to NPOs, foundations and other organizations that engage in public welfare, educational and environmental initiatives based on a virtual token system. Employees earn tokens by participating in volunteer activities, with each token worth a corporate donation of ¥500. Tokens are awarded not only for volunteer work organized by MC, but also for activities undertaken independently by employees during their private time outside of work. Employees can take up to five days of leave each year to participate in volunteer activities, not only for MC-organized activities, but also for personal activities outside of the Company.

DREAM AS ONE.

MC launched the DREAM AS ONE. Project in 2014 in order to enhance a long-running program aimed at making sports more accessible for people with impairments. During FY2023, roughly 17 different events were conducted, including sports classes for children with impairments, para-sports classes with para-athletes. In addition, currently MC employs six para-athletes and also provided a scholarships to 8 student(A total of 10 students) para-athlete, all of whom are continuing their activities to pursue their dreams. Furthermore, as a new initiative, MC will become a co-creation partner of the Next Para-Athlete Scholarship(NPAS) program, a scholarship sponsered by the Paralympians Association of Japan, to provide programs that contribute to personal growth and improvements in athletic performance. We also actively hold classes with para-athletes on para-sports and increase understanding of impairments at elementary, junior and senior high schools as well as local governments across Japan.

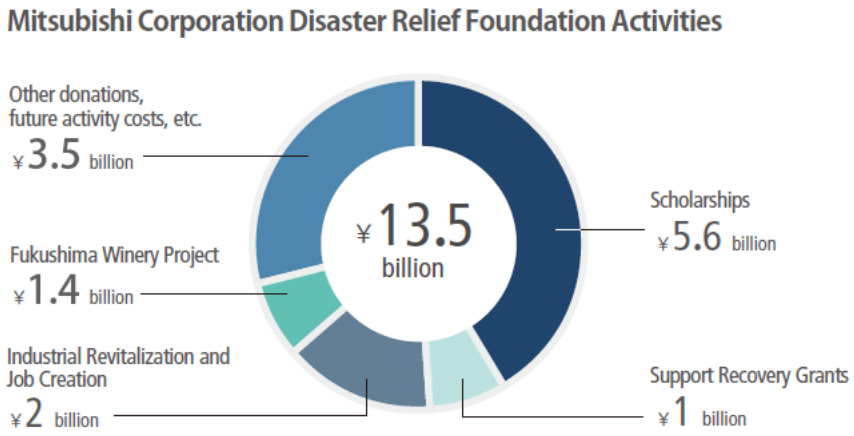
MC employee and athlete Mr. Takahashi at a seminar event

Support through Charitable Foundations

Foundations and Funds	Activities	Year of Establishment and Paid-in Capital (Cumulative)
Mitsubishi Corporation Disaster Relief Foundation	The Mitsubishi Corporation Disaster Relief Foundation promotes recovery activities in areas affected by the Great East Japan Earthquake through provision of scholarships and grants, as well as industry revitalization and job creation.	Established in 2012 Approximately JPY13.5 billion (Including donations through the Mitsubishi Corporation East Japan Earthquake Recovery Fund)
Mitsubishi Corporation Foundation for the Americas (MCFA)	The MCFA supports NGOs and other organizations engaged in ecosystem preservation, sustainable development, environmental justice, and environmental education in the Americas.	Established in 1991 Approximately USD13 million
Mitsubishi Corporation Fund for Europe and Africa (MCFEA)	The MCFEA supports NGOs and other organizations involved in environmental conservation, related research and education, and poverty alleviation in Europe and Africa.	Established in 1992 Approximately GBP6 million

Mitsubishi Corporation Disaster Relief Foundation

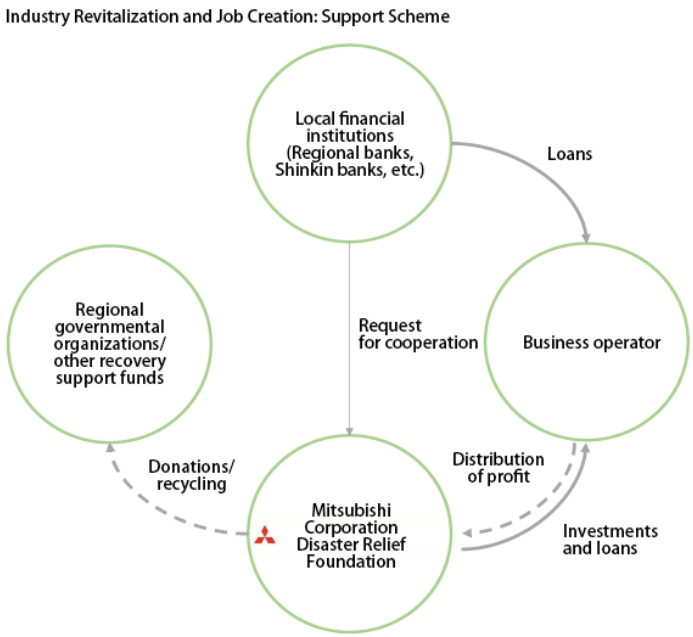
MC created a ¥10 billion fund to provide financial support to reconstruction activities during the first four years following the Great East Japan Earthquake, and has undertaken a variety of activities in line with the local needs and conditions in affected areas. In spring 2012, we established the Mitsubishi Corporation Disaster Relief Foundation, which took over the scholarship program (now concluded) and support recovery grants from the original fund while also working to support industrial revitalization and job creation in the affected areas. During FY2015, MC decided to donate an additional ¥3.5 billion to fund additional activities. We are continuing our original initiatives and pursuing new projects such as our Fukushima Winery Project, which offers support for the fruit farming industry in Koriyama City, Fukushima Prefecture, through an innovative, vertically integrated business model.



* Total financial amounts including the activities of the Mitsubishi Corporation East Japan Earthquake Recovery Fund

Investing in the Future of the Areas Affected by the Disaster

MC's activities in the fields of industry revitalization and job creation involve providing financial support (investment and loans). This money must be repaid; an obligation that creates an appropriate sense of urgency which we believe contributes to business continuity. However, a key difference of this system from ordinary financing is that payment for the principal and interest is not paid for up to 10 years until the business gets on track. If the business starts to make a profit, MC receives a portion as a distribution of profits. This profit distribution is not retained in the foundation, but is instead donated to regional governmental organizations and other recovery support funds in line with our Basic Policy, so that it can be reused for activities to support the recovery of areas impacted by the disaster. By establishing a system to recirculate the recovery funds, MC is promoting further progress towards independence for the regional economies.



The Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Fund for Europe and Africa (MCFEA)

Through the Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Fund for Europe and Africa (MCFEA), MC supports a wide range of initiatives focusing on environmental conservation, environmental education and research, and poverty alleviation. The MCFA is a foundation that seeks to address environmental and societal issues in the Americas. It provides support to NGOs and others engaged in activities related to conservation of biodiversity, sustainable development, environmental justice, and environmental education. Since its establishment in 1991, the MCFA has spent approximately US$13 million. One project supported to date is the Amazon Waters Initiative run by US-based Wildlife Conservation Society (WCS), which has seen improvements in fisheries and has strengthened wildlife habitat management and monitoring in the Amazon River basin, as well as climate change-related research activities. The MCFEA is a fund that seeks to address environmental and societal issues in developing countries in Europe and Africa. The MCFEA supports NGOs and others engaged in activities related to environmental conservation, environmental education and research, and poverty alleviation. Since its establishment in 1992, the MCFEA has spent approximately GBP 6 million. Currently, the MCFEA supports initiatives including a sustainable cocoa farming project by Rainforest Alliance in the Ivory Coast.

Areas covered by WCS's Amazon Waters Initiative
©Wildlife Conservation Society

Reference: For further details, please refer to MC's Corporate Philanthropy website.
http://www.mitsubishicorp.com/jp/en/csr/contribution/

MC's Study Abroad Scholarship for High School Students

MC has supported an annual study abroad scholarship program for high school students through AFS Japan since FY2019. This program is based on a curriculum where students attend school and stay with host families for approximately 10 months. The goal is for students to deepen their cross-cultural understanding and develop appreciation and empathy for others. Through the scholarship, MC aim to open doors to high school students from all over the country who are interested in studying abroad but are unable to do so due to financial circumstances, and also to nurture future global talent. We offered 20 scholarships in the first year of the program, which has since expanded to 70 in 2024.

Send-off party of MC Overseas Study Scholarship
for High School Students

Examples of Initiatives

Urban Management and Urban Development Projects to Enhance Urban Value in Indonesia

MC is exploring an urban management project and promoting a large-scale urban development project in collaboration with Sinar Mas Land (SML), one of the largest real estate developers in Indonesia.

MC signed an MOU with SML in March 2020, initiating a joint execution of urban management as well as the implementation of smart and digital solutions (urban services) in BSD City (6,000 hectares). This partnership between MC and SML aims to implement urban services throughout BSD City, including an AI/IoT data platform, city portal, mobility, and energy-related content, in collaboration with various MC Group companies and partners across different business sectors.

After the signing of the MOU, we initiated the first trial operation of autonomous electric vehicles (AEVs) in Indonesia, followed by the sharing service experiment designed to promote a shift in behaviour from “owning” to ”renting”. Furthermore, we have recently embarked on another experiment involving a mobile convenience store operated by electric vehicle. Through these initiatives, we have been actively exploring different city service experiments and implementations aimed at addressing social issues while promoting city sustainability.

At the same time, in the same city, MC is working with SML on a large-scale development. This project is the first transit-oriented development* in Indonesia, and it will develop a smart city that combines urban functions such as residential units, commercial properties, schools, hospitals, parks, and public transportation nodes on a new development site of over 100 hectares.

By encouraging a modal shift towards expanding and promoting the use of public transport, we aim to contribute not only to the economy, but also to society and the environment by helping to address issues such as traffic congestion and air pollution. Another goal is to create convenient, safe, and secure urban developments through the implementation of urban services such as AI/IoT data platform, city portal, mobility, and energy-related content.

Project image

* Urban development based on public transit, aiming for a society that is not dependent on automobiles.

HERE's DX Business

In December 2019, MC concluded a capital and business partnership with HERE International B.V. (HERE*), and in May 2020, MC invested 15% in HERE. MC will leverage its extensive industry knowledge to collaborate with HERE to accelerate the deployment of their solutions (both automotive and non-automotive) in Japan and Asia-Pacific markets, where HERE is focusing.

Our specific initiatives with HERE are as follows.

- Contributing to the mitigation of environmental impacts by improving the efficiency of logistics and eliminating traffic congestion through the use of route optimization services in distribution and transportation.
- Addressing regional issues such as driver shortages and difficulty accessing stores by improving the efficiency and sophistication of last-mile delivery, for which demand is expected to increase, and middle-mile delivery, for which social infrastructure is being developed.
- Contributing to regional development by advancing and improving the efficiency of mobility services for regional cities with aging and diminishing populations.

* HERE is a global leading location data and service provider with over 6,000 employees in 52 countries. The Company has a strong presence in the automotive industry, and also works with leading companies across a wide range of industries, including transport and logistics, mobility, manufacturing and retail and the public sector.

Local Procurement in the MDP Business

Since its establishment in 1968, MC's wholly owned subsidiary Mitsubishi Development Pty Ltd (MDP) has conducted resource mining operations in Australia, while actively undertaking community-based activities. MDP's 50% owned BMA metallurgical coal business in Queensland supports local communities in and around BMA's core operations through the Local Buying Program. The program was established to connect local and indigenous businesses to work opportunities, and engages with over 550 local and indigenous suppliers annually, creating job opportunities for approximately 8,000 people. The economic impact of this program is over AUD109 million every year.

Mine Closure Initiatives

When closing mines, the operators of MC's jointly owned mines develop responsible mine closure plans that take into account social and environmental factors. While complying with laws and regulations, MC and mine operators strive to minimize the impact on society and the environment by communicating with stakeholders such as governments and local residents, developing appropriate mine closure plans, and implementing necessary rehabilitation measures.

Reference: Land Rehabilitation at Post-Mining Sites

Community Investment

Quellaveco Copper Mine

Together with British resource company Anglo American plc, MC owns Anglo American Quellaveco (MC's affiliate), which is developing the Quellaveco copper mine in the Republic of Peru.

Agreement with Local Residents

Over the course of 18 months from 2011, Quellaveco engaged in dialogue with the local stakeholders. As a result, 26 specific commitments were agreed upon in the three areas of water management, environmental care, and social investment. Based on these commitments, which were based on the opinions of local stakeholders, Quellaveco is engaged in various community contribution activities.

Water Management

To ensure that Quellaveco's operation does not have a negative impact on the water supplies in our host communities, Quellaveco mainly uses water for mining operations from a river that is not suitable for human consumption and agricultural use. In addition, the Moquegua Region of southern Peru, where Quellaveco is located, has suffered from drought during the dry season, and the water Quellaveco will collect in its dam will be shared with the communities during the dry season, helping to improve the lives of the local stakeholders.

Vizcachas Dam

Environmental Care

Coexistence with the natural environment is one of Quellaveco's key values. Environmental care measures are incorporated into operation plans, such as protection of wildlife feeding areas and habitats, transplantation and cultivation of plants, dust control through road maintenance and water sprinkling, and recycling (rather than discharge) of all contact water within the Quellaveco site. The effects of these measures are constantly monitored and environmental surveys are held periodically with the participation of local stakeholders, providing opportunities to see for themselves that the natural environment of their homeland is being protected.

Social Investment

More than 30,000 jobs have been created at Quellaveco during the development work that began in 2018, and approximately 2,500 jobs are expected to be created during the operational stage that began in July 2022. Furthermore, in order to provide as many job opportunities as possible to the local stakeholders, Quellaveco actively offers vocational training to the people aspiring to acquire the various skills required in mining development and operations, as well as internships for local students. Focus is also placed on creating employment opportunities for women, and job training programs are conducted specifically for women. In addition, to help promote local industries, Quellaveco is prioritizing local businesses when procuring goods and services needed for mining development and operations. The project is also promoting the development of agriculture and local industries through the “Quellaveco Fund,” which was launched in 2011.

“Agro Quinnellaveco” Project which funds and helps farmers

Quellaveco also launched various emergency relief measures in response to the outbreak of COVID-19. The project quickly procured and delivered much needed supplies such as protective equipment, testing kits, ambulances, medical oxygen production plants and intensive care facilities to support medical institutions dealing with the rapid increase in the number of infected people. Quellaveco is also working with local authorities to promote vaccination in Moquegua.

Promoting Sustainable Socio-Economic Development in Southern Peru

In Moquegua, Quellaveco has taken the lead in supporting the development of the region. In 2021, Anglo American, the International Finance Corporation (IFC, member of the World Bank Group), the Regional Government of Moquegua, MC, and M.C. Inversiones Peru (MC wholly-owned subsidiary in Peru) jointly launched “Moquegua Crece” (Spanish for “Development of Moquegua”), an innovative public–private initiative to promote sustainable socio-economic development across the region. Various stakeholders in Moquegua, including the private sector, NGOs, local communities, and the government, are working together toward the goal of long-term and inclusive development of local society. Specifically, the initiative aims at fostering coordinated action to implement sustainable regional development initiatives that can maximize the potential of the Moquegua region by supporting the planning, implementation, and monitoring of regional public development projects; developing local industries; and sustainable management and use of water and other natual resources. In 2023, this initiative started supporting the formulation of a long-term development plan for the Regional Government of Moquegua to strengthen the public investment process and improve services and infrastructure for communities in the region.

Silica Sand Production at Cape Flattery Silica Mines

Cape Flattery Silica Mines Pty, Ltd. (CFSM), a wholly owned subsidiary of MC, is located in Queensland, Australia, and has supplied silica sand to users in East Asia and Southeast Asia for over 50 years, since its establishment in 1967. Currently one of the world's largest silica mines, CFSM ships approximately 3 million tons of silica sand annually to glassmakers and other customers.

Contribution to Local Communities

1. Coexisting with traditional owners

The land where CFSM operates is owned by traditional owners. Accordingly, besides compensation, CFSM also prioritizes employment from the local communities, offers to pay for vocational training and apprenticeships, offers funding support to local community infrastructure, and conducts other initiatives in order to coexist with the local communities. Out of CFSM's roughly 100 employees, indigenous people make up one third.

2. Coexisting with nature

CFSM restores vegetation to former mining areas, with some employees devoted to rehabilitation activities, returning these areas to their original states. CFSM collects seeds from plants that grow naturally in the area and then plants and raises them in a designated nursery. After the mining is completed, the plants are planted back in the mining area. By spending 3-4 years to restore the site to its original vegetation levels, CFSM is able to coexist with the natural environment.

Raising seedlings at a nursery

Rehabilitation (Immediately after planting)

Rehabilitation (Some time after planting)

Applications for Silica Sand

The main applications for silica sand include glass, foundries, and chemicals. However, with environmental issues gaining attention worldwide, CFSM is also responding to market needs by increasing the supply of materials to solar panel glass producers. Going forward, CFSM will continue supporting the proliferation of clean energy by supplying their materials, while taking advantage of its sustainable environment-friendly operations and stable quality and volume of product.

Other Reference Data

Donation Amounts

(Unit: JPY million)

Item	FY2020	FY2021	FY2022
Social contributions, etc.	2,577	1,279	1,465
Recovery support＊1	3	70	75
Political donations＊2	28	28	28

＊1 Amount includes MC’s contributions to the Mitsubishi Corporation Disaster Relief Foundation and donations to other organizations involved in recovery support. For more information on the activities of the Mitsubishi Corporation Disaster Relief Foundation.

＊2 The amount of political donations made to political party fund management organizations. MC conducts political donations as part of its corporate philanthropy initiatives. MC sets a policy to disclose the amount of political donations for 3 fiscal years on MC's Sustainability Website every year.

Social

Supply Chain Management

Policy Structure Initiatives External Collaboration Related data

Policy

Mitsubishi Corporation (MC), which is involved in businesses across a wide range of products and services worldwide, believes that maintaining sustainable supply chains is fundamental to doing business globally. MC has formulated its Materiality as a set of crucial societal issues to address through its business activities, in order to continuously create MC Shared Value as set fourth in Midterm Corporate Strategy 2024. Since MC handles a wide range of products and services globally, respect for human rights, which falls under the material issues of "Promoting Stable, Sustainable Societies and Lifestyles" and "Respect for Human Rights in Our Business Operations," is a crucial issue for management to address.

MC has established the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC's actions to address human rights, labor rights and environmental issues in the supply chain. This policy serves to convey MC's fundamental perspective to all of its suppliers.

Basic Policy

Since its foundation, MC has adhered to the Three Corporate Principles which have guided its corporate philosophy and which place considerable emphasis on the importance of its corporate social responsibilities. Moreover, our Corporate Standards of Conduct outline our commitment to comply with all relevant laws and international regulations and to act responsibly with respect to the highest social standards. Our Corporate Standards of Conduct further elaborate on our commitment to preserving the global environment and pursuing sustainable development through all aspects of our business activities.

Sustainable Supply Chain Management

1. Policy

For MC, as a global company involved in businesses across a wide range of products and services, ensuring sustainable supply chains is a key issue. MC has established the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC's actions to address human rights, labor rights and environmental issues in the supply chain. This policy serves to convey MC's fundamental perspective to all its suppliers.

(1) Forced Labor

Suppliers shall employ all employees of their own free will with no employee being subject to forced or bonded labor.

(2) Child Labor

Suppliers shall not employ people under the minimum legal working age of the country in question.

(3) Safe and Healthy Working Environments

Suppliers shall work to provide employees with safe and healthy working environments.

(4) Freedom of Association and Collective Bargaining

Suppliers shall respect the right of employees to associate freely and engage in collective bargaining as methods of negotiating working environments, wages and other matters with employers.

(5) Discrimination

Suppliers shall strive to ensure equal opportunities in the workplace and shall not engage in discrimination with regard to recruitment and employment practices.

(6) Abuse and Harassment

Suppliers shall respect employees' human rights and must not tolerate abuse or any form of harassment.

(7) Working Hours

Suppliers shall ensure that employees' working hours and use of leave entitlements are appropriately monitored and that excessive overtime labor is prohibited, so as not to infringe upon any statutory regulations.

(8) Suitable Remuneration

Suppliers shall pay employees at least the statutory minimum wage, endeavor to pay at least the living wage, and shall not unreasonably reduce wages.

(9) Anti-Corruption

Suppliers shall engage in fair business practices, avoid corruption including bribery and extortion, and comply with applicable laws and regulations.

(10) Environment

Suppliers shall endeavor to protect the environment and consider the impacts of their business activities on local communities and ecosystems, while paying special attention to energy use efficiency, climate change issues such as greenhouse gas emissions, sustainable use of resources, waste reduction, and air, soil and river pollution.

(11) Information Disclosure

Suppliers shall disclose information with respect to the aforementioned matters in a timely and appropriate manner.

2. Monitoring

MC conducts annual surveys of suppliers to monitor the status of their compliance with the Basic Policy and to strengthen communication with suppliers. Furthermore, MC visits suppliers to check the status of their activities when it determines that site visits are necessary based on region and business activities. Audit reviews are carried out based on the audit lists prepared with the advice of an outside advisor, and guidance is given to the suppliers.

3. Response to Compliance Violations

If a violation of the Basic Policy is confirmed, MC will demand that the relevant supplier implement corrective measures and will provide guidance and assistance to the supplier as necessary.
If MC determines that the supplier is unlikely to implement corrective measures even after providing continuous guidance and assistance, MC will re-evaluate its business relationship with the relevant supplier.

Review of our Purchasing Policy

By sharing its Policy for Sustainable Supply Chain Management in its contracts with suppliers*, MC ensures its suppliers abide by the Basic Policy. MC may ask a supplier to correct their business behavior if there is a violation of the Basic Policy, and will re-evaluate its business relationship with the relevant supplier if no correction has been made. MC will continue to work with its suppliers to ensure that environmental and social considerations are taken into account.

Individual Guidelines

MC has formulated individual guidelines for certain products.

Soybean Procurement Guidelines

Soybean Procurement Guidelines (Updated January 25, 2024)

Timber and Paper Products Procurement Guidelines

Timber and Paper Products Procurement Guidelines (Updated February 10, 2022)

Palm Oil Procurement Guidelines

Palm Oil Procurement Guidelines (Updated January 13, 2021)

Tuna Procurement Guidelines

Tuna Procurement Guidelines (Updated August 30, 2022)

Animal Welfare Policy for Suppliers

The MC Group prioritizes maintaining comfortable living environments for livestock as well as aquaculture species and believes that the resulting reduction of stress and illness contributes to improved productivity as well as the production of safe livestock and marine products. We see animal welfare as vital to the establishment of sustainable supply chains and work closely with our suppliers to improve animal welfare, including the monitoring of related initiatives through our Sustainable Supply Chain Survey.

Our consolidated subsidiary Cermaq has established an animal welfare policy as well as a number of indicators to ascertain whether animal welfare is being upheld. In addition, we believe that the iFarm[*1] development project will contribute to the improvement of animal welfare by enabling each individual animal to receive the minimum necessary treatment. For more information, please visit the Fish health and welfare page on the Cermaq Global website. Cermaq is also working on a project to develop "Certus"[*2], a semi-closed ocean environment containment system which will also contribute to the improvement of animal welfare. (For more information, please visit Cermaq's Digitalization-Technology page).

*1 This project uses image sensing technology to monitor individual salmon in ocean pens in real time. This is expected to reduce environmental burdens, including fish stress levels and the amount of chemicals and antibiotics used.

*2 This system is expected to minimize the risk of fish escaping while also reducing environmental burdens, such as reducing the quantities of drugs and antibiotics used.

Bluefin Tuna Sustainable Sourcing Policy

As a corporation playing a major role in the marine products business, MC recognizes the crucial part that we play in conserving marine resources and ensuring a sustainable supply for future generations. To find out more about MC's stance on Bluefin Tuna and the specific measures we are implementing, please refer to our most recent policy below.

Mitsubishi Corporation's Bluefin Tuna Sustainable Sourcing Policy（Updated July 2021）

Structure

MC's supply chain management measures are overseen by the Corporate Functional Officer (CSEO). The Sustainability Department plans and drafts related policies and measures. Following deliberations by the Sustainability & CSR Committee, which convenes approximately twice a year, items are put forward or reported to the Executive Committee and the Board of Directors.

Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
Deliberative Body **(A subcommittee under the Executive Committee, a management decisionmaking body)**	Sustainability & CSR Committee Important matters related to supply chain management deliberated by the Sustainability & CSR Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
Department in Charge	Sustainability Dept.

Reference: Diagram of the Sustainability Promotion Framework

Risk Management

Human rights and environmental due diligence of MC supply chain (Sustainable Supply Chain Survey)

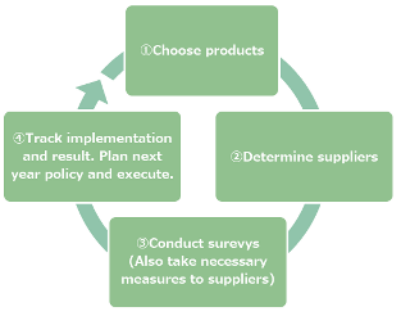
With sustainable supply chain management in mind, MC has identified products with high environmental and social risk ("products to be monitored") in FY2016 and FY2020, with advice from consultants and external advisors. MC conducts annual human rights and environmental due diligence on the supply chains (through the Sustainable Supply Chain Survey) of suppliers of these "products to be monitored" to assess their level of compliance with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management.

In identifying the commodities to be surveyed, MC referred to various international supply chain management declarations and international norms such as the UN Guiding Principles on Business and Human Rights, and prioritized them in terms of the following regarding potential impact to stakeholders: 1. Severity (scale of risk, their scope, and how remediable they might be) and 2. Likelihood (situation in each country, industry, and region of procurement).

MC asks suppliers of these "products to be monitored" certain questions that take into account the specific issues and risks of the products handled by each supplier, with a focus on aspects including "existence of policies," "compliance with laws and regulations," "prevention of forced labor, child labor, and discrimination towards workers," "respect of the rights of employees to organize," "environmental protection," and "information disclosure."

In addition, we receive responses from suppliers subject to the human rights and environmental due diligence to ensure its effectiveness, and look to correct or improve any issues identified. MC employs a system to identify suppliers that may have issues or that require specific action based on the results of responses to the survey. Following this, MC considers and decides whether additional surveys or on-site inspections are necessary. Furthermore, in order to improve the convenience and accessibility of the survey for suppliers, MC has built a web-based system and conducts the surveys through this online system.

In April 2023, MC conducted its annual survey of 913 suppliers for FY2022 in around 50 countries and regions including China, Vietnam, and Thailand, where we have taken steps to correct or improve any issues identified. MC also conducted management and employee interviews with certain suppliers to gain an understanding of actual conditions and exchanged information to help improve those situations. MC has re-evaluated its business relations with relevant suppliers based on the results of these surveys and interviews.



① Determine “Products to be monitored”

MC choose “products to be monitored” from all of its business products based on various international supply chain management declarations and international norms such as the UN Guiding Principles on Business and Human Rights and prioritizes them in terms of the following regarding potential impact to stakeholders: 1. Severity (scale of risk, their scope, and how remediable they might be) and 2. Likelihood (situation in each country, industry, and region of procurement).In addition, when significant environmental and social risks materialize through our business activities in the future, MC will consider investigating the target products without undergoing the above process.

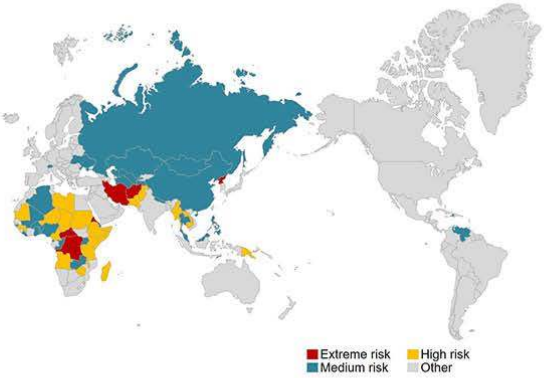
A : Screen and prioritize MC 's products and business

- MC and the MC Group has approx. 730 products and business fields. MC has assigned those products into 140 categories and identified 50 products from the perspective of social and environmetal risk.
- Referred to international norms such as the UN Guiding Principles on Business and Human Rights, and the list of countries and products by the US Ministry of Labor indicating risk of forced and child labor.

B : Risk analysis based on results of screening

- Risk analysis of the 50 identified products is conducted based on Basic Policy. Risk analysis carried out from both environmental and social perspectives.
- Screening also done based on the Modern Slavery risk in each country, based on severity and probability.

Environmental	・Energy usage ・Water usage ・Waste disposal ・Pollution ・Deforestation／Animal welfare
Social	・Forced labor ・Child labor ・Discrimination ・Freedom of association ・Negative impact to community ・Indigenous peoples rights ・Work safety and health ・Human rights ・Labor time ・Wage and salary



C : Discuss with internal and external stakeholders and determine products to be monitored.

- Following discussion with the Sustainability Advisory Committee, report to Board of Directors and determine 18 products to be monitored.

Name	Environmental					Social									
	1. Energy usage	2. Water usage	3. Waste disposal	4. Pollution	5. Deforestation ／Animal welfare	1. Forced labor	2. Child labor	3.Discrimination	4. Freedom of association	5. Negative impact to community	6. Indigenous peoples rights	7. Work safety and health	8. Human rights	9. Labor time	10. Wage and salary
Oil															
Gas															
Coal															
Copper															
Sugarcane															
Iron ore/ steel															
Electronics															
Rubber															
Auto parts															
Machinery															
Zinc															
Cement															
Soy bean															
Plastics															
Corn															
Wood															
Alcoholic beverage															
Glass															
Salt															
Paper															

18 products to be monitored

・Paper	・Coal	・Shrimp
・LNG	・Iron ore	・Tuna
・Plastic (PP, PE etc.)	・Tire	・Cacao
・Wood	・Chicken	・Coffee
・Copper	・Soybean	・Apparel
・Zinc	・Sugar	・Tea

② Determine target suppliers of prioritized products

③ Conduct questionnaire surveys for target suppliers

The number of suppliers and the details of the survey are as follows. MC also conducted visits to certain suppliers to confirm the status of their activities. As a result of the survey, suppliers to be visited are selected from those where certain questions on the four issues (based on the ILO Core Labor Standards, etc.), are determined to have been answered insufficiently, or where best practices have been implemented.

Flowchart of the survey

Number of target suppliers

Target Products	FY2020*1	FY2021*1	FY2022*1
Paper	—	—	11
LNG	2	3	3
Plastic (PP, PE etc.)	7	16	10
Wood	50	52	50
Copper	0	25	26
Zinc	0	8	5
Coal	0	9	13
IronOre	0	23	7
Tire	1	1	1
Chicken	17	75	86
Soy	—	—	7
Sugar	12	8	6
Shrimp (Tier1&2)*2	84	78	68
Tuna (Tier1&2)*2	85	92	108
Cacao (Tier1&2)*2	7	6	6
Coffee (Tier1&2)*2	35	35	33
Apparel (Tier1&2)*2	573	540	443
Tea (Tier1&2)*2	6	37	30
Total	879	1008	913
(Number of Responses)	(804)	(887)	(850)

*1 The survey is carried out in the following fiscal year based on the results of the current fiscal year.

*2 Tier 1 is a primary supplier that supplies directly to MC (or its Group companies), while Tier 2 is a secondary supplier that supplies directly to the primary supplier.

Results of the Sustainable Supply Chain Survey

The main of the countries of the target suppliers whose products and businesses are subject to the Sustainable Supply Chain Survey are as follows:

Survey Results

Section	Sample Question	Related Stakeholders	Number of improvement requests*		
			FY2020	FY2021	FY2022
(1) Forced labor	Is there a mechanism for verifying that forced or bonded labor is not practiced?	In-house employee, employee of supplier	1%	0%	0%
(2) Child labor	Does the company either have a policy or set of guidelines specifying the minimum age of employees, or commit to international or industry standards related to this issue?	In-house employee, employee of supplier	3%	0%	0%
(3) Safe and healthy working environment	Do employees work in a safe and healthy work environment where precautions have been taken to minimize the risk of accidents and injuries?	In-house employee, employee of supplier	0%	0%	0%
(4) Freedom of association	Does the company respect the right of employees to freely organize or join an organization to negotiate their labor conditions with management?	In-house employee	0%	0%	0%
(5) Discrimination	Does the company respect equality of all employees without differentiating among them based on criteria unrelated to their job requirements?	In-house employee, employee of supplier	0%	0%	0%
(6) Abuse and harassment	Does the company take efforts in ensuring a working environment where human rights are respected and violations of human rights including various forms of harassment and abuse do not occur?	In-house employee, employee of supplier	0%	0%	0%
(7) Working hours	Does the company force employees to work overtime or are any employees who do not consent to work overtime subject to unfavorable treatment such as penalties or demotion?	In-house employee	0%	0%	0%
(8) Suitable remuneration	Does the company unreasonably or unlawfully reduce employees' wages or allowances?	In-house employee	9%	2%	1%
(9) Anti-corruption	Does the company comply with the applicable laws and regulations by striving to conduct its business fairly while avoiding any form of corruption?	In-house employee	0%	0%	0%
(10) Environment	Does the company have an assigned person(s) responsible for managing compliance with environmental legal requirements?	In-house employee	0%	0%	0%
(11) Sustainable sourcing	Does the company verify that its sub-suppliers do not engage in violations of human rights or environmental destruction?	In-house employee	0%	0%	0%
(12) Information disclosure	Does the company disclose information relevant to the items listed in "Mitsubishi Corporation Policy for Sustainable Supply Chain Management", to its stakeholders in a timely and appropriate manner?	In-house employee, employee of supplier	0%	0%	0%

Reference: Mitsubishi Corporation Policy for Sustainable Supply Chain Management: 3. Response to Compliance Violations

* Calculation method: This is the percentage of responses to the Sustainable Supply Chain Survey, excluding non-responses, which warranted a request for improvement.

Communication/Engagement with Suppliers

New Suppliers

For new suppliers, the Mitsubishi Corporation Policy for Sustainable Supply Chain Management is published and shared on our website. MC also ensures in our contracts with suppliers* that they comply with the Basic Policy. In cases such as when a supplier violates the Basic Policy, MC can request the supplier to take corrective measures, and if such measures are not taken, the contract can be terminated. In addition, MC conducts the Sustainable Supply Chain Survey in order to better understand the status of compliance with the Basic Policy.

* The terms and conditions of purchasing contracts, consignment sales agreements, export consignment sales agreements, long-term purchasing contracts, etc.

Existing Suppliers

Together with periodically receiving confirmation of support for the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, MC conducts regular surveys of its suppliers to continuously monitor the status of their compliance with this policy. Furthermore, MC visits suppliers to confirm the status of their activities when necessary. MC continuously monitors existing suppliers to identify those that pose a high degree of environmental and social risk in line with this policy, for the purpose of verifying the appropriateness of current initiatives. Going forward, MC will incorporate the results of this reevaluation process into its supply chain management, with the goal of ensuring more effective supplier surveys.

In FY2022, MC visited a domestic meat processing company, a poultry supplier of MC's subsidiary Foodlink Corporation. This year, an inspector from DNV Business Assurance Japan Co., Ltd., a third-party inspecting company, accompanied MC and evaluated the supplier's sustainability management system by interviewing the supplier's management and employees.

The evaluation that took place during the visit was conducted using a checklist based on the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, mainly confirming the appropriateness of the supplier's sustainability management system and its on-site implementation. The checklist items related to personnel and labor affairs were generally properly managed. However, since some policies and procedures had not been documented, MC requested that these policies and procedures be documented. Regarding safety and health and environment issues, only a small part of the policies and procedures were documented and management seemed to be dependent on individual employees. Although a certain amount of education and training is provided to the employees and no accidents had occurred, MC recommended that policies and procedures be established and thoroughly communicated in the future.

Please refer to the attached report for more details.

Report of DNV Business Assurance Japan Co., Ltd.

Working in partnership with suppliers, MC will continue to ensure sustainable operations throughout its supply chains in cooperation with MC Group companies.

See past site visit reports here

In the event that MC confirms, through additional surveys or on-site inspections, points that should be corrected or improved in relation to the Basic Policy, in addition to requesting the relevant supplier to take corrective measures, MC also provides guidance and assistance as necessary. If MC determines that a resolution is unlikely, even after providing continuous guidance and assistance, MC will review its business relationship with the relevant supplier.

In September 2023, MC held a “Business and Human Rights” seminar for global suppliers who are subject to the Sustainable Supply Chain Survey in order to strengthen communication and engagement with suppliers. Details are described below.

“Business and Human Rights” Seminar for Suppliers and Group Companies

Attended by a total of 159 participants from approximately 80 global suppliers, this webinar was held twice (once in English and once in Japanese). An external speaker explained about the relationship between business and human rights, the importance of companies engaging in human rights due diligence, and the legislative trends in various countries around the world. MC explained its basic approach to respecting human rights and the efforts it is implementing to respect them. In addition, a panel discussion based on questions asked in advance by suppliers and Group companies was held, which helped suppliers and Group companies deepen their understanding of the importance of promoting efforts to respect human rights and the significance of the Sustainable Supply Chain Survey.

④ Review of Initiatives for the Current Fiscal Year and Policy Planning for the Next Fiscal Year

After reviewing the results of human rights and environmental due diligence for the current fiscal year, MC discusses them with its internal and external stakeholders such as the Sustainability Advisory Committee, Group Chief Sustainability Officers, and Group Sustainability Managers in each Business Group. Based on these discussions, the Sustainability & CSR Committee will deliberate policy for the next fiscal year and put forward or report items to the Executive Committee and the Board of Directors.
In addition, MC considers reviewing its supply chain management policies as needed based on the status of dialogue with its stakeholders. Communication with suppliers about human rights and environmental due diligence in our supply chain has been an opportunity for suppliers to deepen their understanding of our sustainability approach, and MC will continue to actively and continuously work to improve its practices.

Supply Management Policy that Caused MC to Review	Details
Human rights and environmental due diligence in the supply chain	By sharing Mitsubishi Corporation Policy for Sustainable Supply Chain Management in contracts with suppliers, MC ensures its suppliers abide by the Basic Policy

Response to Conflict Mineral Issues

The U.S. Financial Regulatory Reform Act (Dodd-Frank Act), enacted in July 2010, requires U.S. listed companies to disclose, based on reasonable investigations, whether conflict minerals* used in their products are produced in the Democratic Republic of the Congo and/or neighboring countries where conflict-prone and reported inhumane acts are reported.
Although MC is not a U.S. listed company and is not directly subject to reporting and disclosure under the Act, MC has established policies and guidelines on the procurement of conflict minerals for our suppliers of tin, tantalum, tungsten, and gold to fulfill our social responsibilities in our corporate activities, and that the products supplied are not a source of funding for armed groups in the Democratic Republic of the Congo and/or its neighboring countries. MC also aims to take every measure not to be complicit in human rights violations and conflicts by armed groups.

Number of target suppliers

Target Products	FY2020	FY2021	FY2022
tin, tantalum, tungsten, gold	14	20	18
(Response rate)	100%	100%	100%

Reference: Mitsubishi Corporation Policy for Sustainable Supply Chain Management: 3. Response to Compliance Violations

* "Conflict Minerals" as defined by the law refer to tin, tantalum, tungsten, and gold.

Screening for Investment and Loan Proposals

In order to ensure the promotion of sustainability through our business, the General Manager of the Sustainability Department participates as a member of the Investment Committee, thereby ensuring a screening system that reflects potential environmental and social impacts in decision-making. In the screening of investment and loan proposals, MC screens based on not only economic aspects, but on ESG factors as well in our comprehensive deliberations and examinations. From the perspective of supply chain management, MC conducts due diligence and other screening on the status of human rights considerations not only subsidiaries and affiliates but also their business partners (supply chain), and utilizes the results of this for our deliberation and consideration.

References: Incorporating Sustainability into Individual Projects
Collecting Sustainability Information on a Consolidated Basis

Initiatives

Employee Training

Many employees at MC have the opportunity to undertake trading activities such as purchasing and sales, or to support such activities at some time in their careers. For this reason, MC strives to deepen the knowledge of all employees as buyers by explaining MC's corporate philosophy, including respect for human rights in the supply chain. We also integrate the relevant supply chain policy into buyer training such as programs geared toward specific levels of management including those for new employees as well as training on trading practice.

Reference: Slavery and Human Trafficking Statement

External Collaboration

Participation in Supply Chain Initiatives

MC is working to ensure sustainable supply chains by participating in various supply chain initiatives.

Supplier Ethical Data Exchange (Sedex)

Sedex is a global platform that provides data-driven analysis, tools, and services designed to achieve continual improvements to a company's ESG results. The MC subsidiary, Princes Ltd., began using the Sedex platform in 2011 and has also joined the Sedex Community, through which members exchange information. Princes uses Sedex to manage the compliance status of its manufacturing sites and primary suppliers. Other MC subsidiaries that have adopted Sedex include MC Agri Alliance Ltd., Asia Modified Starch Co., Ltd., and Nihon Shokuhin Kako Co., Ltd. These companies manages their supply chain using the Sedex platform in their business such as buying or selling raw materials for food, confectionary, beverages and other products. Thorough this Sedex platform, they are working with their business partners on issues such as respect for human rights and quality assurance across supply chains.

EcoVadis

EcoVadis is a global cloud-based software as a service (SaaS) platform that offers comprehensive corporate social responsibility (CSR) evaluation tools. This platform has been adopted by multiple MC subsidiaries, including MC Agri Alliance Ltd. in 2021, and Mitsubishi Shoji Chemical Corporation in 2022. Both companies are using EcoVadis as a means of cooperating with their business partners on various supply chain issues, including respect for human rights and quality assurance.

Round Table on Responsible Soy Association (RTRS)

The RTRS is a global initiative that provides certification services for responsible soybean production and distribution. As an RTRS-certified producer, MC subsidiary Agrex do Brasil LTDA sells soybeans grown on approximately 19,000 ha of farmland under conditions that meet the RTRS certification standards. Agrex do Brasil was the first company in Brazil to obtain RTRS certification for farmland in Brazil's State of Maranhão. Obtaining RTRS certification is just one of many initiatives being pursued by Agrex do Brasil, which is also striving to make improvements in areas such as soil management and protection, water management, employee motivation, and the strengthening of relationships with local communities.

Aquaculture Stewardship Council (ASC)

The ASC is an international non-profit organization that operates and manages certification and labeling system for responsible aquaculture products. In 2015, MC subsidiary Cermaq Group AS became the first salmon farming business in Canada to receive ASC certification for multiple sites.

Forest Stewardship Council® (FSC®)

The FSC is dedicated to the philosophy of forest management from the viewpoint of environmental protection, benefits to society, and economic sustainability. MC has obtained FSC chain of custody (CoC) certification for its timber processing and distribution operations. We ensure that any timber products handled by the MC Group have been produced with consideration for human rights, maintaining biodiversity and conserving natural capital.

Cermaq Initiatives

Cermaq, an MC consolidated subsidiary, is committed to ensuring high standards related to the social and environmental impact of its business. MC has established a Supplier Code of Conduct, taking into account the principles of MC's Policy for Sustainable Supply Chain Management, to ensure responsible practices throughout the supply chain, and which describes the minimum standards that all Cermaq's suppliers are expected to uphold. Cermaq expects its suppliers to request similar standards for their suppliers and subcontractors. In addition, Cermaq expects all its suppliers to comply with requirements in the areas of national legislation, human rights, labor rights, health and safety, anti-corruption, the environment, food quality and safety, management systems, and implementation. Regarding the environment, adverse impacts from the operations of the supplier on the community, the environment, and natural resources are expected to be minimized while safeguarding the health and safety of the public. Adverse impacts may include pollution, use of limited resources, deforestation, and the release of chemicals and other materials into the ground, sea or air and which pose a hazard if released into the environment. To minimize such risks, including reducing chemical use in fish farming, suppliers are expected to identify, monitor and control the environmental impact of their operations. Cermaq reports on compliance of its supply chain with fundamental human rights and decent working conditions.

Reference: Participation in Cermaq's External Initiatives
Cermaq web site Policies

Mitsubishi Corporation Packaging Ltd. Initiatives

Mitsubishi Corporation Packaging Ltd. (MP), an MC consolidated subsidiary, has established its own "Policy for Sustainable Supply Chain Management" which outlines MP's actions to address human rights, labor rights, and environmental issues in the supply chain. This policy serves to convey MP's fundamental perspective to all of its suppliers and subcontractors and the company requests that they understand, accept, and implement it.

MP also handles Forest Stewardship Council®- (FSC®)-certified products (cardboard, packaging paper, etc.) and confirms whether or not its paper manufacturing and processing suppliers have obtained this certification, which requires third-party audits, in order to ascertain the level of social and environmental risk.

MP has also obtained FSC Chain of Custody (CoC) certification and is adhering to its requirements to appropriately procure, store, and sell FSC-certified products.

License Code: FSC®-C007960

Lawson, Inc.

Lawson, Inc., an MC consolidated subsidiary, provides freshly brewed coffee in Lawson convenience stores under the MACHI café brand. MACHI café's coffee is made exclusively*1 from beans from Rainforest Alliance*2 Certified™ farms. Lawson also conducts activities to popularize and raise awareness such as participating in the Rainforest Alliance Consortium, which was set up through a collaboration between the Rainforest Alliance and companies that offer Rainforest Alliance Certified™ products. Lawson, as a member of this Consortium, runs promotional retweet campaigns.

Reference: Lawson's Corporate Website
Lawson's SDGs Handbook (Japanese)

*1 Excludes Single Origin Series and Decaffeinated Series.

*2 Established in 1987, Rainforest Alliance is an international non-profit organization devoted to environmental protection. The Rainforest Alliance Certification is granted only to farms that satisfy strict criteria, including criteria for environmental conservation and improving the livelihoods of farm workers.

Princes

Princes, an MC consolidated subsidiary, continues to work collaboratively with global suppliers, customers and leading ethical trading organisations to improve the lives of workers in their supply chains. Princes continues to hold Board positions on the Ethical Trading Initiative and Food Network for Ethical Trade. Princes is also a member of the SEDEX community , a supply chain management and sharing platform. Moreover, Princes is on the Corporate Ethics Register of Chartered Institute of Procurement & Supply (CIPS), which is a global body that for the procurement and supply profession, and all employees involved in purchasing are CIPS certified.

As part of its continued strategy of transparency and building customer and consumer trust, Princes continues to publish its supply chain map on its website which includes details of all raw materials, packaging and finished goods suppliers. Princes Industrie Alimentari, Princes' wholly-owned manufacturing subsidiary in Italy, continues delivering against its long-term agreement with Italy's largest agricultural cooperative, Coldiretti, supported by Oxfam Italia (a global organization dedicated to eradicating poverty and injustice), to help tomato growers achieve sustainable operations and reduce potential human rights risks through transparent pricing.

Reference: Princes' Corporate Website

Organizations of which Princes is a member, etc.

Princes Supply Chain Map

Olam

Olam Group Limited (Olam), an MC affiliate company, is upholding its corporate philosophy of “Re-imagining Global Agriculture & Food Systems” to define its business growth as being achievable only through providing sufficient value to the environment and society. Olam strives for three outcomes: Prosperous Farmers and Food Systems, Thriving Communities, and Re-Generation of The Living World. Olam has selected 10 material areas for achieving these goals and is approaching them by building a framework to make an impact around 14 of the 17 Sustainable Development Goals (SDGs). For example, Olam has developed the Olam Farmer Information System (OFIS) in partnership with farmers. OFIS collects and analyzes data from small-holder farmers, such as amounts of fertilizers and agrochemicals applied, unit crop yields and agricultural training records, aiming to help farmers improve their yields. In addition, in 2018, Olam launched AtSource, a digital platform that directly connects customers with suppliers to offer comprehensive sustainable solutions. This platform has grown to include 20 products and 300,000 small-holder farmers in 30 countries worldwide. With AtSource, more than 150 customers are able to access not only supplier profiles, but also a total of approximately 350 indicators, including environmental data such as amounts of CO_2 emissions linked with purchased raw materials as well as social indicators such as farming yields. It also helps customers organize sustainability projects focused on specific areas. With AtSource, Olam is providing value to in three ways: 1) information on society, the environment and traceability; 2) transparency through real-time monitoring; and 3) positive impacts on farmer livelihoods and the global environment. Moreover, Olam’s sustainability initiatives using the platform has led to the company receiving of the Reuters Responsible Business Award continuously from 2020 to 2023. In 2023, the Carbon Scenario Planner, a tool which shows above-mentioned efforts to visualize and reduce the abovementioned CO2 emissions, was also recognized with an Innovation Award by Food Ingredients Europe.

Leveraging nearly 35 years of product expertise, including the above-mentioned tools, Olam has, alongside quantitative targets, adopted medium-id- to long-term environmental and social objectives in accordance with each of the SDGs, and continues to announces any progress made. To date, the company has and have also announced Cocoa Compass in 2019, Coffee LENS in 2020, Cashew Trail and, Hazelnut Trail, in 2021, Almond Trail in 2022, and Dairy Tracks in 2023.

Olam has received a number of awards in recognition of these efforts, including from Fortune Magazine’s Change the World 2016 corporate rankings, for companies that are transforming society through their businesses, and the Oxfam Agri-Businesses Scorecard (2022)” by Oxfam being described as an organization that supports the eradication of poverty in a sustainable manner— - .ranking in first place in the areas of Women, Land, and Small-scaleproducers.and receive first place among agribusinesses in Oxfam's "Shining a Spotlight" report (2020), being described as an organization that supports the eradication of poverty in a sustainable manner. In addition, the company's sustainability initiatives have received high global acclaim, as shown by the fact that, Olam’s Co-Founder and Group CEO, Sunny Verghese recently served as Chairman of the World Business Council for Sustainable Development (WBCSD), from 2018–2021, and has been Co-Chair of Champions 12.3 since 2021, a coalition of executives from the UN, governments, businesses, NGOs, etc., established to achieve SGD target 12.3, which calls for halving global food waste per capita by 2030.

In regard to individual products, Olam's Cocoa Compass received the Sustainable Supply Chain Gold Award at the "Global Good Awards 2022," which recognizes organizations that promote social and environmental change, the Sustainability Innovation Award at "Food Ingredients Europe 2022," which recognizes innovative food ingredient companies worldwide, and the "Nature Based Project of the Year" at the Business Green Leader Awards in the UK in 2021. In addition, AtSource was recognized by the Global Coffee Platform (one of the industry’s largest organizations, which sets the framework for sustainability in the coffee supply chain, and includes many companies from the countries of production and consumption) as one of the organization’s official standards.Olam has also received high praise from external organizations. For details of each initiative, please refer to the following company website.

Reference: Please visit the following links for details on Olam’s sustainability initiatives:

Olam Sustainability Framework
Olam Farmer Information System
Olam AtSource
Olam Sustainability in Cocoa (Cocoa Compass)
Olam Sustainability in Coffee (Coffee LENS)
Olam Sustainability in Cashew (Cashew Trail)
Olam Sustainability in Hazelnuts (Hazelnut Trail)
Olam Sustainability in Dairy (Milk Matters)

Related data

Data on RSPO-Certified Palm Oil

(Units: tons)

	FY2020 results	FY2021 results	FY2022 results
Segregated method	2,040	963	951
Mass Balance method	22,240	33,954	16,087
Total volume of palm oil handled	205,350	227,261	46,081
Ratio (%)	11.8	15.4	37.0

Scope: Non-consolidated basis and a portion of business investments

Reference: RSPO ACOP Report

Data on ASC-Certified Products

(Units: Thousand tons)

	FY2020 results	FY2021 results	FY2022 results
Production capacity of ASC-certified sites *	163	163	128
Actual sales volume of farmed salmon	166	199	189

ASC: Aquaculture Stewardship Council

Scope: MC consolidated subsidiary Cermaq

* Maximum farmed salmon volume as of December 31 for each fiscal year

Data on FSC® CoC-Certified Products

	FY2021 results	FY2022 results
Wood pellets with FSC CoC certification, etc.	100%	100%

FSC®: Forest: Forest Stewardship Council®

FSC CoC: Certification for processing/distribution process

License Code: FSC®-C156725

Procurement Data for Organic Cotton

MC handles apparel made of organic cotton through its subsidiary, Mitsubishi Corporation Fashion Co., Ltd. (Mitsubishi Corporation Fashion). 100% of the organic cotton handled is certified by the Global Organic Textile Standard (GOTS) and, therefore, is 100% traceable. To preserve and improve the sustainability of the global environment, Mitsubishi Corporation Fashion aims to prioritize the use of raw materials with a low environmental impact. The company will continue to ensure the stable procurement and supply of GOTS-certified organic cotton.

	FY2022
Traceability	100%
GOTS certification	100%

GOTS: World standard for organic textiles

Governance

Governance

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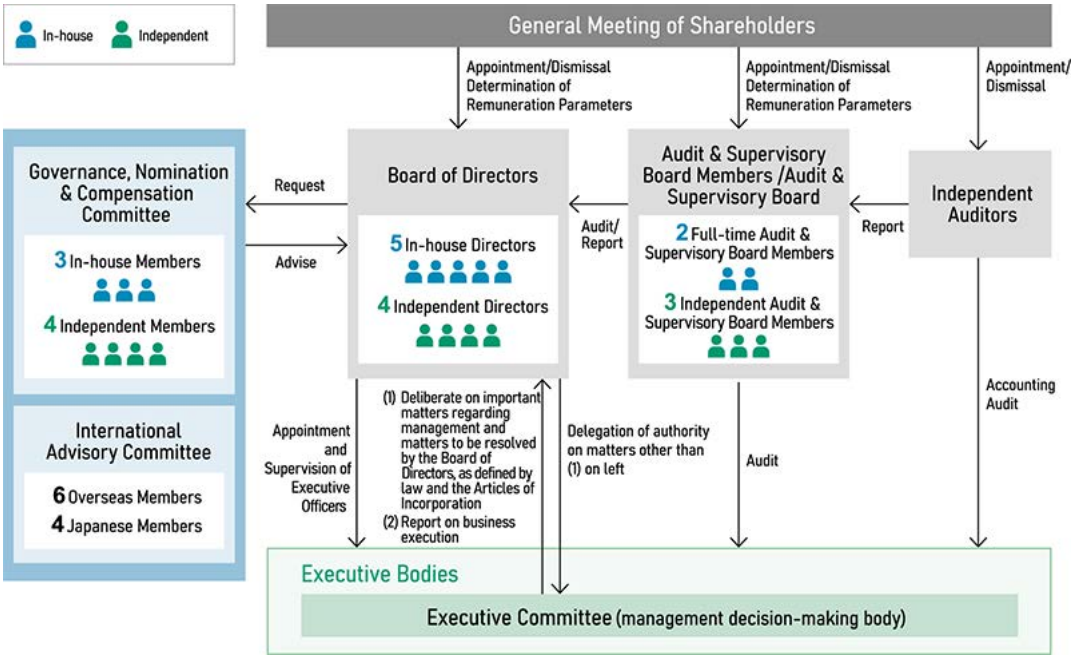
Initiatives on Japan's Corporate Governance Code

MC's Basic Policy on Corporate Governance

MC strives to continuously raise corporate value through corporate activities rooted in the principles of fairness and integrity with the Three Corporate Principles for a corporate philosophy. MC believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of its shareholders, customers, and all other stakeholders.

In order to achieve these goals, MC recognizes strengthening corporate governance on an ongoing basis as an important subject concerning management since it is the foundation for ensuring sound, transparent, and efficient management. Therefore, MC is working to put in place a corporate governance system that is even more effective based on the Audit & Supervisory Board System. This includes strengthening management supervision through such measures as (i) appointing Independent Members of the Board who satisfy MC's Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members, and (ii) establishing advisory bodies to the Board of Directors where the majority are Independent Members of the Board and other experts from outside MC. At the same time, this also includes implementation of MC's prompt and efficient decision-making and business execution through enhancing the monitoring function of the Board of Directors.

Corporate Governance Framework (As of June 23, 2023)



Board of Directors

The Board of Directors deliberates on important management issues, and supervises business execution through reports on major items of the current Midterm Corporate Strategy, the business strategies of Business Groups, and so on. In addition, matters requiring resolution in accordance with laws and regulations, and investment and finance proposals exceeding the quantitative standards set by MC are deliberated and resolved with an emphasis on not only the economic aspects, but also on ESG perspectives. MC has also constructed appropriate internal control systems, and checks their operational status every year in order to work toward their continuous improvement and strengthening.

Business execution, other than those matters for resolution by the Board of Directors, is entrusted to the Executive Officers by appointing the President as the Chief Executive Officer responsible for business execution, and the Executive Committee (meets twice monthly) as a management decision-making body.

Composition and Size of the Board of Directors and the Policy and Process for Appointing Nominated Directors

Composition and Size		The composition and size of the Board of Directors is appropriately determined to help it maintain transparent, fair, timely and decisive decision-making, and carry out effective oversight, with one-third or more being made up of Independent Directors.
Appointment Policy		To ensure decision-making and management oversight are appropriate for MC, which is involved in diverse businesses and industries in a wide range of fields, and from the perspective of ensuring diverse standpoints, several Directors are appointed from both within and outside MC with the depth of experience and high levels of knowledge and expertise needed for fulfilling their duties.
	In-house Directors	In addition to Chairman of the Board and the President and Chief Executive Officer, MC's in-house Directors are elected from Executive Officers (Senior Executive Vice Presidents & Executive Vice Presidents) responsible for companywide management so that they can fully leverage their abundant business experience to ensure appropriate decision making and robust management supervision by the Board of Directors.
	Independent Directors	Independent Directors are appointed from those who possess a practical perspective of highly experienced company officers and those who possess an objective and professional perspective with a deep insight on global dynamics and socio-economic trends. These individuals thus contribute to appropriate decision making and robust management supervision by the Board of Directors as they bring diverse perspectives into its deliberations.
Appointment Process		In line with the policies described above, the President and Chief Executive Officer proposes a list of nominated Directors, which is then deliberated at the Governance, Nomination and Compensation Committee and resolved by the Board of Directors before being presented at the Ordinary General Meeting of Shareholders.

Skills Matrix of Directors and Audit & Supervisory Board Members

Directors and Audit & Supervisory Board Members are selected in light of their experience, knowledge, expertise and overall character. At the Board of Directors, these individuals deliberate based on diverse perspectives to ensure appropriate decision making and robust management supervision. The areas of experience, knowledge and expertise judged to be important for MC's Board of Directors and the reasons for their adoption are shown below. The matrix below shows the areas in which each Director and Audit & Supervisory Board Member has experience, knowledge or expertise.

* The table below does not represent all the experience, knowledge or expertise of the Director or Audit & Supervisory Board Members.
* The applicability of each skill area in the table below is judged based mainly on the individuals' experience in former positions, their current positions, and their formal qualifications.

	Skill Area	Reasons for Adoption
Basic Items	Business Management and Organizational Management	The Board of Directors must deliberate and make comprehensive decisions from an organizational management perspective. As such, experience in business management or organizational management that is not skewed toward any individual specialty, as well as knowledge of corporate governance based on such experience, have been designated as necessary skill areas.
Basic Items	Risk Management	In order to make the Company to grow, it is important to establish and operate internal controls that comply with laws and regulations and the Articles of Incorporation, and to enhance corporate value through appropriate and efficient business execution, as well as to manage various risks related to MC's business. Therefore, items that require a wide range of experience, insight, and expertise covering all aspects of risk management have been selected. In addition, these items encompass the following elements, which are indicated in parentheses for the appropriate person(s). • (Legal) Management of overall corporate legal affairs • (Finance and Accounting) Management of overall financial affairs and accounting
Management Strategy	Innovation	In the Roadmap to a Carbon-Neutral Society, MC has declared the goal of net zero GHG emissions by 2050, and has set forth "Creating the future through the integrated promotion of EX and DX" as a business promotion theme for the entire Company. Accordingly, experience, insight, and other expertise, related to innovation, necessary for monitoring the progress of such transformation, are selected as important items.
Management Strategy	Energy	MC is taking on the challenge of achieving both a stable supply of energy and resources, and the lowering carbon and decarbonization of social and economic activities, and this refers to the experience, insight, and expertise in energy-related innovations that are necessary to monitor the progress of these efforts.
Management Strategy	Digital	MC operates globally and reflects aims to create a cross-industry digital ecosystem with optimized business models, and this refers to the experience, insight, and expertise in digital-related innovation necessary to monitor the progress of this initiative.
Management Strategy	Global Intelligence	Since MC operates globally and reflects intelligence on geopolitics, economic conditions, policy trends, etc., in the management strategies in a timely manner, experience, insight, and expertise in such matters have been selected as important items.
Management Strategy	Human Resource Strategy	The Company's most valuable asset is human resources, and it is essential that MC continues to produce human resources with a management mindset and commitment to increasing the value of business. With a view toward creating MC Shared Value, which is one of the objectives of Midterm Corporate Strategy 2024, experience, insights, and expertise, etc., of "human resource strategy" that strives to optimize the value of our human capital have been selected as important factors. This includes strategies related to organizational structure and organization.
Management Strategy	Environment and Society	Since MC defines material issues as important societal issues to be solved through business activities and aims to realize a carbon-neutral society and lifestyles that are rich both materially and spiritually; experience, insight, and expertise in environmental and social matters have been selected as important items to be considered.

Directors and Audit & Supervisory Board Members (As of July 1, 2023)

Skills Matrix of Directors and Audit & Supervisory Board Members

Director

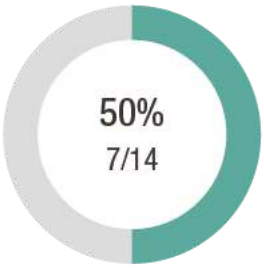
Experience, knowledge, and expertise / Responsibilities/ Main career	Takehiko Kakiuchi Chairman of the Board	Katsuya Nakanishi Representative Director, President and CEO	Norikazu Tanaka Representative Director	Yutaka Kashiwagi Representative Director	Yuzo Nouchi Representative Director	Tsuneyoshi Tatsuoka Independent Director*3	Shunichi Miyanaga Independent Director*4	Sakie Akiyama Independent Director*1	Mari Sagiya Independent Director*1
			Senior Executive Vice President, Energy Transformation	Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters	Executive Vice President, Corporate Functional Officer, CFO	Former Vice Minister, Ministry of Economy, Trade and Industry	Chairman of the Board, Mitsubishi Heavy Industries, Ltd.	Founder, Saki Corporation	Former Senior Vice President, IBM Japan, Ltd.
Business management/Organizational management	●	●	●	●	●	●	●	●	●
Risk Management	●	●	●	● (Legal)	● (Finance/Accounting)	●	●	●	●
Innovation – Energy	●	●	●			●	●		
Innovation – Digital	●	●						●	●
Global Intelligence	●	●	●				●		
Human Resource Strategy	●	●		●					●
Environment and Society	●	●		●		●			

Audit & Supervisory Board Member

Experience, knowledge, and expertise / Responsibilities/ Main career	Mitsumasa Icho Full-time Audit & Supervisory Board Member	Akira Murakoshi Full-time Audit & Supervisory Board Member	Rieko Sato Independent Audit & Supervisory Board Member*2	Takeshi Nakao Independent Audit & Supervisory Board Member*2	Mari Kogiso Independent Audit & Supervisory Board Member*2	Total (persons)
	Former Executive Vice President, Group CEO, Urban Development Group	Former Executive Vice President, Corporate Functional Officer, CDO, CAO, Corporate Communications, Corporate Sustainability & CSR	Partner, ISHII LAW OFFICE	CEO, PARTNERS HOLDINGS, Co. Ltd.	CEO, SDG Impact Japan Inc.	
Business management/Organizational management	●	●	●	●	●	14
Risk Management	● (Finance/Accounting)	●	Attorney ● (Legal)	Certified public accountant ● (Finance/Accounting)	●	14
Innovation – Energy						5
Innovation – Digital						4
Global Intelligence						4
Human Resource Strategy		●			●	6
Environment and Society					●	5

Note: The table above does not represent all the experience, knowledge or expertise of the Director or Audit & Supervisory Board Members.
The applicability of each skill area in the table above is judged based mainly on the individuals' experience in former positions, their current positions, and their formal qualifications.

Percentage of Independent Members among Total Directors and Audit & Supervisory Board Members (%)



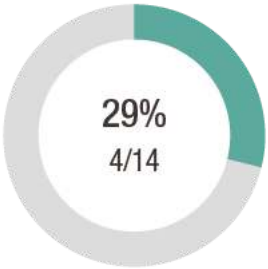
Percentage of Independent Directors among Total Directors

44% (4/9)

Percentage of Independent Audit & Supervisory Board Members among Total Audit & Supervisory Board Members

60% (3/5)

Percentage of Women among Total Directors and Audit & Supervisory Board Members (%)



Composition of the Board of Directors

Board of Directors' Structure (As of June 23, 2023)

Total	9
Number of non-executive and non-independent Directors (Chairman of the Board)	1
Number of Executive Officers	4
Number of Independent Directors (number of women)	4 (2)

Operation of the Board of Directors (As of June 23, 2023)

The Board of Directors includes Audit & Supervisory Board Members in addition to Directors. The Board operates as follows:

Position	Director	Audit & Supervisory Board Member	Total
Chairman (Non-executive, non-managerial)	1	-	1
Number of Executive Officers/Number of Full-time Audit & Supervisory Board Members	4	2	6
Number of Independent Directors/Independent Audit & Supervisory Board Members (Number of women)	4 (2)	3 (2)	7 (4)

Board of Directors Structure (As of June 23, 2023)

In-house Directors	Job History, Positions and Responsibilities	Attendance at Board of Directors Meetings (FY2022)		Attendance at Governance, Nomination & Compensation Committee Meetings (FY2022)	
		Number of meetings attended/held	Attendance rate	Number of meetings attended/held	Attendance rate
Takehiko Kakiuchi	Apr. 1979 Joined MC Apr. 2010 Senior Vice President, Division COO, Foods (Commodity) Div. Apr. 2011 Senior Vice President, General Manager, Living Essential Group CEO Office, Division COO, Foods (Commodity) Div. Apr. 2013 Executive Vice President, Group CEO, Living Essentials Group Apr. 2016 President & CEO Jun. 2016 Director, President & CEO Apr. 2022 Chairman of the Board (present position)	Regular:10/10 Extraordinary:4/4	100%	5/5	100%
Katsuya Nakanishi[*1]	Apr. 1985 Joined MC Apr. 2016 Senior Vice President, Regional CEO, Middle East & Central Asia Apr. 2018 Senior Vice President, Division COO, New Energy & Power Generation Div. Apr. 2019 Executive Vice President, Group CEO, Power Solution Group Apr. 2020 Executive Vice President, Group CEO, Power Solution Group, Power & Retail DX Task Force Leader Apr. 2021 Executive Vice President, Group CEO, Power Solution Group, Power & Retail DX Task Force Leader, EX Task Force Leader Apr. 2022 President & CEO Jun. 2022 Director, President & CEO (present position)	Regular:7/7 Extraordinary:3/3[*3]	100%	5/5	100%
Norikazu Tanaka[*1]	Apr. 1982 Joined MC Apr. 2014 Senior Vice President, Deputy Division COO, Mineral Resources Investment Div. Apr. 2015 Senior Vice President, Division COO, Mineral Resources Investment Div. Apr. 2018 Executive Vice President, Group CEO, Metals Group Apr. 2019 Executive Vice President, Group CEO, Mineral Resources Group Apr. 2022 Executive Vice President, Group CEO, Mineral Resources Group, EX Task Force Leader Jun. 2022 Director, Executive VicePresident, Group CEO, Mineral Resources Group, EX Task ForceLeader Apr. 2023 Director, Senior Executive Vice president, SEVP, Energy Transformation (present position)	Regular:7/7 Extraordinary3/3[*3]	100%	-	-

In-house Directors	Job History, Positions and Responsibilities	Attendance at Board of Directors Meetings (FY2022)		Attendance at Governance, Nomination & Compensation Committee Meetings (FY2022)	
		Number of meetings attended/held	Attendance rate	Number of meetings attended/held	Attendance rate
Yutaka Kashiwagi*1	Apr. 1986 Joined MC Apr. 2018 Senior Vice President, Division COO, Environmental Business Div. Apr. 2019 Senior Vice President, General Manager, Power Solution Group CEO Office Apr. 2021 Executive Vice President, Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch Jun. 2021 Director, Executive Vice President, Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch Apr. 2022 Director, Executive Vice President, Corporate Functional Officer, CDO, CAO, Corporate Communications, Corporate Sustainability & CSR Jul. 2022 Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Corporate Communications, Corporate Sustainability & CSR Apr. 2023 Director, Executive Vice President, Corporate Functional Officer, IT, CAO (Concurrently) Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters (present position)	Regular:10/10 Extraordinary:4/4	100%	-	-
Yuzo Nouchi*1	Apr. 1987 Joined MC Apr. 2019 Senior Vice President, General Manager, Corporate Accounting Dept. Apr. 2022 Executive Vice President, Corporate Functional Officer, CFO Jun. 2022 Director, Executive Vice President, Corporate Functional Officer, CFO (present position)	Regular:7/7 Extraordinary:3/3*3	100%	-	-

Independent Directors	Job History, Positions and Responsibilities	Attendance at Board of Directors Meetings (FY2021)		Attendance at Governance, Nomination & Compensation Committee Meetings (FY2021)	
		Number of meetings attended/held	Attendance rate	Number of meetings attended/held	Attendance rate
Tsuneyoshi Tatsuoka*2	Apr. 1980 Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI)) Held the position of: Counsellor, Cabinet Secretariat (Office of Assistant Chief Cabinet Secretary), Deputy Vice-Minister of Economy, Trade and Industry, and Vice Minister of METI Jul. 2015 Retired from METI Jan. 2018 Corporate Adviser, MC (resigned in Jun. 2018) Jun. 2018 Director, MC (present position)	Regular:10/10 Extraordinary:3/4	93%	5/5	100%
Shunichi Miyanaga*2	Apr. 1972 Joined Mitsubishi Heavy Industries, Ltd. (“MHI”) Apr. 2006 Senior Vice President, MHI Apr. 2008 Executive Vice President, MHI Jun. 2008 Director, Executive Vice President, MHI Apr. 2011 Director, Senior Executive Vice President, MHI Apr. 2013 Director, President, MHI Apr. 2014 Director, President and CEO, MHI Apr. 2019 Chairman of the Board, MHI (present position) Jun. 2019 Director, MC (present position)	Regular:10/10 Extraordinary:4/4	100%	4/5	80%
Sakie Akiyama*2	Apr. 1987 Joined Arthur Andersen & Co. (currently Accenture PLC) (resigned in Apr. 1991) Apr. 1994 Founder and CEO, Saki Corporation Oct. 2018 Founder, Saki Corporation (advisor) (present position) Jun. 2020 Director, MC (present position)	Regular:10/10 Extraordinary:2/4	86%	5/5	100%
Mari Sagiya*2	Apr. 1985 Joined IBM Japan, Ltd. Jul. 2002 Director, IBM Japan, Ltd. Jul. 2005 Senior Vice President, IBM Japan, Ltd. (resigned in July 2014) Jul. 2014 Executive Vice President, SAP Japan Co., Ltd. (resigned in December 2015) Jun. 2016 Executive Vice President, Salesforce.com Co., Ltd. (currently Salesforce Japan Co., Ltd.) (resigned in August 2019) Jun. 2022 Director, MC (present position)	Regular:7/7 Extraordinary:3/3*3	100%	4/4	100%

*1 Indicates a Representative Director.

*2 Indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 15 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors / Auditors as specified by Tokyo Stock Exchange, Inc. as well as selection criteria for Independent Directors specified by MC.

*3 Indicating attendance after appointment as a Director on June 24, 2022.

Matters Deliberated by the Board of Directors

The Board of Directors deliberates important management issues, and supervises business execution through reports on major items of Midterm Corporate Strategy 2024, each Business Group's business strategy, etc. The results of the deliberations in FY2022 are as follows.

<Agenda of the Board of Directors in the FY2023>

・Management Strategy and Sustainability-related items
Formulation of Midterm Corporate Strategy 2024/ Business Strategy Committee report/ Management Strategy Meeting report/ EX progress report/ Business Execution reports (non-financial and financial risk management, HR strategy, regional strategy, and sustainability-related measures including discussion for Shareholder Proposals)

・Governance-related and corporate-related items
Governance, Nomination and Compensation Committee report/ International Advisory Committee report/ Evaluation of the effectiveness of the Board of Directors/ Remuneration for Directors and Audit & Supervisory Board Members/ Organizational structure/ Rules and regulations/ Financial Statements/ Fund procurement policy/ Verification holding policy for listed shares/ Ordinary General Meeting of Shareholders' related items/ Compliance report/ Internal control systems/ Company indemnification agreements/ Items related to directors and officers (D&O) liability insurance, etc.

・Investment and finance proposals
Donations for the establishment of incubation program with Kyoto University/ HERE Technologies/ EX funds/ Sakhalin 2 project/ Onahama Petroleum Co., Ltd. Distribution Terminal/ Chiyoda Corporation/ N.V. Eneco offshore wind power generation business / Mitsubishi Auto Leasing Corporation, etc.

Board of Directors' Advisory Bodies

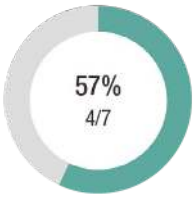
Governance, Nomination and Compensation Committee

The majority of the Committee's members are Independent Directors. It deliberates on matters related to governance, nomination and compensation.

Composition of the Committee (As of July 1, 2023)

- Independent Members (4):
  Tsuneyoshi Tatsuoka (Independent Director), Shunichi Miyanaga (Independent Director), Sakie Akiyama (Independent Director), Mari Sagiya (Independent Director)
- In-house Members (3):
  Takehiko Kakiuchi* (Chairman of the Board), Katsuya Nakanishi (Director, President & CEO), Mitsumasa Icho (Full-time Audit & Supervisory Board Member

Percentage of Independent Directors among Governance, Nomination and Compensation Committee Members
(%)



* Committee Chairman

Main Discussion Themes

- The corporate governance system (roles, functions and selection methods of the Directors and Audit & Supervisory Board Members, etc.)
- Evaluation of the effectiveness of the Board of Directors
- Successor requirements and basic policies concerning the appointment and dismissal of the President and Chief Executive Officer
- Review of the remuneration package including the policy for setting remuneration, appropriateness of remuneration levels and composition, and linkage to sustainability factors

President's Performance Evaluation Committee

The President's Performance Evaluation Committee has been established as a subcommittee to the Governance, Nomination and Compensation Committee, comprising the same Chairman and Independent Directors as the parent committee to evaluate the President's performance. The President is not a member of the Committee.

International Advisory Committee

The International Advisory Committee comprises experts with a wide range of backgrounds in industry, government, and academia. Committee members offer advice from a global standpoint through exchange of opinions and discussions on the external environment, with a focus on international affairs. Since its establishment in 2001, the International Advisory Committee has fulfilled a crucial role in enabling in-depth and informed discussions among the Board of Directors.

International Advisory Committee

Total	10
Number of in-house committee members	3
Number of independent committee members (Independent Directors)	1
Number of independent committee members (overseas)	6

Overseas Members (As of December 1, 2023)

Member	Origin	Title	Principal area of specialization and background
Mr. Jaime Augusto Zobel de Ayala	The Philippines	Chairman, Ayala Corporation	Mr. Zobel has vast experience in growing a global business launched from the ASEAN region, and therefore has thorough knowledge of various geopolitical and industry trends through the lens of Asia, with particular expertise in the ASEAN region.
Professor Joseph S. Nye	United States of America	Harvard University Distinguished Service Professor	Professor Nye is a globally renowned scholar in the field of geopolitics. He has held important positions in multiple administrations, including Chairman of the National Intelligence Council of the United States. He is well known for proposing and establishing "Soft Power" as the foundation of a stable world order.
Mr. Niall FitzGerald, KBE	Ireland	Former Chairman, Unilever	Mr. FitzGerald, KBE has served as Chairman of several major global companies such as Unilever, as well as the British Museum. He has outstanding knowledge and expertise at the intersection of both industry and geopolitics in both emerging and developed countries.
Mr. Natarajan Chandrasekaran	India	Chairman, Tata Sons	Mr. Chandra brings an immense knowledge of myriad industries around the world in addition to his many years of management experience within the Tata Group, India's largest conglomerate. Having led TCS as CEO for nearly a decade, Mr. Chandra has served as Chairman since 2017.
Sir Rod Eddington	Australia	Former CEO, British Airways	As CEO, Sir Eddington successfully steered Cathay Pacific and British Airways through reformative and challenging periods. He has a wealth of experience in this and other infrastructure industries, having led major shift projects.
Ambassador Bilahari Kausikan	Singapore	Former Permanent Secretary, Ministry of Foreign Affairs Singapore	Ambassador Kausikan has a wealth of diplomatic experience, having held senior positions such as Ambassador to the Russian Federation, Permanent Representative to the United Nations, Ambassador-at-Large etc. for geopolitically sensitive Singapore.

Japanese Members (As of December 1, 2023)

Chairman of IAC
Takehiko Kakiuchi
Chairman of the Board

Katsuya Nakanishi
Director, President and CEO

Norikazu Tanaka
Director, Senior Executive Vice President

Tsuneyoshi Tatsuoka
Independent Director

Main Discussion Themes (FY2023)

- The Year of Disruptive Choices – Global Elections in 2024
- The sudden rise of AI – Risks and Rewards
- Soft Power in the Global South – Leveraging Influence and Prosperity

Independent Directors and Independent Audit & Supervisory Board Members

Independent Directors and Independent Audit & Supervisory Board Members are as follows (as of July 1, 2022).

Independent Directors

Independent Directors

Tsuneyoshi Tatsuoka

Number of years on Board of Directors: 5 years

B 13/14 G 5/5

Having worked at Japan's Ministry of Economy, Trade and Industry, Mr. Tatsuoka brings to MC's Board extensive know-how with respect to strategies in resources, energy, manufacturing, and other industries, as well as sustainability insight through his knowledge on environmental and energy policies.

Main career

1980 Joined the Ministry of International Trade and Industry
(currently Ministry of Economy, Trade and Industry [METI])
2015 Retired from METI
2018 Director, MC (present position)

Shunichi Miyanaga

Number of years on Board of Directors: 4 years

B 14/14 G 4/5

Mr. Miyanaga has spent many years at the helm of a listed manufacturing conglomerate that is engaged in business all over the world. In addition to his global management experience and practical insight, he brings to MC's Board extensive know-how in the tech sector, including a keen understanding of the latest trends in net-zero, clean technologies.

Main career

1972 Joined Mitsubishi Heavy Industries, Ltd. (MHI)
2013 Director, President, MHI
2014 Director, President and CEO, MHI
2019 Chairman of the Board, MHI (present position), Director, MC (present position)

Sakie Akiyama

Number of years on Board of Directors: 3 years

B 12/14 G 5/5

Backed by her far-reaching expertise in the digital and tech spaces, Ms. Akiyama has worked as an international business consultant and is the founder of Saki Corporation, a firm that specializes in robotic inspection systems for the electronics assembly markets. She brings to MC's board a wealth of know-how in digital technologies and IT, as well as innovation and its role in growing global enterprises.

Main career

1987 Joined Arthur Andersen & Co. (currently Accenture PLC) (resigned in April 1991)
1994 Founder and CEO, Saki Corporation
2018 Founder (advisor), Saki Corporation (present position)
2020 Director, MC (present position)

Mari Sagiya

Number of years on Board of Directors: 1 year

B 10/10* G 4/4*

Ms. Sagiya has served on the boards of several globally active tech companies and is highly experienced in corporate reforms. Her vast knowledge of DX, as well as HR strategies including diversity, promises to be of great benefit to MC's Board.

Main career

1985 Joined IBM Japan, Ltd.
2005 Senior Vice President, IBM Japan, Ltd. (resigned in July 2014)
2014 Executive Vice President, SAP Japan Co., Ltd. (resigned in December 2015)
2016 Executive Vice President, Salesforce.com Co., Ltd.
(currently Salesforce Japan Co., Ltd.) (resigned in August 2019)
2022 Director, MC (present position)

B Attendance at Board of Directors meetings in FY2022
G Attendance at Governance, Nomination and Compensation Committee meetings in FY2022
A Attendance at Audit & Supervisory Board meetings in FY2022
Note: Indicating attendance after appointment as Director/Audit & Supervisory Board Member on June 24, 2022

Member of the Governance, Nomination and Compensation Committee
Member of the International Advisory Committee

Independent Audit & Supervisory Board Members

Rieko Sato

Number of years on Audit & Supervisory Board: 3 years

B 14/14 A 12/12

Ms. Sato possesses extensive knowledge of corporate law (Companies Act, Financial Instruments and Exchange Act, compliance, etc.) based on her extensive experience as an attorney as well as management perspectives gained through extensive experience as an Independent Director and Independent Audit & Supervisory Board Member.

Main career

1984 Admitted to the Bar of Japan
1990 Shearman & Sterling LLP (resigned in July 1990)
1998 Partner, ISHII LAW OFFICE (present position)
2020 Audit & Supervisory Board Member, MC (present position)

Takeshi Nakao

Number of years on Audit & Supervisory Board: 3 years

B 14/14 A 12/12

Mr. Nakao possesses profound knowledge of finance and accounting as a certified public accountant, as well as extensive insight gained through many years of experience in advisory work regarding M&A activity, corporate revitalization, and internal control.

Main career

1989 Joined KPMG Minato Audit Corporation
(currently KPMG AZSA LLC) (resigned in March 1996)
1993 Admitted to Certified Public Accountant of Japan
2006 CEO, PARTNERS HOLDINGS, Co. Ltd. (present position)
2020 Audit & Supervisory Board Member, MC (present position)

Mari Kogiso

Number of years on Audit & Supervisory Board: 1 year

B 10/10* A 9/9*

Ms. Kogiso has long-accumulated business experience in the financial industry, including operations at an international organization, while taking on diversity promotion and other sustainability-related initiatives at global companies and public interest incorporated foundations. She has handled the establishment and management of the ESG Impact Fund. Through these endeavors, she acquired in-depth insight into ESG and finance.

Main career

1990 Joined The Long-Term Credit Bank of Japan, Ltd.
1998 Joined World Bank (resigned in 2010)
2019 General Manager, CEO Office, FAST RETAILING CO., LTD. (resigned in December 2020)
2021 Founder and CEO, SDG Impact Japan Inc. (present position)
2022 Audit & Supervisory Board Member, MC (present position)

*1 Indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 15 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc. as well as Selection Criteria for Independent Directors specified by Mitsubishi Corporation.
*2 Indicates the fulfillment of the conditions for Outside Audit & Supervisory Board Member as provided for in Article 2, Item 16 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc. as well as Selection Criteria for Independent Audit & Supervisory Board Members specified by Mitsubishi Corporation.

Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members

To make the function of Outside Directors and Outside Audit & Supervisory Board Members stronger and more transparent, MC has set forth Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members as follows, after deliberation by the Governance, Nomination and Compensation Committee, which is composed with Independent Directors in the majority. Each of the four Outside Directors and three Outside Audit & Supervisory Board Members satisfy the requirements for independent Directors and Audit & Supervisory Board Members as stipulated by Japanese stock exchanges, such as the Tokyo Stock Exchange, Inc., and MC's Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members.

[Selection Criteria for Outside Directors]

1. Outside Directors are elected from among those individuals who have an eye for practicality founded on a wealth of experience as corporate Executive Officers, as well as an objective and specialist viewpoint based on extensive insight regarding global conditions and social and economic trends. Through their diverse perspectives, Outside Directors help ensure levels of decision-making and management oversight appropriate to the Board of Directors.
2. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independency*; individuals not ensuring this independency in effect will not be selected to serve as Outside Directors.
3. MC's operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate Executive Officer appointed as Outside Directors. MC appropriately copes with this potential issue through the procedural exclusion of the director in question from matters related to the conflict of interest, and by preserving a variety of viewpoints through the selection of numerous Outside Directors.

[Selection Criteria for Outside Audit & Supervisory Board Members]

1. Outside Audit & Supervisory Board Members are selected from among individuals who possess a wealth of knowledge and experience across various fields that is helpful in performing audits. Neutral and objective auditing, in turn, will ensure sound management.
2. To enable Outside Audit & Supervisory Board Members to fulfill their appointed task, attention is given to maintain their independency*; individuals not ensuring this independency will not be selected to serve as Outside Audit & Supervisory Board Members.

* **Independency for the purpose of Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members**
To make a judgment of independence, MC checks if the person concerned meets the conditions for Independent Directors and Independent Audit & Supervisory Board Members as specified by the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past three fiscal years.

(1) A major shareholder of MC (a person or entity directly or indirectly holding 10% or more of the voting rights), or a member of business personnel of such shareholder＊1.

(2) A member of business personnel of a creditor of MC exceeding the threshold set by MC＊2.

(3) A member of business personnel of a supplier or a customer of MC exceeding the threshold set by MC＊3.

(4) A provider of professional services, such as a consultant, lawyer, or certified public accountant, receiving cash or other financial benefits from MC, other than Directors' or Audit & Supervisory Board Members' remuneration, where the amount exceeds ¥10 million per fiscal year.

(5) A representative or partner of MC's independent auditor.

(6) A person belonging to an organization that has received donations exceeding a certain amount＊4 from MC.

(7) A person who has been appointed as an Outside Director or Outside Audit & Supervisory Board Member of MC for more than eight years.

＊1 A member of business personnel refers to a managing director, corporate officer, Executive Officer, or other employee of a company.

＊2 Creditors exceeding the threshold set by MC refer to creditors to whom MC owes an amount exceeding 2% of MC's consolidated total assets.

＊3 Suppliers or customers exceeding the threshold set by MC refer to suppliers or customers whose transaction amount with MC exceed 2% of MC's consolidated revenues.

＊4 Donations exceeding a certain amount refer to donations of more than ¥20 million per fiscal year.

If a person is still judged by MC to be effectively independent despite one or more of the above items (1) to (7) applying, MC will explain and disclose the reason at the time of their appointment as an Independent Director or Independent Audit & Supervisory Board Member.

Initiatives to Enhance the Effectiveness of the Board of Directors

To ensure that the Directors and Audit & Supervisory Board Members are able to perform their management supervision and audit functions adequately, the Board of Directors' Office and the Audit & Supervisory Board Members' Office have been established, and have been providing necessary information and support appropriately and in a timely manner for them to perform their duties.
For Independent Directors and Independent Audit & Supervisory Board Members, the offices provide below measures to ensure that they can effectively participate in the discussion fully and to enhance the Board's monitoring function.

Briefing Sessions Before Board of Directors' Meetings

Prior to each Board of Directors meeting, opportunities are created for the management executives of the Corporate Staff Section and Business Groups to provide explanatory summaries of the agenda items for which they are responsible to Independent Directors and Independent Audit & Supervisory Board Members in order to facilitate substantive deliberations at the meetings. The sessions are also utilized to appropriately share timely information that helps enhance deliberations.

Overview of sessions (Track records in the fiscal year ended March 31, 2023)

Frequency	Whenever Meetings of the Board of Directors are held (Total: 14 times)
Length of Meeting	2.5 to 3 hours for a meeting (total: 39 hours)

Meetings of Independent Directors and Independent Audit & Supervisory Board Members

Meetings are held regularly to provide a forum for free discussion amongst Independent Directors and Independent Audit & Supervisory Board Members on a wide range of topics.

■Main Discussion Themes (FY2022)

- Midterm Corporate Strategy 2024
- Business portfolio analysis
- Future issues and initiatives based on evaluation of the effectiveness of the Board of Directors

Discussion between Independent Members of the Board and Officers and Employees

MC has set up dialogues with the General Managers of the Corporate Staff Section, Business Group Heads, Business Group CEOs and Business Division COOs, small-group discussions with Executive Vice Presidents, and dialogues with mid-level and young employees to strengthen interaction between Independent Members of the Board and officers and employees.

Dialogues with and Site Visits to Business Subsidiaries and Affiliates

Every year Independent Directors and Independent Audit & Supervisory Board Members participate in site visits to business subsidiaries and affiliates both in Japan and overseas, and hold dialogues with their management.

<FY 2022 Visits>

- October 2022, Metallurgical coal mines and silica mines in Australia
- November 2022, Dialogue with management executives of Automotive-related business companies in Thailand and Indonesia
- March 2023, Shonan Health Innovation Park (Shonan iPark)

BMA Metallurgical Coal Mining Site (October, 2022)

Cape Flattery Silica Mines Pty., Ltd. (Australia) (October, 2022)

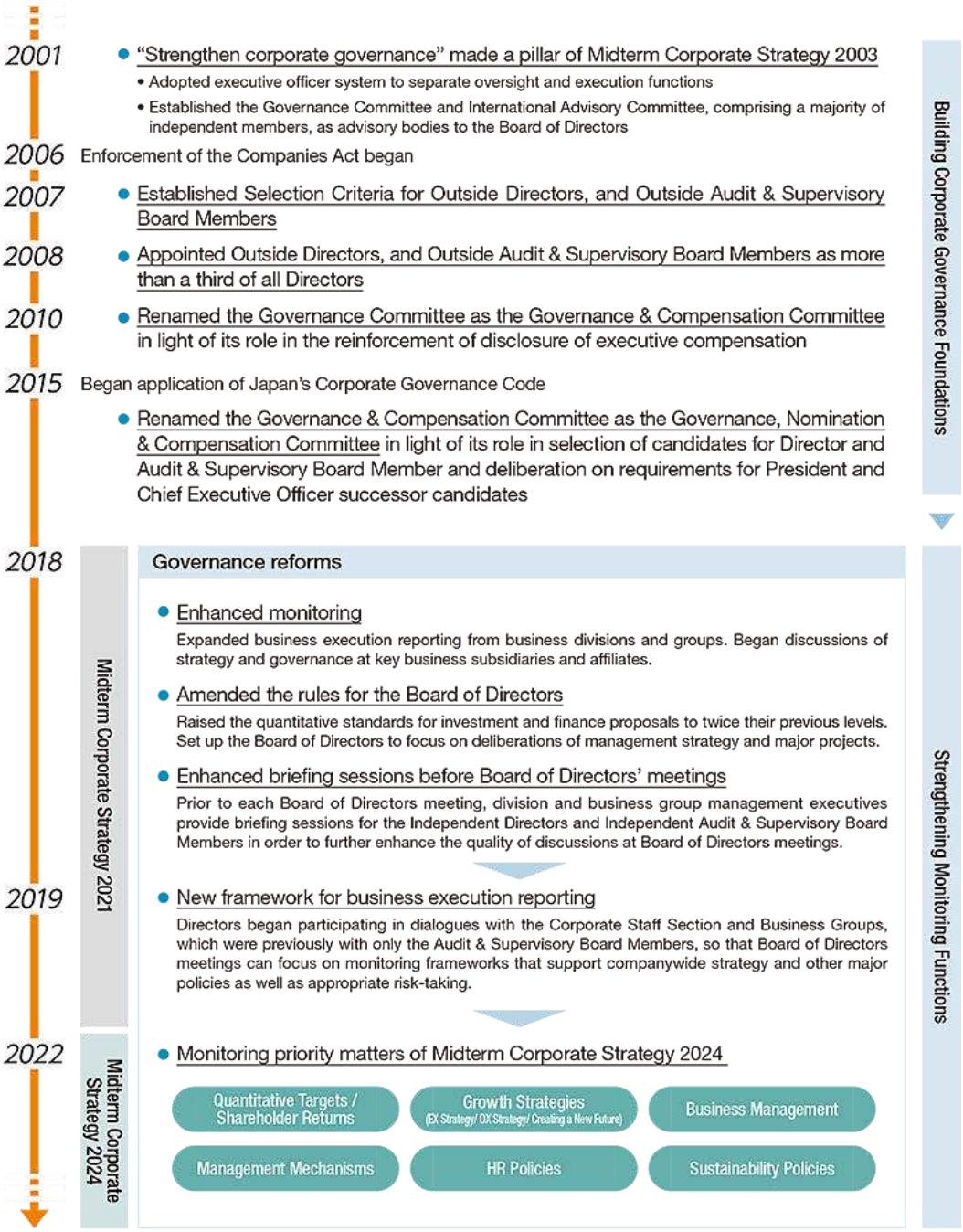
Tri Petch Isuzu Sales Co., Ltd (Thailand) (November, 2022)

Orientation upon Assumption of Office

To deepen understanding of MC, the entire Corporate Staff Section and Business Groups conduct orientation sessions for newly appointed Independent Directors and Independent Audit & Supervisory Board Members.

The Evolution of MC's Corporate Governance

Since the 2000s, MC has engaged in building the foundations of its corporate governance. In recent years, MC has been steadily advancing measures to strengthen the monitoring functions of the Board of Directors, incorporating the results of annual evaluations of the effectiveness of the Board of Directors.



Evaluation of the Effectiveness of the Board of Directors

FOCUS

Evaluation of the Effectiveness of the Board of Directors

Since 2015, MC has evaluated the effectiveness of the Board of Directors every year. Since FY2018, MC has carried out a self-evaluation led by Independent Directors and Independent Audit & Supervisory Board Members. The results of the evaluation for FY2022 and policy going forward are as follows.

Evaluation Approach

In FY2022, to verify the appropriateness of the evaluation process and further enhance its usefulness, MC arranged for an outside consultant to review the methods and processes of the evaluations for FY2019 through FY2021.

The review confirmed that the self-evaluation process led by Independent Directors and Independent Audit & Supervisory Board Members was effective. As a result of the review, the questionnaires and interviews were improved to focus more on reflection on the roles and functions of Directors and Audit & Supervisory Board Members, the degree to which these roles were accomplished, and the quality and quantity of their deliberations.

Evaluation Process

STEP 1 The Governance, Nomination and Compensation Committee discussed the evaluation's implementation methods and processes.

STEP 2 Independent Director Sakie Akiyama and Independent Audit & Supervisory Board Member Rieko Sato led the evaluation, formulating survey questions, surveying all Directors and Audit & Supervisory Board Members, and analyzing and evaluating the responses. In addition, the opinions from the Business Group CEOs, which are opinions from outside the Board of Directors and Audit & Supervisory Board Members, were also surveyed to make a multifaceted analysis possible and to ensure objectivity and independence.

STEP 3 The results were analyzed and evaluated in the meetings of Independent Directors and Independent Audit & Supervisory Board Members as well as the Governance, Nomination and Compensation Committee, then deliberated by the Board of Directors.

Questionnaire

The questionnaire covered the size, composition, and agenda items of the Board of Directors; the roles and functions of the Directors and Audit & Supervisory Board Members (including the quality of their contributions); the operations and practical tasks of the Board of Directors; the composition and operation of the Governance, Nomination and Compensation Committee; the operation of meetings of Independent Directors and Independent Audit & Supervisory Board Members; and measures and operations of dialogues with Executive Officers.

Evaluation Results and Policy Going Forward

The evaluation, carried out through the abovementioned processes, confirmed that the effectiveness of the Board of Directors remained adequately secure through sufficient information disclosure and open communication based on relationships of trust under the Company's new administration following the change of Chairman of the Board and President and CEO. The results of the evaluation and policy going forward are as follows.

	FY2022 Consideration and Policy	Major Initiatives in FY2022	FY2022 Consideration and Policy	FY2023 Policy
Role, Functions, Size, and Composition of the Board of Directors	· The functions, size, and composition of the Board of Directors, beyond succession planning and the successor selection process, shall be continuously deliberated leveraging the Governance, Nomination and Compensation Committee with the aim of ongoing corporate value enhancement.	· Reconfirmed the roles and functions of the Board of Directors, Directors, and Audit & Supervisory Board Members. · A self-evaluation, in light of the functions of Directors and Audit & Supervisory Board Members, was conducted through the process of evaluating the effectiveness of the Board of Directors.	· The evaluation praised the Board's active discussions and deliberations based on diverse perspectives, including those of the Independent Directors and Independent Audit & Supervisory Board Members. · The evaluation confirmed the importance of continuing to provide sufficient information to the Independent Directors and Independent Audit & Supervisory Board Members and of the use of such information by the Independent members to deepen their understanding of business activities and contribute to deliberations to enhance discussions at the Board of Directors.	Continue to consider the optimal governance system and the ideal roles and functions of the Board of Directors, Directors themselves, and Audit & Supervisory Board Members in light of changes in the internal and external environment.
Agenda Items: Midterm Corporate Strategy 2024	· Continuously exchanging views from the planning stage of Midterm Corporate Strategy 2024 onward and monitoring major items at the Board of Directors.	· The President and CEO, Independent Directors, and Independent Audit & Supervisory Board Members actively discussed Midterm Corporate Strategy 2024, leading to its final formulation and publication. · The Board of Directors carefully monitored major items of Midterm Corporate Strategy 2024.	· Both management and supervision sides highly praised in the evaluation for the close exchange of views with the Independent Directors and Independent Audit & Supervisory Board Members from the planning stage of Midterm Corporate Strategy 2024 onward. · The first year of Midterm Corporate Strategy 2024 was appropriately monitored. · The evaluation confirmed the need to continue ongoing monitoring of Midterm Corporate Strategy 2024, as underlying assumptions vary in light of major changes in the external environment.	· Continue to monitor progress of the major items of Midterm Corporate Strategy 2024, centered on the creation of MC Shared Value through reporting to the Board of Directors. · Carefully monitor the progress of growth strategies, including the progress of investment plans, while grasping changes of its initial assumptions.
Agenda Items	· Supplementing Board of Directors discussions with other opportunities for discussion to enhance dialogue and exchange views on major Company policy, such as corporate strategy.	· Further increased dialogues with Executive Officers, expanding opportunities for discussion of broad Company direction, such as corporate strategy.	· The evaluation found that the effective interplay between the content of discussions at the Board of Directors and elsewhere led to a wealth of opportunities for discussion and information provision.	· Continue to effectively utilize opportunities both inside and outside Board of Directors meetings to discuss broad Company direction. Management continues to provide various information to facilitate such discussions.

Initiatives on Japan's Corporate Governance Code

MC has long worked to implement corporate governance as the foundation of sound, transparent and efficient management. We have determined that MC is implementing all principles set forth in Japan's Corporate Governance Code. (For more information, please see the Corporate Governance Report on MC's website.)

Reference: Corporate Governance Report (Translation of report filed with the Financial Instruments Exchange)
Corporate Governance Report | Mitsubishi Corporation

MC's Stance on Acquisition, Holding, and Reduction in Listed Shares

MC may acquire and hold shares acquired for other than pure investment as a means of creating business opportunities and building, maintaining and strengthening business and partner relationships. When acquiring these shares, MC confirms necessity of its acquisition based on the significance and economic rationale of the purchase. Also, MC periodically reviews the rationality of continuing to hold the shares and promotes reducing holdings of stocks with decreased significance.

[Verification policy for holding individual shares]

The Board of Directors verifies all of the listed shares (excluding pure investment) held by MC from the perspectives of both economic rationale and qualitative significance of holding them every year.
The economic rationale is confirmed by whether or not the related earnings from each stock, such as dividends and related business profits on transactions, exceed MC's target capital cost (Weighted Average Cost of Capital) for the market price of each individual share.
The qualitative significance is confirmed by the achievement or status of progress of the expected purpose for holding the stock, etc.

[Reduction in holdings of listed stocks]

Based on the results of the above verification, in FY2022, MC sold approximately 39.6 billion yen of its shareholdings (including 13.8 billion yen in deemed holding shares), a decrease of approximately a 10% from the previous fiscal year. As of FY2022, the total market value was approximately 0.5 trillion yen (including deemed shareholdings).

FY2020	FY2021	FY2022
¥ 91.5 billion	¥ 85.2 billion	¥ 39.6 billion

(Market value basis and including deemed shareholdings)

[Matters verified by the Board of Directors]

Verification was conducted by the Board of Directors for all listed shares held by MC as of March 31, 2023 (market price was approximately 0.5 trillion yen, including deemed shareholdings). As a result of verification from the perspectives of both economic rationale and qualitative significance of holding them, numerous shares were identified as candidates for reduction due to a decreased importance of the expected purpose and significance for holding them, etc.

[Stance on Exercising Voting Rights Relating to Listed Stocks]

MC attaches great importance to dialogue and communication with its investment destinations through various channels, aiming to create business opportunities and build, maintain and strengthen business and partner relationships, and from the perspective of raising the mid- and long-term corporate value of MC and these companies. MC considers exercising voting rights to be an important approach. For this reason, when exercising voting rights relating to an investment destination including the listed shares acquired for purposes other than for pure investment purposes, the department responsible for the oversight of the company reviews its business conditions (earnings, capital efficiency, etc.) from both quantitative and qualitative standpoints in accordance with internal regulations. These regulations stipulate matters to be considered, etc., when determining whether to vote for or against proposals such as appropriation of surplus, election of Directors and Audit & Supervisory Board Members, and revision of executive remuneration. Then MC exercises its voting rights appropriately for individual matters for resolution. Furthermore, with regard to the proposals for the election and dismissal of Independent Directors and Independent Audit & Supervisory Board Members of listed subsidiaries, MC's internal regulation also stipulate that their independence from MC is to be examined before exercising voting rights.

MC's Pension Management Structure

In an effort to utilize personnel with experience in markets and investment, those responsible for pension management are appointed from the Finance Department of MC and serve concurrently as employees of the MC Pension Fund. The basic policy and management guidelines for safe and efficient management of the reserve are drafted and issued to institutions contracted to undertake management, which are then monitored constantly. Marked with the responsibility for autonomous allocations it holds, the fund has announced its acceptance of Japan's Stewardship Code and requires the institutions entrusted with management of the assets to perform stewardship activities.

Policy and Procedures for Appointment and Dismissal of Management Executive and Appointment of Nominated Directors and Audit & Supervisory Board Members

Ensuring Objectivity and Transparency through Deliberation at the Governance, Nomination and Compensation Committee, Where Independent Directors and Independent Audit & Supervisory Board Members Have a Majority

For the appointment of President and CEO, the requirements of the role, the basic policy on appointment, and selection of individual candidates are deliberated and reviewed by the Governance, Nomination and Compensation Committee where Independent Directors have a majority (4 Independent Directors out of 7 Committee Members). Appointments are then decided by the Board of Directors, which also appoints and assigns duties to Executive Officers. Moreover, the policy and process for appointment and all appointment proposals of Directors and Audit & Supervisory Board Members and each appointment proposal are deliberated by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors, before being presented at the Ordinary General Meeting of Shareholders. See II 2. in this report for details. Furthermore, the Company's policy is to take a flexible approach to determining and dealing with dismissal of President and CEO. The matter is deliberated by the Governance, Nomination and Compensation Committee before being resolved by the Board of Directors.

Details of Retired Executives Currently Serving in Advisory Positions

Name	Position	Area of Assignment	Work Conditions (full/part-time, remunerated, etc.)	Date of Retirement as President, etc.*	Term Ends
Ken Kobayashi	Honorary Chairman	External affairs	Part-time, no remuneration	March 31,2022	March 2028

Number of retired executives currently serving in advisory positions	1

Mitsubishi Corporation appoints, as necessary, retired executives (President and CEO) to the position of Honorary Chairman. Currently, one Honorary Chairman is appointed. The Honorary Chairman does not serve as a Director. He does not participate in internal management meetings and is not involved in the Company's decision-making process. He mainly engages in external activities that carry high social significance based on requests to the Company.
With effect from July 2020, the Honorary Chairman executes his duties on a part-time basis, with no remuneration.

* Date of retirement from Chairman of the Board

Policy of Dialogue with Shareholders

(a) Basic Stance

MC's corporate philosophy is enshrined in the Three Corporate Principles. Through corporate activities rooted in the principles of fairness and integrity, MC strives to continuously raise corporate value over the medium to long term, which MC believes that it will also meet the expectations of all stakeholders. In order to achieve these goals, MC is committed to fulfill accountability as a corporate enterprise that gains credibility and reputation from stakeholders, including shareholders and investors, by proactively engaging in dialogue with them and by appropriately and timely communicating the Company's management and business strategies to the stakeholders while simultaneously communicating those stakeholders' expectations to the management. Namely MC is leading mutual feedback with stakeholders and the Company's management.

(b) Persons in Charge and Promoting System

To strengthen communication with shareholders and investors, MC has appointed a Chief Stakeholder Engagement Officer (CSEO) as of April 2023. The CSEO manages the Corporate Communications Department, the Sustainability Department, and the Investor & Shareholder Relations Department to meet the diversifying needs of stakeholders in an integrated manner. The Investor & Shareholder Relations Department is responsible for dialogue with shareholders and investors, and the Investor & Shareholder Relations Department led to build a cross-sectional company structure, by organically linking business groups to corporate staff departments.

Furthermore, with respect to information disclosure, on which dialogue with shareholders and investors is premised, MC prepares documents in line with the Financial Instruments and Exchange Act, Companies Act, and others, and discloses information in a timely and appropriate manner in line with the rules defined by the Financial Instruments exchange. In addition, MC has established the Disclosure Committee, a sub-committee of the Executive Committee, and deliberates and confirms the appropriateness of the content of the Annual Securities Report disclosure documents. The CSEO leads the way in disclosing proactive, highly transparent information through the MC website, Sustainability Website, Integrated Reports, Investors' Note, and newspaper ads, etc. As a policy for its information disclosure system, MC developed and disclosed Information Disclosure Regulations to keep all officers and employees fully informed.

(c) Policy of Dialogue with Shareholders and Investors and Results of Activities

To continually raise corporate value over the medium to long term, MC is promoting constructive communication with shareholders and investors as follows.

i. Ordinary General Meeting of Shareholders

MC positions the Ordinary General Meeting of Shareholders as the place to fulfill accountability to shareholders. In addition to proactive information disclosure in the Notice of Ordinary General Meeting of Shareholders, MC tries to respond to questions raised by shareholders in a respectful manner.

ii. Communication with Individual Investors

MC holds regular meetings for individual investors.

＜Activities Conducted in FY2022＞
Individual investor briefing sessions: 9 times (of these, 1 included the participation of the President, CFO, etc.)

iii. Dialogue with Institutional Investors

In addition to quarterly financial results briefings, briefing sessions and meetings are held for domestic and foreign institutional investors.In addition, briefing and dialogues called "MCSV Creation Forum" are held.

＜Activities Conducted in FY2022＞
Financial results briefings*: 4 meetings
MCSV Creation Forum*: 3 meetings (2 business briefing sessions, 1 ESG Briefing)
Interviews with domestic and foreign institutional investors (operations departments) and analysts: approximately 430 meetings (of these, approximately 30 included the participation of the President and CEO, CSEO, CFO, etc.)
Interviews with domestic and foreign institutional investors (responsible investment departments): approximately 70 meetings (of these, 3 included the participation of the CSEO, CAO, etc.)

(d) Feedback to Business Management and Control of Insider Information

MC has developed a system by which the opinions from shareholders and investors and business challenges obtained through IR and SR activities are adequately reported to the management including the President and CEO, Board of Directors, and the Executive Committee. In addition, to help improve business management, the responsible departments feed the opinions obtained through communication with shareholders and investors across financial results briefings and other means back into the Company.
To prevent insider information from being leaked during communication with shareholders, either deliberately or accidentally, MC has set forth the Standard for the Prevention of Unfair Stock Trading in accordance with the Code of Conduct for MC's Officers and Employees. MC keeps all officers and employees fully informed of this requirement.

Reference: In Investor Information on the Company's website, MC posts various types of IR information in addition to the documents listed below. Details are available on the Company's website at the following URL.
https://www.mitsubishicorp.com/jp/en/ir/

- Presentation Materials
- Earnings Release
- Integrated Reports
- Financial Statements
- Quarterly Reports
- Investors' Note
- Corporate Brochure
- Sustainability Website

Governance

Audit & Supervisory Board and Audit

Audit & Supervisory Board Members /Audit & Supervisory Board

The Audit & Supervisory Board comprises all of the Audit & Supervisory Board Members responsible for auditing the decision-making processes and management performance of Directors in compliance with the Companies Act and other laws and regulations as well as Mitsubishi Corporation (MC)'s Articles of Incorporation and internal rules and regulations.
Full-time Audit & Supervisory Board Members and Independent Audit & Supervisory Board Members ensure the soundness of the management by executing audits informed by abundant working experience at MC and by experience in their particular fields as well as a neutral and objective perspective, respectively. In addition to making resolutions on matters required by law and other important issues, the Audit & Supervisory Board strives to enhance information-sharing among the Members through briefings on key matters and reporting on the status of the auditing activities of each of the Members.

Structure of the Audit & Supervisory Board (As of June 23, 2023)

Full-time Audit & Supervisory Board Members	Job History, Positions and Responsibilities	Attendance at Board of Directors Meetings (FY2022)		Attendance at Audit & Supervisory Board Meetings (FY2022)		Attendance at Governance, Nomination & Compensation Committee Meetings (FY2022)	
		Number of meetings attended/held	Attendance rate	Number of meetings attended/held	Attendance rate	Number of meetings attended/held	Attendance rate
Mitsumasa Icho	2022 Full-time Audit & Supervisory Board Member (present position) 1982 Joined MC	Regular:7/7 Extraordinary: 3/3*	100%	9/9*	100%	-	-
Akira Murakoshi	2023 Full-time Audit & Supervisory Board Member (present position) 1982 Joined MC	-	-	-	-	-	-

Independent Audit & Supervisory Board Members	Job History, Positions and Responsibilities	Attendance at Board of Directors Meetings (FY2022)		Attendance at Audit & Supervisory Board Meetings (FY2022)	
		Number of meetings attended/held	Attendance rate	Number of meetings attended/held	Attendance rate
Rieko Sato*	2020 Audit & Supervisory Board Member, MC (present position) 1998 Partner, ISHII LAW OFFICE (present position) 1989 Shearman & Sterling LLP (resigned in 1990) 1984 Admitted to the Japan Bar (Attorney-at-Law)	Regular:10/10 Extraordinary: 4/4	100%	12/12	100%
Takeshi Nakao*	2020 Audit & Supervisory Board Member, MC (present position) 2006 CEO, PARTNERS HOLDINGS, Co., Ltd. (present position) 1993 Admitted to Certified Public Accountant of Japan 1989 Joined KPMG Minato Audit Corporation (currently KPMG AZSA LLC) (resigned in 1996)	Regular:10/10 Extraordinary:4/4	100%	12/12	100%
Mari Kogiso*	2022 Audit & Supervisory Board Member, MC (present position) 2021 Founder and CEO, SDG IMPACT JAPAN Inc.(present position) 2019 General Manager, CEO Office, Fast Retailing Co., Ltd. 1998 joined World Bank（resigned in 2010） 1990 joined The Long-Term Credit Bank of Japan	Regular:7/7 Extraordinary: 3/3*	100%	9/9*	100%

Reference: Please refer to "Selection Criteria for Independent Directors and Independent Audit & Supervisory Members" on the MC website for thoughts regarding independence in selection criteria for Independent Directors and Independent Audit & Supervisory Members. (https://www.mitsubishicorp.com/jp/en/about/governance/corporategovernance.html)

* Indicating attendance after appointment as Audit & Supervisiory Board Member on June 24, 2022.
* Indicates the fulfillment of the conditions for Outside Audit & Supervisory Board Members as provided for in Article 2, Item 16 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors / Auditors as specified by Tokyo Stock Exchange, Inc. as well as selection criteria for Independent Audit & Supervisory Board Members specified by MC.

Percentage of Independent Audit & Supervisory Board Members among Total Audit & Supervisory Board Members*

* Based on the status as of June 23, 2023

Audit Plans

Prior to each fiscal year, the Audit & Supervisory Board formulates audit plans with key areas. In FY2022 (ended March 31, 2023), the following three key audit areas were selected for the monitoring of specific progress in management and execution.

1. Following-up Midterm Corporate Strategy 2024:

- Progress of major items in the new medium-term Corporate strategy

2. Enhancing MC Group Management:

- Establishment of self-sustaining governance at business subsidiaries and affiliates
- Consolidated risk management and compliance system

3. Initiatives to Strengthen Group Corporate Governance:

- Further enhancement of deliberations at Board of Directors' meetings
- Ensuring the effectiveness of remote audits/internal controls

Audits of Management Performance

1 Dialogue with Executive Officers

Opportunities are created for all Audit & Supervisory Board Members, including the Independent Audit & Supervisory Board Members, to engage in dialogues with the Chairman of the Board, President and CEO, Corporate Functional Officers, Business Group Heads/CEOs, Business Division COOs, General Managers of Administrative Departments, General Manager of Internal Audit Department, General Manager of the Corporate Strategy & Planning Department and General Managers of the Corporate Staff Section.

Number of dialogues with CEOs and other Executive Officers*1

67

[63*2]

*1 Numbers for FY2022
*2 Indicates the number of cases in which more than one Independent Audit & Supervisory Board Member joine

2 Attendance at Important Meetings

Besides the Audit & Supervisory Board, Full-time Audit & Supervisory Board Members attend meetings of major internal management bodies, including Board of Directors; Governance, Nomination and Compensation Committee; Executive Committee and Business Strategy Committee; and provide opinions as necessary. Besides the Audit & Supervisory Board, the Independent Audit & Supervisory Board Members attend meetings of the Board of Directors after being briefed on discussions in the Executive Committee and lower conference bodies, and provide opinions as necessary.

Number of major meetings*1

132

[26*2]

*1 Numbers for FY2022
*2 Indicates the number of cases in which more than one Independent Audit & Supervisory Board Member joine

3 On-site Audits and Observations

Audit & Supervisory Board Members proactively conduct on-site audits and visits of overseas and domestic MC Group companies in an effort to grasp the local circumstances. In selecting the locations of the on-site audits and visits for the Audit & Supervisory Board Members, besides quantitative aspects such as investment amount and net income, qualitative aspects such as the business environment and compliance cases are also taken into account.
In light of the relaxation of restricitons on overseas travel, the Audit & Supervisory Board resumed overseas on-site audits and observations, which they worked to enhance while striving to prevent the spread of COVID-19.
In FY2022,the Audit & Supervisory Board Members met with the CEOs and executive officers of 24 MC Group companies in seven locations overseas and 19 domestic MC Group companies, as well as the regional cheifs of 10 overseas and domestic offices. The Audit & Supervisory Board Members reported on the results of their on-site audits to the Chairman of the Board, the President and CEO, and the relevant executive officers.
At least one Independent Audit & Supervisory Board Member participated in on-site audits and visits with 10 companies in 4 countries overseas and 18 domestic MC Group companies, as well as 6 overseas and domestic offices.

Number of on-site audits and visits*1

53 companies/locations

[34 companies/locations*2]

*1 Numbers for FY2022
*2 Indicates the number of cases in which more than one Independent Audit & Supervisory Board Member joine

4 Reinforcement of Group Corporate Governance

In addition to dialogues with the CEOs and other executive officers of the MC Group companies, opportunities were arranged for the exchange of information every quarter with the Audit & Supervisory Board Members of 37 major Group companies in Japan. The Audit & Supervisory Board Members of the MC Group companies also arranged subcommittees to provide opportunities to share information and exchange opinions. We also provided assistance in training for those who would be assigned to the MC Group companies as full-time Audit & Supervisory Board Members. We will continue working to strengthen the Group corporate governance through regular monitoring.

Enhancing the Effectiveness and Auditing Activities of the Audit & Supervisory Board (Members)

MC conducts annual evaluations of the Board of Directors in order to make continuous improvements to the effectiveness of its corporate governance. The Audit & Supervisory Board (Members) focused on the following matters, referring to the issues reviewed in the effectiveness evaluation.

Improving the scope of information sharing on important investment and loan projects

For matters to be submitted for approval or reported to the Board of Directors, preliminary briefings are held for the Independent Directors and Independent Audit & Supervisory Board Members by management on the executive side prior to deliberation by the Board of Directors. For the Audit & Supervisory Board, in addition to these preliminary briefings, members also receive explanations from the Audit & Supervisory Board staff related to Board of Directors matters of especially high importance as well as matters that are not quantitatively applicable to the Board of Directors but that are still qualitatively important. The Audit & Supervisory Board Members then exchange opinions and share their awareness of risks in relation to the loan and investment projects.

Enhancing the provision of Information to the Independent Directors and Audit & Supervisory Board Members through various dialogues hosted by the Audit & Supervisory Board Member's office

As an activity of the Audit & Supervisory Board Members, MC has traditionally provided opportunities for discussion between all Audit & Supervisory Board Members and management executives such as the Chairman, President and CEO, Corporate Functional Officers and Group CEOs. As in the previous fiscal year, Independent Directors also actively participate. In addition, since FY2020, we have incorporated Business Reports from senior management, which used to be held at meetings of the Board of Directors, into this dialogue, allowing sufficient time for the provision of information, including questions and answers. Independent Audit & Supervisory Board Members also participate in dialogues with the Division Chief Operating Officer to ensure opportunities to hear the opinions of employees on the ground.

Enhancing the Effectiveness of the Audit & Supervisory Board and Its Members

To increase the effectiveness of the audits performed by the Audit & Supervisory Board Members, in the year ended March 31, 2023, continuing initiatives implemented in the previous fiscal year, we further enhanced the reviews of the activities of the Audit & Supervisory Board. Specifically, as in previous years, the Audit & Supervisory Board held mid-year and year-end reviews of audit progress, focusing mainly on key audit areas. In addition, the Audit & Supervisory Board carried out an evaluation of its effectiveness, mainly through a survey of its members and hearing about the survey results. The Audit & Supervisory Board discussed the findings of this evaluation in order to review its auditing methods and reflect the results in the audit plan for coming fiscal year. The evaluation found that the audits performed by the Audit & Supervisory Board functioned adequately, that ongoing efforts are being made to enhance the Audit & Supervisory Board's effectiveness, and that it will continue to bolster its effectiveness going forward by working to enhance operations in such areas as efficiently setting up dialogues.

Enhancement of Tripartite Audits

Audit & Supervisory Board Members strive to further strengthen cooperation with Independent Auditors and the Internal Audit Department in order to assess the Company's situation with the aim of improving the effectiveness of audits.

Collaboration with Independent Auditors / Evaluation of Independent Auditors

We work with Independent Auditors through their outline briefings on accounting audit plans, audit reports for quarterly results and monthly meetings. During on-site audits and visits, we also exchange opinions with the Independent Auditors of MC Group companies in Japan and overseas.

With regard to performance evaluations of Independent Auditors, we keep track of evaluation data during the fiscal year from regular audit reports and other sources, and hold an Independent Auditor evaluation conference at the end of the fiscal year. As a result, we have concluded that the current Independent Auditors performed appropriate audits in a professional manner, and accordingly, the Audit & Supervisory Board resolved to reappoint the Independent Auditors.

Collaboration with the Internal Audit Department

The Internal Audit Department and Full-time Audit & Supervisory Board Members hold monthly meetings where exchange of opinions are made concerning reports on internal audit results. Also at Audit & Supervisory Board meetings, the Internal Audit Department shares their quarterly audit results.
In addition, Audit & Supervisory Board Members attend the internal auditor liaison meetings of 45 major MC Group companies in Japan held by the Internal Audit Department, while the General Manager of the Internal Audit Department attends liaison meetings held by MC's Audit & Supervisory Board Members with the Audit & Supervisory Board Members of the MC Group companies mentioned above, and all parties collect audit information and exchange opinions.

Audit

Audit & Supervisory Board Member Audits

The Audit & Supervisory Board has five Members, consisting of two in-house members and three independent members. Of the 2 In-house Audit & Supervisory Board Members, Mitsumasa Icho has experience in the corporate management, and finance and accounting departments, and Akira Murakoshi has experience in the corporate management. They are appointed as Full-time Audit & Supervisory Board Members, respectively. Of the 3 Independent Audit & Supervisory Board Members, Rieko Sato and Takeshi Nakao have extensive experience as an attorney (corporate law) and a certified public accountant respectively, and Mari Kogiso has in-depth insight into ESG and fincance. Of the 5 Audit & Supervisory Board Members, Mitsumasa Icho, Full-time Audit & Supervisory Board Member, and Takeshi Nakao, Independent Audit & Supervisory Board Member, have a considerable degree of knowledge and experience concerning finance and accounting. One of the Full-time Audit & Supervisory Board Members heads the Audit & Supervisory Board and is also the specified Audit & Supervisory Board Member stipulated by the law. Audit & Supervisory Board Members are assisted as needed by the 8-member Audit & Supervisory Board Members Office (as of April 1, 2023), which is an independent organizational body.

As part of their activities based on the audit plan, Audit & Supervisory Board Members attend important meetings of major internal management bodies (132 meetings including Executive Committee and Business Strategy Meeting, etc.) and hold discussions with internal departments, including important offices in Japan and overseas (67 dialogues with executive officers (Chairman of the Board, etc.), dialogues with CEOs and other executive officers at 24 overseas business subsidiaries/affiliates and 19 domestic ones, as well as with the regional chiefs of 10 overseas and domestic offices). At the same time, Audit & Supervisory Board Members hold regular meetings with MC's independent auditors and Internal Audit Department, to accurately and in a timely manner grasp MC's situation through close cooperation. The Audit & Supervisory Board provides a forum for lively discussion, where the Audit & Supervisory Board Members report and share their audit activities as well as making decisions on statutory matters and so forth. In FY2022 (ended March 31, 2023), Audit & Supervisory Board were held 12 times, and all Audit & Supervisory Board Members were in attendance at every meeting. At the Audit & Supervisory Board meeting implemented in the end of the last fiscal year or in the beginning of the fiscal year, the audit plan for that fiscal year is decided upon and a review of the previous fiscal year's audit activities is carried out. These matters are also reported to the Board of Directors. Furthermore, in addition to statutory matters such as the audit report and the selection and dismissal, and remuneration of the independent auditors, the Audit & Supervisory Board also discusses major investment and finance projects and issues identified through audit activities such as on-site audits, tours and dialogues, etc.

Internal Audits

Regarding internal audits, the Internal Audit Department (which had 80 members as of April 1, 2023) conducts audits of MC and its overseas regional subsidiaries and affiliated companies from a Company-wide perspective. In addition, each Business Group has established its own internal audit organization, which audits the operations that fall under its Group organization on a consolidated basis. These internal audits are based on annual audit plans and are conducted after selecting audit targets. Under a dual reporting system, the audit results are reported each time to the President and CEO, Audit & Supervisory Board Members and other concerned parties. They are also reported regularly to the Board of Directors and the Executive Committee.
MC conducts regular audits throughout the year of MC and MC Group companies in accordance with the International Standards for Internal Auditing every three to five years, taking into factors such as accounting risks and business scale. In addition to legal compliance, the MC Group also considers social norms and business ethics in verifying and evaluating each process of governance, risk management and internal controls. MC has also been conducting thematic audits annually since FY2021, covering the entire MC Group regarding anti-bribery and anti-trust laws, as well as the status of environmental issue management in FY2022. In FY2023 we focused on the status of internal auditing structure and audit and supervisory board members at subsidiaries.

Accounting Audits

The three certified public accountants who carried out the accounting audit of Mitsubishi Corporation were Yuki Higashikawa, Hirofumi Otani and Sogo Ito of Deloitte Touche Tohmatsu LLC. They were assisted by 31 certified public accountants, 21 junior accountants and 90 other staff.

Mutual Cooperation among Audit & Supervisory Board Member Audits, Internal Audits and Accounting Audits, and their Relationship with Internal Control Departments

The Audit & Supervisory Board Members, Corporate Accounting Department, and independent auditors hold regular meetings at the time of quarterly financial results and monthly, and provide opportunities for exchanging opinions with subsidiaries and affiliates as necessary.
In addition, the Internal Audit Department makes regular audit reports to the Audit & Supervisory Board, the Audit & Supervisory Board Members have monthly meetings with the Internal Audit Department, and the Audit & Supervisory Board Member and the Internal Audit Department hold liaison meetings with the Audit & Supervisory Board Members and internal audit departments of subsidiaries and affiliates, and so forth. In addition, the Audit Department also began participating in the regular meetings for exchanging information and opinions with Audit & Supervisory Board Members and Independent Auditors in the Fiscal Year ended March 31, 2023.
This cooperation is intended to strengthen the linkages supporting three-way audits (Audit & Supervisory Board Member Audits, Internal Audits and Accounting Audits).

Fees paid to Mitsubishi Corporation's independent auditors Deloitte Touche Tohmatsu LLC for FY2022 were as follows:

a. Amount of fees for services in accordance with the first clause of Article 2 of the Certified Public Accountant Law of Japan (Law No. 103, 1948) *1 ¥846 million
b. Amount of fees for services other than those prescribed in the first clause of Article 2 of the Certified Public Accountant Law of Japan *2 ¥38 million
c. Total amount of fees to be paid by Mitsubishi Corporation and consolidated subsidiaries *3 ¥2,838 million

*1 Fees for services prescribed in the first clause of Article 2 of the Certified Public Accountant Law of Japan (Law No. 103, 1948) are fees, etc. for audit certification services relating to English language financial statements prepared based on International Financial Reporting Standards (IFRS) and audit certification based on the Companies Act and the Financial Instruments and Exchange Act.

*2 Fees for services other than those prescribed in the first clause of Article 2 of the Certified Public Accountant Law of Japan are fees for comfort letter preparation for bond issuance, training, etc.

*3 Some subsidiaries are audited by certified public accountants or independent auditors (including persons with qualifications equivalent to these qualifications in overseas countries) other than Mitsubishi Corporation's independent auditors.

Governance

Directors' and Audit & Supervisory Board Members' Remuneration, etc.

Directors' and Audit & Supervisory Board Members' Remuneration

Directors' and Audit & Supervisory Board Members' Remuneration

In line with the Basic Policy on Corporate Governance, MC has established a remuneration package for Directors and Audit & Supervisory Board Members to ensure a sustainable increase in corporate value, and to ensure that their respective roles are fulfilled properly according to business execution and management supervision functions. The basic approaches behind the package are as follows.

Basic Approach to the Package

Remuneration Levels

- Levels of remuneration are set based on the functions and roles of the Directors and Audit & Supervisory Board Members, MC's performance level and other factors.
- Based on performance targets, MC sets globally competitive remuneration levels to encourage a desire for growth among human resources who will be responsible for the next generation of management and to improve organizational vitality.

Remuneration Composition

- Remuneration for Directors is designed for greater focus on increasing medium- and long-term corporate value by more closely linking remuneration to medium- to long-term corporate value and fiscal year earnings, as well as the creation of stock remuneration with stronger ties to shareholder value, in addition to cash compensation. From this perspective, profit (single year and medium to long term), sustainability factors (medium to long term) , the share price and share growth rates (medium to long term) are adopted as key performance indicators.
- To ensure the independence of the Chairman of the Board and Independent Directors, who undertake functions of management oversight, and Audit & Supervisory Board Members, who undertake audits, MC only pays them fixed monthly remuneration.

Governance of Remuneration

- The Governance, Nomination and Compensation Committee , where a majority of the members are Independent Directors and Independent Audit & Supervisory Board Members, continuously deliberates and monitors methods for deciding remuneration packages, the fairness of remuneration levels and compositions (including components of remuneration subject to clawback policy),* and the status of implementation.

Reference: Governance, Nomination and Compensation Committee

* To enhance the management from the longer-term perspective, MC has adopted a clawback policy, applicable to the individual performance-linked remuneration, performance-linked bonuses (short term) and performance-linked bonuses (medium to long term) of Executive Directors. In addition, non-payment or reduction of the amount is possible in the event of serious violation of a delegation agreement etc, regarding annual deferral for retirement remuneration.

The Process for Setting Remuneration for Directors and Audit & Supervisory Board Members

The Governance, Nomination & Compensation Committee deliberates and the Board of Directors decides the policy for setting Directors' remuneration and the remuneration amount (actual payment amount).

The total remuneration amount (actual payment amount) and individual payment amounts for Directors, excluding individual performance-linked remuneration, are determined by a resolution of the Board of Directors within the upper limits for each type of remuneration decided by resolution of the Ordinary General Meeting of Shareholders held on June 21, 2019. Base salary and annual deferral for retirement remuneration, forms of fixed remuneration, are paid in amounts determined by the Board of Directors. As for variable remuneration, payments of performance-linked bonuses (short term), performance-linked bonuses (medium to long term) and stock-based remuneration linked to medium- to long-term share performance are determined, while reflecting key performance indicators, based on a formula set by the Board of Directors following deliberation by the Governance, Nomination & Compensation Committee.

MC has adopted a clawback policy*, applicable to the individual performance-linked remuneration, performance-linked bonuses (short term) and performance-linked bonuses (medium to long term) of Executive Directors, revising the regulations for executive officers by resolution at the Board of Directors' meeting held on February 18, 2022.

The payment amounts of individual performance-linked remuneration paid to Directors based on their individual performance assessment, including a qualitative assessment, are determined and paid on an individual basis, reflecting the President's yearly performance assessment in both financial and non-financial terms of each Director for the relevant fiscal year (the Board of Directors delegates authority to the President for deciding the individual payment amounts). Performance evaluations of Executive Directors comprehensively take into account their contributions to the organizations and businesses they oversee; their contributions to the management of the entire Company, Corporate Staff Section, Business Groups and offices; and the state of the initiatives for value creation that leads to sustainability.

The annual assessment on the President's performance is decided by the President's Performance Evaluation Committee, which is delegated this authority by the Board of Directors (and is a subcommittee of the Governance, Nomination & Compensation Committee). The subcommittee is comprised of the Chairman of the Board, who also serves as the chair of the Governance, Nomination & Compensation Committee, and Independent Directors sitting on the committee.
Results of the performance assessment are reported to the Board of Directors and the Governance, Nomination & Compensation Committee to ensure objectivity, fairness, and transparency.

Based on the policy for determining remuneration packages (including methods for calculating performance-linked bonuses) that was approved at the ordinary meeting of the Board of Directors held on May 17, 2019, and the extraordinary meeting of the Board of Directors held on June 21, 2019, each year, the Governance, Nomination & Compensation Committee deliberates and the Board of Directors makes a resolution determining that the total amount of director remuneration packages and methods for deciding payments to individual directors are consistent with said policy for determining remuneration packages.
Each year the Governance, Nomination & Compensation Committee deliberates and monitors the fairness of the remuneration levels and compositions (including remuneration items which are subject to the clawback policy) as well as the operational status of remuneration systems. This is done with the reference to data on remuneration levels and composition ratios provided by an external consulting firm (Willis Towers Watson).

To ensure the independence of the Chairman of the Board and Independent Directors, who undertake functions of management oversight, and Audit & Supervisory Board Members, who undertake audits, MC only pays them fixed monthly remuneration.

Total and individual amounts of remuneration paid to Audit & Supervisory Board Members are determined following deliberations by the Audit & Supervisory Board within the scope of remuneration for Audit & Supervisory Board Members approved at the Ordinary General Meeting of Shareholders, held on June 21, 2019.

* In the event that an executive officer causes any loss or damage to the company from willful misconduct or negligence, a serious violation of a delegation agreement, or a serious accounting error/ex-post revision of a financial report due to misconduct resolved by the Board of Directors, non-payment or reduction of the amount/reclaiming of the paid amount is possible by resolution of the Board of Directors. The Governance, Nomination & Compensation Committee continuously deliberates and monitors the appropriateness of remuneration compositions, including remuneration items which are subject to the clawback policy.

Remuneration Package for Directors and Audit & Supervisory Board Members (from FY2023)

Remuneration Type / Portion of Total		Payment Form	Key Performance Indicator (KPI)		Performance Period			Remuneration Details	Limit: Executive Directors	Limit: Chairman of the Board	Limit: Outside Directors	Limit: Audit & Supervisory Board Members
Base salary	Fixed; About 20-50%	Cash						• An amount determined by the Board of Directors according to position, paid monthly.	1			5
Annual deferral for retirement remuneration								• Fixed amount of annual deferral for retirement remuneration set aside each year; to be paid in full retirement, with Board of Directors' approval of payment amounts. • By resolution of the Board of Directors, non-payment or reduction of the amount is possible in the event of a serious violation of a delegation agreement, etc.		–		
Individual performance-linked remuneration*	Variable (single year); About 25-30%		Individual Performance (single year)		Year 1			• Payment amount determined for each Director and Executive Officer based on assessments of performance in both financial and non-financial terms by the President, with the authority delegated by the Board of Directors. • The assessment on the President's performance is determined by the President's Performance Evaluation Committee. • Performance assessment results are reported to the Board of Directors and Governance, Nomination and Compensation Committee.				
Performance-linked bonus (short term)*			Profit for the year (single year)		Year 1			• The amount paid is determined in line with profit for the relevant fiscal year in based on formulas resolved by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee. • No bonus is paid if profit for the year is below the profit threshold resolved ahead of time by the Board of Directors based on consolidated capital cost.	2			
Performance-linked bonus (medium to long term)*	Variable (medium to long term), About 25-50%		Profit for the year (medium to long term)		Year 1	Year 2	Year 3	• The amount paid is determined in line with the average profit for the relevant three fiscal years, based on formulas resolved by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee. • No bonus is paid if the average for the relevant three fiscal years is below the average profit threshold resolved ahead of time by the Board of Directors based on consolidated capital cost. • In addition, the amount varies in accordance with the results of evaluations of initiatives related to optimizing the Value of Human Capital and Contributing to Decarbonized Societies. These evaluations are carried out by the Governance, Nomination & Compensation Committee, which comprehensively examines initiatives over the relevant three fiscal years while also considering longer-term impact in both quantitative and qualitative terms. The evaluation results are reported to the Board of Directors and disclosed to the public.	3			
			Sustainability factors (medium to long term)	Optimizing the value of human capital								
				Contributing to Decarbonized Societies								
Stock-based remuneration linked to medium- to long-term share performances		Shares (stock options)	Share Price/ Growth rate in shares (medium to long term)		Year 1	Year 2	Year 3	• The Board of Directors determines the number of shares allocated to each person. • No allocated stock options can be exercised for a three-year performance period. Based on a remuneration formula decided by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee, the number of stock options that can be exercised at the end of this period varies between 40% and 100% according to the share growth rate [calculated as Total Shareholder Return (TSR) divided by the TOPIX benchmark growth rate over the same period]. • The basic policy is that Directors are obliged to hold any shares while in office. Sales of such shares are restricted until their aggregate market value exceeds approximately 300% of the base salary of each position.	4			

Note:

1) to 5) in the table indicate the number of limits on remuneration that correspond to each remuneration item.

Remuneration limits for Directors and Audit & Supervisory Board Members are approved at the 2019 Ordinary General Meeting of Shareholders for FY2019 held on June 21, 2019, as described in 1) to 4) and 5) below.

The number of Directors to whom the above amounts of Director remuneration (excluding stock-based remuneration linked to medium- to long-term share performance) applied was 13 (including 5 Independent Directors); the number of directors to whom the above amount of stock-based remuneration linked to medium- to long-term share performance applied was 7; and the number of Audit & Supervisory Board Members to whom the above amount of Audit & Supervisory Board Member remuneration applied was 5 (including 3 Independent members).

1) The total annual amount for base salary, annual deferral for retirement remuneration and individual performance-linked remuneration shall be up to ¥1.5 billion per year (For the base salary paid to Independent Directors, up to ¥180 million per year).
2) The annual amount for performance-linked bonus (short term) shall be up to 0.06% of consolidated net income (attributable to owners of MC) for the relevant fiscal year.
3) The annual amount for performance-linked bonus (medium to long term) shall be up to 0.06% of the average consolidated net income (attributable to owners of MC) over the relevant fiscal year and subsequent three fiscal years.
4) The annual amount for stock-based remuneration linked to medium- to long-term share performances shall be no more than ¥600 million per year (with regard to number of shares, limited to 400,000 shares per year).
5) The annual amount for base salary paid to Audit & Supervisory Board Members shall be up to ¥250 million per year.

Calculation Method for Performance-Linked Remuneration

● Performance-linked bonus (FY2023)

1. Performance-linked bonus (short term)

Details of the calculation formulas are as follows.
(1) Upper limit on total payment
The upper limit will be the lower of i) ¥648 million or ii) the maximum total of individual payment amounts prescribed in (2) below.

(2) Individual payments
The specific calculation formula for each position is as follows (rounded to the nearest ¥1,000). However, the payment amount will be ¥0 if the profit falls below the profit threshold resolved ahead of time by the Board of Directors based on the consolidated capital cost (¥600billion).

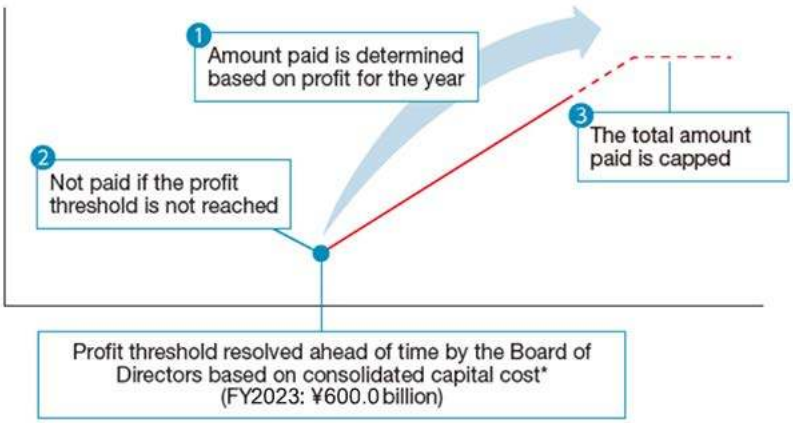
President and CEO:
(profit in FY2023 – ¥520 billion) × 0.025% + 0.35 (¥100 million)

Senior Executive Vice President:
(profit in FY2023 – ¥520 billion) × 0.01% + 0.14 (¥100 million)

Executive Vice President:
(profit in FY2023 – ¥520 billion) × 0.0075% + 0.105 (¥100 million)

Given the composition of Directors as of June 23, 2023, the maximum payment amount and its total for each position as Executive Officers of eligible Executive Directors are as follows.

Position	Maximum payment amount	Number of persons	Total
President and CEO	¥ 175 million	1	¥ 175 million
Senior Executive Vice President	¥ 70 million	1	¥ 70 million
Executive Vice President	¥ 52.5 million	2	¥ 105 million
	Total	4	¥ 350 million



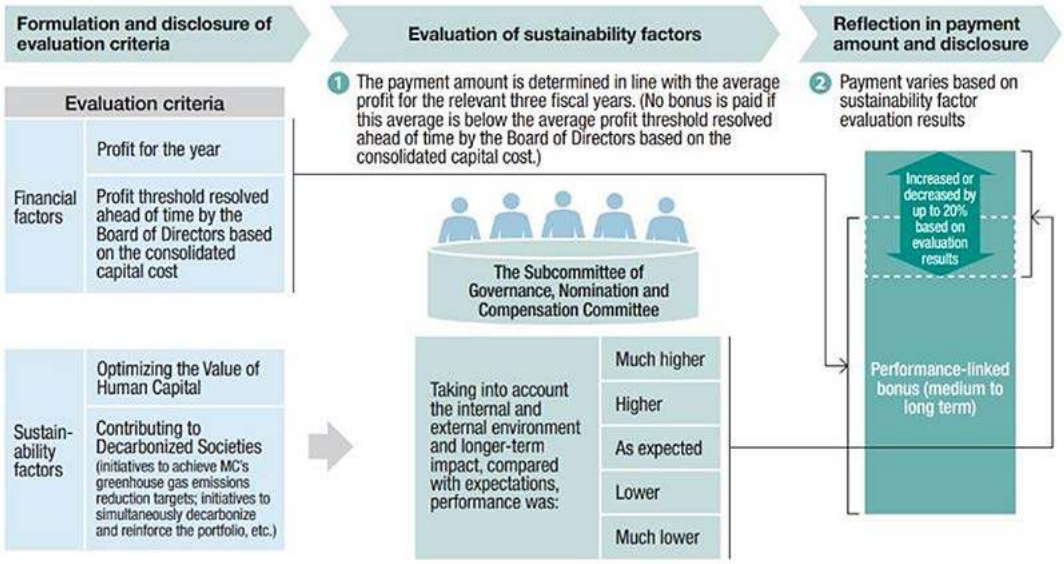
2. Performance-linked bonus (medium to long-term)

The payment amount will be calculated as follows.
(Payment amount replacing the above performance-linked bonus (short term) calculation formula with the formula prescribed below) × (Results of evaluations initiatives related to sustainability factors*) [80%～120%]

- "Profit in FY2023"
  →Replace with "the average of the profit for the three fiscal years, FY2023, FY2024, and FY2025."
- "The payment amount will be ¥0 if the profit falls below the profit threshold resolved ahead of time by the Board of Directors based on the consolidated capital cost (¥600billion)."
  → Replace with "the payment amount will be ¥0 if the average of profit falls below the average profit threshold resolved ahead of time by the Board of Directors based on the consolidated capital cost for the three fiscal years, FY2023, FY2024, and FY2025."

The upper limit will be the lower of i) ¥648 million or ii) the maximum total of individual payment amounts prescribed below.
Given the composition of Directors as of June 23, 2023, the maximum payment amount and its total for each position as Executive Officers of eligible Executive Directors are as follows.

Position	Maximum payment amount	Number of persons	Total
President and CEO	¥ 210 million	1	¥ 210 million
Senior Executive Vice President	¥ 84 million	1	¥ 84 million
Executive Vice President	¥ 63 million	2	¥ 126 million
Total		4	¥ 420 million



* Sustainablity factors over three fiscal years of the performance period in both quantative and qualitative terms evaluated at a newly established subcommittee of the Governance, Nomination & Compensation Committee (the members of the subcommittee are the Chairman of the Board and Independent Directors, to whom this form of remuneration does not apply, and the committee is chaired by an Independent Director.)

● Stock-based remuneration linked to medium- to longterm share performances

(1) Upper limit on total number of shares
The upper limit will be 400,000 shares of common stock (4,000 units of stock acquisition rights) per fiscal year. The number of shares to be issued per stock acquisition right is 100.

(2) Conditions for exercise of stock acquisition rights

1) A stock acquisition rights holder may exercise all or a portion of their stock acquisition rights during the exercisable period, in accordance with the stock growth rate in MC's shares as a market condition (see "Market conditions" below).

2) A stock acquisition rights holder may not exercise the stock acquisition rights after 10 years from the day after losing the position as either Director or Executive Officer of MC.

Market conditions

a) The number of stock acquisition rights that can be exercised by each position will be determined by the following formula.

・Initial number of allocated stock acquisition rights for the position (based on position as of April 1, 2023) × vesting ratio

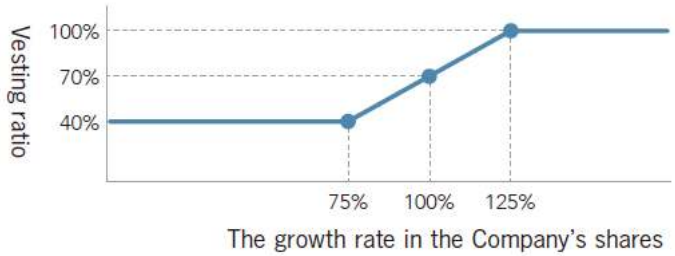
b) Vesting ratio

The vesting ratio for stock acquisition rights varies, as shown below, depending on the growth rate in MC's shares (see (c) below) over the three-year period from the allocation date.

・Growth rate of at least 125% in MC's shares: 100%

・Growth rate between 75% and 125% in MC's shares: 40% + (MC's shares growth rate [%] – 75 [%]) × 1.2 (amounts less than 1% rounded to the nearest whole number)

・Growth rate less than 75% in MC's shares: 40%



c) Growth rate in MC's shares

Growth rate in MC's shares = MC's TSR (three years)/TOPIX growth rate (three years)

MC's TSR = (A + B)/C

A. Average closing price for shares of MC's common stock on the Tokyo Stock Exchange on each trading day during the three months preceding the month when the exercise period began (excluding days on which no transactions were made)

B. Total amount of dividends per share of MC's common stock from the date of allocation of stock acquisition rights to the date when the exercise period began

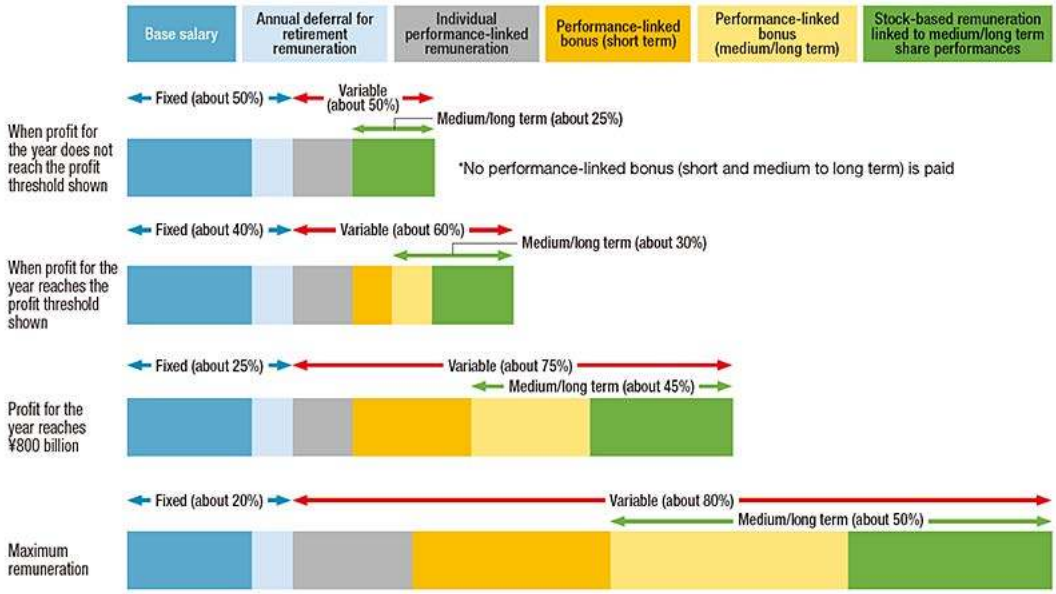
C. Average closing price for shares of MC's common stock on the Tokyo Stock Exchange on each trading day during the three months preceding the month when stock acquisition rights are allocated (excluding days on which no transactions were made)

TOPIX growth rate = D/E

D. Average closing price for TOPIX on the Tokyo Stock Exchange on each trading day during the three months preceding the month when the exercise period began (excluding days on which no transactions were made)

E. Average closing price for TOPIX on the Tokyo Stock Exchange on each trading day during the three months preceding the month when stock acquisition rights are allocated (excluding days on which no transactions were made)

Conceptual Image of Payment Mix for Remuneration of Executive Directors



Note: The proportions shown above are based on certain values for consolidated earnings and the share price, and are for illustrative purposes only. The actual mix will vary depending on changes in Mitsubishi Corporation's consolidated financial results and stock market conditions.

Guideline for Share Ownership (Standard)

MC sets the guideline for share ownership. The basic policy of the guideline is that Executive Directors and Executive Officers are obliged to hold any shares including those acquired through the exercise of stock options while in office. Sales of such shares are restricted until their aggregate market value exceeds approximately300% (500% for President and CEO) of the base salary.

Deliberation Process Regarding the Revision of Remuneration Package for Executive Directors

MC resolved to revise the remuneration package for Executive Directors after continual deliberations by the Board of Directors and the Governance, Nomination and Compensation Committee. The specific review process is as follows.

October 2018 Governance, Nomination and Compensation Committee

- Remuneration-related issues (remuneration levels and composition, proportion of fixed and variable components etc.) were reviewed.
- The basic approach to revisions of remuneration package was deliberated.

November 2018 Board of Directors' Meeting

- The results of the Governance, Nomination and Compensation Committee deliberations were reported.

February 2019 Meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members*

- The basic approach to revisions of remuneration package was confirmed.
- Revised remuneration levels and composition, and remuneration governance-related issues were deliberated.

March 2019 Governance, Nomination and Compensation Committee

- The specific remuneration levels and composition were confirmed.
- Specific proposals for breakdown of composition and calculation formulae (including related conditions) for variable remuneration were deliberated.
- Proposed disclosures relating to the revised remuneration package were deliberated.

April 2019 Board of Directors' Meeting

- The results of the Governance, Nomination and Compensation Committee deliberations were reported.

May 2019 Board of Directors' Meeting

- The proposed revisions to remuneration package were approved.

June 2019 Ordinary General Meeting of Shareholders

- Based on the revisions to remuneration package, resolutions were approved at the Ordinary General Meeting of Shareholders regarding revisions to the remuneration limits for Directors and introduction of stock-based remuneration linked to medium- to long-term share performances.

July and October 2022 Governance, Nomination and Compensation Committee

- The basic approach to add sustainability factors to remuneration package was deliberated.

March 2023 Governance, Nomination and Compensation Committee

- Proposed revisions to a part of remuneration package (Sustainability factors to performance-linked bonuses (medium to long term), Revision of a formula for performance-linked bonuses (short term/medium to long term), and others) were deliberated.

May 2023 Board of Directors' Meeting

- Proposed revisions to a part of remuneration package (Sustainability factors to performance-linked bonuses (medium to long term), Revision of a formula for performance-linked bonuses (short term/medium to long term), and others) were approved .

June 2023 Ordinary General Meeting of Shareholders

- Based on the revisions to a part of remuneration package, the resolution was approved at the Ordinary General Meeting of Shareholders.

Directors' and Audit & Supervisory Board Members' Remuneration: Total Amounts and Number of Eligible Persons in the Fiscal

Total remuneration amounts for Directors and Audit & Supervisory Board Members and numbers of eligible people are as follows.

(Millions of yen)

Title	Total Remuneration	Base salary		Annual deferral for retirement remuneration		Individual performance bonus		Performance-linked bonus (short term)		Performance-linked bonus (medium to long term)		Stock-based remuneration linked to medium- to long-term share performances	
		Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total
In-house Directors	1,805	9	554	5	61	5	220	5	385	5	385	5	199
Independent Directors	150	6	150	-	-	-	-	-	-	-	-	-	-

Title	Total Remuneration	Base salary		Annual deferral for retirement remuneration		Individual performance bonus		Performance-linked bonus (short term)		Performance-linked bonus (medium to long term)		Stock-based remuneration linked to medium- to long-term share performances	
		Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total
In-house Audit & Supervisory Board Members	174	3	174	-	-	-	-	-	-	-	-	-	-
Independent Audit & Supervisory Board Members	63	4	63	-	-	-	-	-	-	-	-	-	-

(Figures less than one million yen are rounded down)

- Directors and 1 Audit & Supervisory Board Member who retired and 1 Audit & Supervisory Board Member who resigned during FY2022. Furthermore, there were 11 Directors (including 5 Independent Directors) and 5 Audit & Supervisory Board Members (including 3 Independent Audit & Supervisory Board Members) as of March 31, 2023.
- The above figures of Individual Performance Bonuses represent the amounts recorded as provisions granted for in FY2022.
- The above figures for Performance-linked Bonus (Short term) are determined based on the profit of 1,180.7 billion yen for FY2022, based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors.
- The above amounts for Performance-linked Bonus (Medium to long-term) are paid on an average of the profit for FY2022 to FY2024, but as this cannot be decided currently, the amount shown is provisions for such bonuses as of FY2022. The actual amount paid for FY2022 will be based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors, and the amount for FY2022 will be disclosed in the Fiscal 2024 Business Report and Annual Securities Report.
  The actual amount paid for FY2020 was based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors. The amount was paid on the average of 763.6 billion yen in profit for FY2020 to FY2022, totaling 254 million yen for 5 Directors in FY2020.
  The actual amout paid for FY2021 will be paid on an average of the profit for the fiscal years ended March 31, 2022 to 2024, but as this cannot be decided currently, a total of 385 million yen for 5 Directors in FY2021 was recorded as provisions in FY2022 but was not included in the table. The actual amount paid for FY2021 will be disclosed in the Fiscal 2023 Business Report and Annual Securities Report.
- The above figures for Stock-Based Remuneration linked to Medium- and Long-term Share Performances (stock options with market conditions) is the amount recorded as an expense granted for FY2022. In regard to Stock-Based Remuneration linked to Medium- and Long-term Share Performances, the number of exercisable shares will be determined according to the growth rate in MC's shares over three years from being granted, based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors.
- In addition to the above, Mitsubishi Corporation paid executive pensions to retired Directors and Audit & Supervisory Board Members. The amounts paid in FY2022 were as follows:
  The retirement bonus system, including executive pensions for Directors and Audit & Supervisory Board Members, was abolished at the close of the Ordinary General Meeting of Shareholders held on June 26, 2007.
  Mitsubishi Corporation paid ¥80 million to 49 Directors (Outside Directors were ineligible for payment).
  Mitsubishi Corporation paid ¥3 million to 4 Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members were ineligible for payment).

Names, Titles, Total Amounts of Consolidated Remuneration and Amount by Type of Remuneration for Each Director and Audit & Supervisory Board Member

Remuneration amounts for Directors and Audit & Supervisory Board Members whose total remuneration was ¥100 million or more are shown in the table below.

Name	Title	Total consolidated remuneration (Millions of yen)	Amount by Type of Remuneration (Millions of yen)					
			Base salary	Annual deferral for retirement remuneration*1	Individual performance bonus	Performance-linked bonus (short term)	Performance-linked bonus (medium to long term)*2	Stock-based remuneration linked to medium- to long-term share performances*3
Takehiko Kakiuchi	Director	263	263	0	0	0	0	0
Katsuya Nakanishi	Director	655	91	27	105	175	175	81
Norikazu Tanaka	Director	203	32	7	34	52	52	25
Yasuteru Hirai	Director	218	42	9	27	52	52	33
Yutaka Kashiwagi	Director	221	43	9	30	52	52	33
Yuzo Nouchi	Director	199	32	7	30	52	52	25

(Figures less than one million yen are rounded down)

- None of the above Directors receive remuneration as a Director or an Audit & Supervisory Board Member of a consolidated subsidiary.

*1 The amount of annual deferral for retirement remuneration is accumulated each year as a fixed amount of remuneration for the exercise of duties by each Director over one year. It is paid to the Director after his or her retirement.

*2 The amount of Performance-linked Bonus (Medium to long-term) are paid on an average of the consolidated net income for FY2022 to FY2024, but as this cannot be decided currently, the amount shown is provisions for such bonuses as of FY2022, and differs from the actual paid amount.The actual amount paid for FY2022 will be based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors, and the amount for the fiscal year for FY2022 will be disclosed in the Fiscal 2024 Business Report.The actual amount paid for FY2020 was based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors. The amount was paid on the average of 763.6 billion yen in profit for FY2020 to FY2022, 115 million yen to President & CEO (Mr Takehiko Kakiuchi) and 34 million yen respectively to 4 Executive Vice Presidents (Mr Kazuyuki Masu, Shinya Yoshida, Akira Murakoshi, and Masakazu Sakakida) in FY2020. The actual amout paid for FY2021 will be paid on an average of the profit for the fiscal years ended March 31, 2022 to 2024, but as this cannot be decided currently, 175 million yen to President & CEO (Mr Takehiko Kakiuchi) and 52 million yen respectively to 4 Executive Vice Presidents (Mr Kazuyuki Masu, Akira Murakoshi, Yasuteru Hirai and Yutaka Kashiwagi) in FY2022 but was not included in the table. The actual amount paid for FY2021 will be disclosed in the Fiscal 2023 Business Report.

*3 The amount of Stock-Based Remuneration linked to Medium- and Long-term Share Performances is the amount recorded as an expense in the accounting treatment for that fiscal year and differs from the actual amount received from the exercise or sale of stock options. In regard to Stock-Based Remuneration linked to Medium- and Long-term Share Performances, the number of exercisable shares will be determined according to the growth rate in MC's shares over three years from being granted, based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors. Under the conditions for exercise of stock acquisition rights, the starting date of the exercise period for stock acquisition rights had not arrived as of March 2023.

Significant Employee Salaries of Directors and Audit & Supervisory Board Members Serving Concurrently as Employees

None of MC's Directors and Audit & Supervisory Board Members serve concurrently as employees.

Employee Salaries

MC has a performance-linked bonus system for non-executive employees, including some fixed-term contract employees.

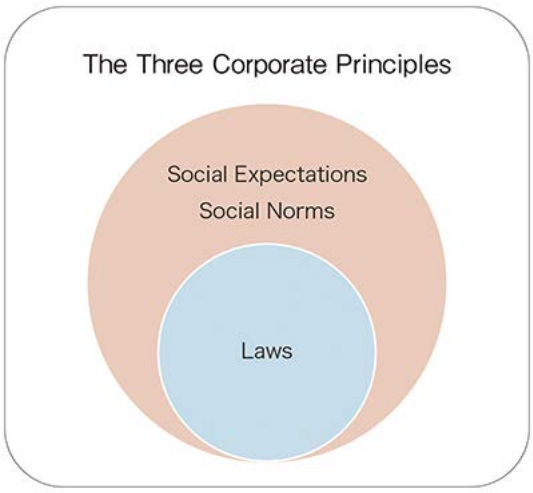
Governance

Compliance

Policy Structure Initiatives Performance

Policy

Within MC, "compliance" is defined as an observance of laws, rules, regulations, international standards and internal regulations, as well as respect for generally accepted standards for the conduct of business. In addition to 1) observance of laws and regulations, all officers and employees at the MC Group must also 2) respect generally accepted standards for the conduct of business. Officers and employees must consider at all times what these standards entail in the present-day context and in the applicable regions, as there are no clearly stated rules in this regard. Officers and employees are aware of the high expectations of society and aim to ensure that the MC Group remains trusted by society.



Points to Observe

1. Laws
2. Proper consideration for generally accepted standards for the conduct of business

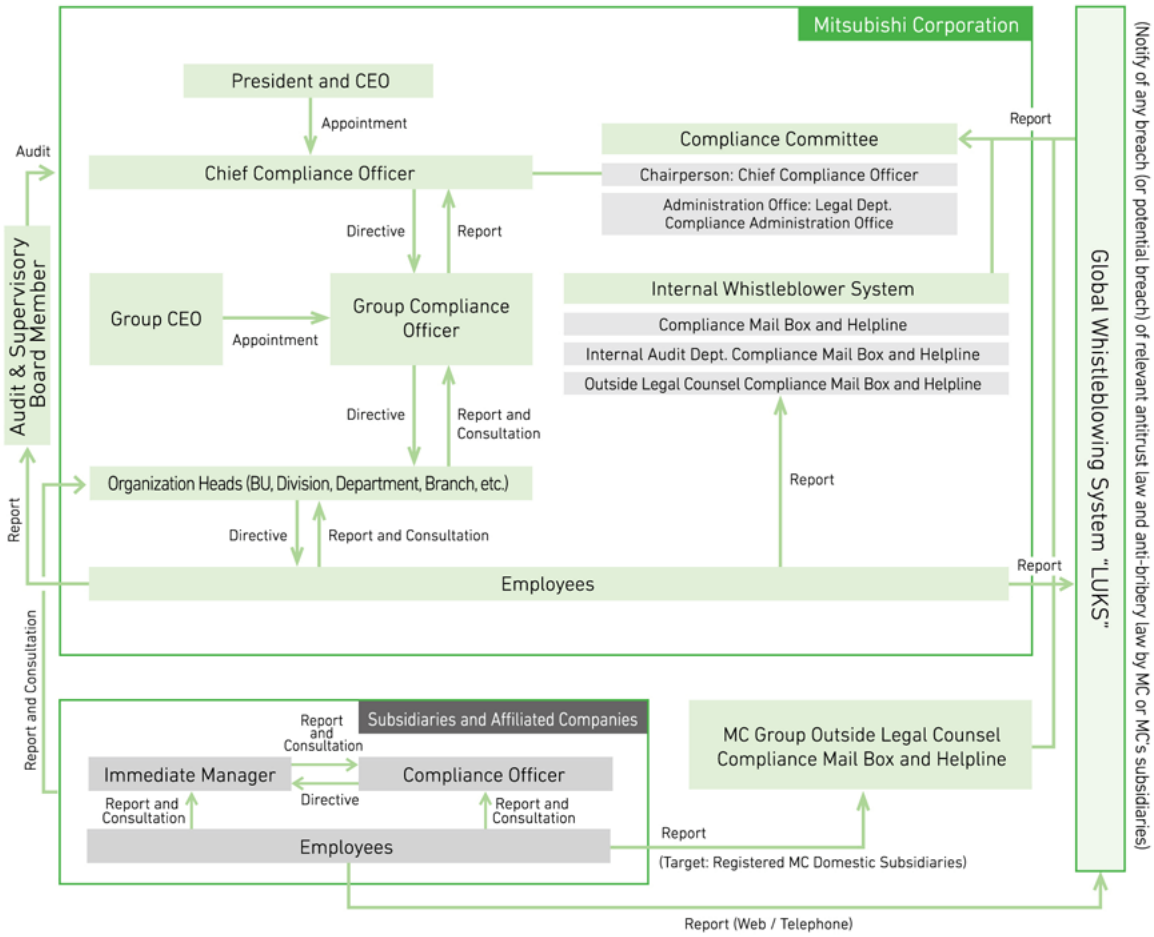
Structure

Investigations of Compliance Violations and Response Systems

Compliance Framework

At MC, the Compliance Committee and the Compliance Officer systems play important roles in the implementation of compliance programs. As an advisory body to the Chief Compliance Officer, the Compliance Committee reports on and discusses major compliance incidents that occur within the MC Group, leading to the regulation and communication of appropriate measures. The Committee is led by the Chief Compliance Officer, who is appointed by the President, and meetings are held twice a year, in principle. Matters reported to and discussed at the Compliance Committee are reported to the Executive Committee and the Board of Directors once a year. The Chief Compliance Officer is in charge of all compliance matters of the entire MC Group, and is responsible for planning and implementing compliance programs. The Chief Compliance Officer also has the authority to conduct necessary investigations in the event of a breach or potential breach of compliance, and can also order the suspension or change of business activities to prevent or remedy a breach or potential breach. In addition, MC has senior executives in the corporate section and in each Business Group at the Head Office as Compliance Officers. Each Compliance Officer has the authority to implement compliance programs in a manner tailored to the characteristics of each section and Group. Under the supervision of the Chief Compliance Officer, each Compliance Officer, who is a management executive, implements various measures to prevent recurrence of violations, and is responsible for improving ethical conduct and preventing bribery and corruption.

Compliance Framework



Response Systems for Individual Cases

Officers and employees of MC are required to report to or consult with their superiors/managers or other personnel relevant to the matter, including compliance personnel, if they become aware of a breach or potential breach of compliance. The managers of organizational bodies must in turn report to or consult with the Compliance Officer of their section or Group, who is then required to report to the Chief Compliance Officer. Furthermore, cases of violations and the status of resolutions reported to the Chief Compliance Officer, including those of Group companies, are also reported to Audit & Supervisory Board Members. The relevant Compliance Officer must conduct necessary investigations of the reported or consulted matter with the due care of not infringing the human rights and dignity of concerned parties, and will formulate and implement necessary preventive measures and remedies. The result of the investigations and preventive measures/remedies implemented by the Compliance Officer is reported to the Chief Compliance Officer and used to plan and implement compliance programs for the entire MC Group as lessons learned from the matters.

In addition, MC has a dedicated organization within the Legal Department called the "Administration Office for the Compliance Committee" which supports the Chief Compliance Officer in handling compliance cases, and both plans and implements MC Group compliance programs in cooperation with each Compliance Officer and the relevant departments.

Internal Rules and Regulations

MC's core philosophy is the Three Corporate Principles. Beneath this are the Corporate Standards of Conduct, which govern MC as a company, and the Code of Conduct for Executives and Employees, which applies to each executive and employee. The Code of Conduct's basic philosophy is expressed as follows: "In conducting business, MC executives and employees shall comply with laws and regulations, international agreements, and internal rules, observe business manners, and act responsibly in accordance with social norms." At MC, compliance is not limited to simply complying with laws. It is also based on the principle that any action that violates social norms, even if it is not illegal, should not be conducted.

In order to promote the Code of Conduct internally, MC has also printed it in the Pocket Employee Handbook. In addition to the specific points to uphold, instructions on how to access the Meyasubako (Compliance Mail Box and Helpline) for consultation on compliance issues are also listed. MC executives and employees can check the content at any time by sending icons to company cell phones or posting a PDF on the company website. Furthermore, an e-learning program that included case studies related to the Code of Conduct is conducted every year. At the end of the e-learning program, all officers and employees submit a written pledge saying that they will comply with the Code.

Mitsubishi Corporation Internal Rules and Regulations

Reference: Mitsubishi Corporation Code of Conduct

In order to have an effective compliance program in place and to ensure accessibility to MC's compliance philosophy and rules, MC has established various compliance-related internal regulations under the Three Corporate Principles, the Corporate Standards of Conduct and the Code of Conduct. These internal regulations are reviewed every year to reflect amendments to the laws and regulations and changes in the business environment and other conditions surrounding the MC Group.

Major internal rules and regulations relating to compliance are listed below:

- Basic Rules for the Organization and Implementation of Compliance
- Standard for Internal Reporting
- Security Trade Control Rules and Regulations
- Standard for Sanction Management
- Trade Procedure Management Standards
- Standard for the Prevention of Cartels
- Standard for Transaction Pursuant to the Law on the Prevention of Delays in the Payment of Subconstracting Charges
- Standards for the Prevention of Unfair Stock Trading
- Code of Prohibition against Improper Payments or Other Types of Benefits
- Standard for Entertainment
- Standard for the Management of Antique Trading
- Permission Approval and Notification Management Standards
- Standard for the Management of Chemical Substances
- Consumer Products Import and Sales Standards

Monitoring System

Monitoring of Individual Cases

All reports regarding the facts, causes and preventive measures and remedies of each compliance incident are shared with the Administration Office for the Compliance Committee, and are used for conducting case analyses and risk assessment, and planning compliance programs and measures.

Employee Awareness Survey

The Employee Awareness Survey aims to establish and improve the foundation of MC's organizational culture, including the level of compliance awareness. MC has continued to conduct its Employee Awareness Survey since 2019. This survey integrates the content of MC's Compliance Awareness Survey, which began in FY2008, with its previous employee awareness survey .Implemented annually since FY2022, this surveyis viewed as a key initiative for assessing and evaluating MC's current status, as well as for making improvements to the organizational climate in terms of both human resources and organization, because it is able to confirm the degree of compliance awareness and provision of an ethical workplace environment at the individual officer and employee level. Through this survey, we regularly monitor the awareness level and status of compliance programs, implement measures to resolve issues identified, and confirm the effectiveness of these measures in the next survey.

Responses to Risk Factors by Each Business

MC conducts periodic self-assessments of the compliance risks to which special attention should be given for each of its businesses and subsidiaries, such as risks relating to anti-trust violations, bribery and corruption, and occupational health and safety, taking into consideration industry, product, and regional characteristics. Compliance Officers of each Business Group analyze risk factors that require special attention related to their Business Group and implement risk response measures. Each subsidiary also appoints a person responsible for compliance matters (i.e. Compliance Officer of subsidiaries), who analyzes risk factors related to respective business areas, and implements risk response measures.

PDCA Cycle

Utilizing the PDCA cycle, MC implements necessary measures, such as conducting various seminars and adopting regulations, to address the compliance risks identified from the results of the various surveys, reports and monitoring, as well as taking into consideration the opinions of the Compliance Officer of each Business Group. The results are further monitored, and an analysis of the results is reflected in the further identification and evaluation of risks. The aim is to improve the awareness and knowledge of compliance among all officers and employees by repeatedly and rigorously educating and training them.

Initiatives

Initiatives for Preventing Corruption

MC has established the “Code of Prohibition against Improper Payments or Other Types of Benefits” in order to prevent provision of improper benefits to domestic and foreign public officials, etc. (including persons who are deemed to be public officials under applicable laws, etc.), and prevent conducts from being seen as suspicious or untrustworthy by third parties. MC also complies with the anti-bribery laws and regulations of various countries, including Japanese criminal law and the Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. The MC Code of Conduct stipulates definitions and compliance requirements for bribery, conflicts of interest, and other forms of misconduct. No bribery risks have as yet been assessed as high risk. Furthermore, MC has established a strict anti-corruption system and pre-approval process by setting detailed guidelines regarding the provision of entertainment or gifts to public officials, etc., and regarding the appointment of agents/intermediaries, etc. In addition, MC has established internal anti-corruption regulations requiring detailed due diligence when accepting workplace experience training for relatives of public officials, etc., as well as providing donations to government and public officials. We have also introduced guidelines to conduct anti-corruption due diligence on our business and other partners. MC continuously and periodically reviews and improves its internal rules and regulations taking into account the trends of the enforcement and proceedings brought by anti-corruption regulators, and anti-corruption programs/measures taken by other companies.
In 2016, aiming to build a more effective anti-corruption system, MC conducted a thorough assessment by external experts regarding its entire anti-corruption systems. Utilizing the experts’ evaluations and recommendations, MC is committed to continuously improving its anti-corruption systems and ensure that they operate effectively. Moreover, in 2016, MC created the Anti-Corruption Handbook to provide accurate information about anti-corruption, including information about laws and regulations, and enforcement cases relating to the bribery and corruption in major countries. The handbook also explains MC’s programs, systems and other initiatives to prevent bribery and corruption. The handbook has been distributed throughout the MC Group. In FY2022, the handbook is being updated and made available on the Company website.

In 2019, MC adopted a risk-based anti-corruption system that devotes appropriate attention and resources depending on the types and scales of transactions and the level of corruption risks in applicable countries, and revised relevant guidelines accordingly to build a system to prevent bribery/corruption on a consolidated basis. Appropriate approval procedures and record management are carried out in accordance with these rules and guidelines, and the rules and guidelines are reviewed at the end of each fiscal year and revised as necessary. At the time of the review in FY2020, MC clearly stated that interested parties are excluded from the investigation of whistleblowing cases and clarified the definition of “public officials” etc. and the definition of “improper benefit” in anti-bribery cases. Through the implementation of these rules and guidelines, MC is working to deter compliance violations and limit opportunities for unethical behavior, such as prohibiting contact with related public officials, etc.

In FY2022, there were no bribery or corruption cases which had a significant impact on the MC Group.

Initiatives in Selecting and Managing Agencies, Intermediaries, etc.

In addition to preventing corruption by officers and employees, MC established internal regulations to prevent corruption by any agents, consultants, intermediaries, etc. retained by MC (hereafter collectively referred to as “Agents”). The internal regulations require officers and employees to obtain prior approval from the relevant Compliance Officer to retain suitable Agents. From FY2019, MC introduced new internal approval procedures for retaining Agents on the basis of the risk based approach depending on the nature of the relevant services to be provided by the Agents, the size and purpose of projects, and the level of risks, including the level of the corruption risk of the relevant countries. These procedures are reviewed annually.

- Agents are categorized into four categories based on the nature of the services to determine the level of due diligence on the Agents on the points below.
- Agents shall have no relationship with any public officials who would be able to influence on the business transactions and dealings which MC seeks, shall have good track record on the compliance matters in the past, have necessary qualifications and have capabilities to provide the services.
- The adequacy of the amount of remunerations for the services to be paid to Agents shall be thoroughly assessed.
- In the event that an Agent subcontracts its services to a third party, additional appointment procedures will be required to the appointment of such third party as well.
- Contracts with Agents shall include clauses that prohibits the provisions of improper benefits to public officials, etc., by the Agents, and the Agents shall be made aware of MC Group’s Anti-Corruption Guidelines.

Mitsubishi Corporation Group’s Anti-Corruption Guideline

In 2015, MC established and published “Mitsubishi Corporation’s Anti-Corruption Guideline” in order to inform business partners of MC’s basic principles related to the prevention of corruption. In the Guideline, MC explains its anti-corruption policies and initiatives as "MC's commitment" and expects business partners to adhere to MC’s anti-corruption initiatives. In April 2019, in order to further strengthen its anti-corruption initiatives, MC expanded the scope of the Guideline to cover the entire MC Group and announced the new “Mitsubishi Corporation Group’s Anti-Corruption Guideline.” The new Guideline not only includes commitments of the MC Group, but also requests that all business partners and clients (including suppliers) of MC Group prohibit bribery, inform anti-corruption policies, and cooperate with investigations when there are concerns about violations.

Reference: Mitsubishi Corporation Group’s Anti-Corruption Guideline

Cases of Corruption

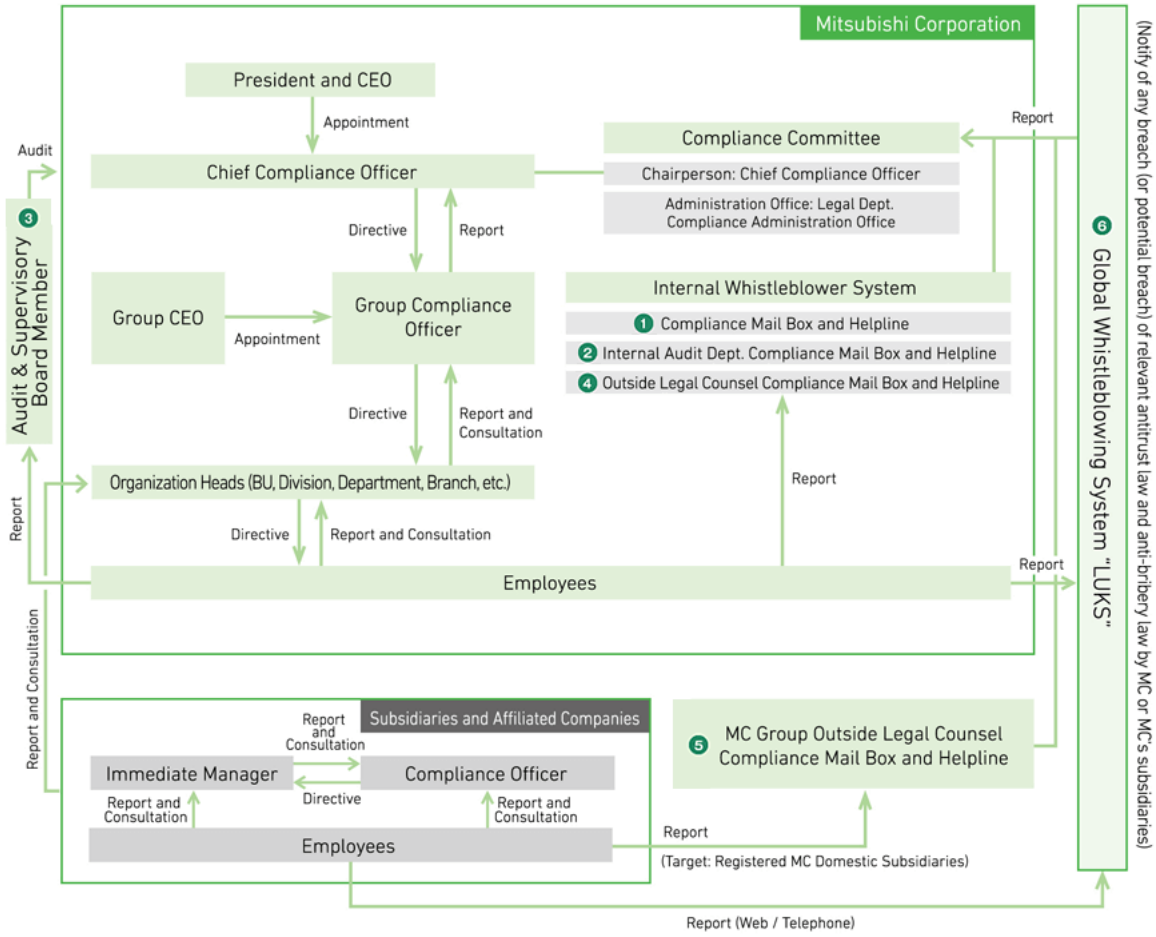
In FY2022, there were no corruption cases detected in MC. As a result, no fines or financial penalties relating to the corruption were incurred.

Internal Whistleblowing System

MC has established internal whistleblowing systems, known as the “Meyasubako (Compliance Mail Box and Helpline)” (①). These systems are used to report or consult on any compliance-related questions or issues, including workplace misconduct and harassment, violations of laws and regulations, as well as bribery and corruption. Reports to the Meyasubako are sent directly to the Administration Office for the Compliance Committee. MC has also established whistleblowing reporting routes to the Internal Audit Dept. (②) and the Audit & Supervisory Board Members (③). In addition, MC has established a whistleblowing reporting route connecting to outside legal counsel (called the “Bengoshi Meyasubako (Outside Legal Counsel Compliance Mail Box and Helpline)” (④) for officers and employees who wish to remain anonymous. While the outside legal counsel will confirm whether the informant is an officer or employee of MC, they will not reveal the informant’s name or the section to which the informant belongs to the Administration Office for the Compliance Committee without the informant’s consent. For officers and employees of MC Group companies, there is another whistleblowing reporting route called the “MC Group Legal Counsel Compliance Mail Box and Helpline” (⑤). Furthermore, in 2016, MC established a new whistleblowing system for anti-trust and corruption issues called “Let Us Know System (LUKS)”, which is available to officers and employees of MC and its domestic and overseas subsidiaries 24 hours/day and 365 days/year in multiple languages (Japanese, English, French, Spanish, Chinese, Thai, Indonesian, etc.) (⑥).
Our internal regulations clearly stipulate that we will protect the anonymity and confidentiality of the informant and the report content, uphold the informant’s rights, and prohibit retaliation or disadvantageous treatment towards the informant. Violation of these regulations may result in disciplinary action. Moreover, when investigating the reported matters, MC is sure to avoid any conflicts of interest. MC has also established a system to comply with the whistleblower protection laws of each country, including the Whistleblower Protection Act in Japan.
After receiving details of a whistleblowing report, the Administration Office for the Compliance Committee will share the information only with limited number of personnel who need to know the content to conduct the investigation and take related action. Every year, we invite outside instructors to provide training to those in charge of investigating and responding to whistleblowing reports on how to handle and investigate the reports and points to keep in mind. Although we have set up multiple whistleblowing reporting routes in FY2020, we engaged external experts to assess the effectiveness of our whistleblowing systems and their operation. In FY2022, in accordance with the revision of the Whistleblower Protection Act, MC revised its whistleblower standards, distributing a response manual to those in charge of investigating and responding to whistleblowing cases, and conducting video training for all officers and employees in Japan. With regard to management-level harassment training, MC conducts internal training aimed at general managers, team leaders and other levels. MC is working to prevent harassment by introducing case studies. Furthermore, each of the following is well-publicized internally: (1) the prohibition of harassment is stipulated in the Code of Conduct; (2) basic policies, pamphlets and other resources have been produced to prevent harassment; and (3) the Whistleblowing Systems as well as the Human Rights Consultation Desk in the Human Resources Department have been established.

In FY2022, there were no whistleblowing reports which had a significant impact on the management of the MC Group.

Compliance Framework

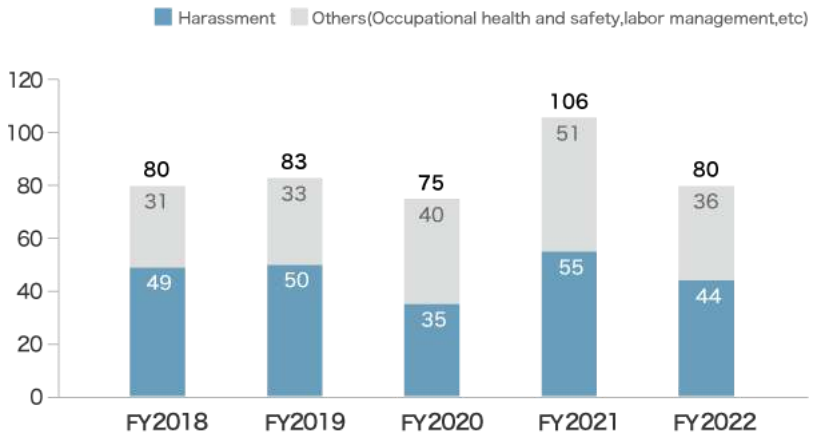


Number of reports received through Whistleblowing Systems

In FY2022, MC received a total of 80 reports, including Whistleblowing Reports to MC Group companies, of which 44 were related to harassment and 36 were related to other issues (occupational health and safety, labor management, etc.).

In FY2022, no reported cases had a significant impact on the management of the MC Group.

Number of reports received through Whistleblowing Systems



Supervision by the Board of Directors

Every year, the Board of Directors supervises the development of relevant internal rules and regulations including the Code of Conduct for Officers and Employees, the progress of various training programs compliance matters such as anti-corruption initiatives, the results and status of compliance violation cases, and the compliance programs and measures to be implemented in the current fiscal year. In addition, both Independent Directors and Independent Audit & Supervisory Board Members receive reports twice a year regarding compliance activities, so that they can provide more effective supervision from their external perspectives.

Performance

Results of Compliance Training

MC conducts in-house training programs on a companywide basis according to each level in the organization. Compliance-related training is offered on individual topics such as antitrust laws, the Subcontract Act, prevention of bribery and corruption including anti-bribery laws, and labor management. In FY2022, MC held a total of more than 100 in-house legal and compliance seminars worldwide, with a cumulative total of approximately 6,000 participants. Furthermore, tailored seminars are held for each Business Group and region. MC has also created an e-learning program related to the MC Code of Conduct based on the latest developments and case studies on topics such as harassment, bribery and whistleblowing systems. MC reviews the permeation and effectiveness of compliance based on the MC Code of Conduct by requiring all MC officers, employees, advisors, part-time employees, secondees and temporary staff to complete this e-learning program on an annual basis.

Compliance Discussions

In 2013, MC began holding compliance discussions in which small groups of employees in each workplace discuss compliance issues that could occur in the workplace as well as other day-to-day concerns. These discussions serve as a means of supplementing conventional training, which tends to be a one-way form of communication, and improving the compliance awareness of every officer and employee. By facilitating these types of discussions about familiar topics in each workplace, every employee will recognize that compliance is something that is connected to them personally, which will in turn gradually increase their compliance awareness. MC has been conducting the same discussions at least once a year, with the participation of essentially all employees at all levels of every internal organization, including overseas offices since 2013, and MC has also expanded this initiative to over 100 domestic and overseas subsidiaries.

Distribution of Handbook for Officers and Employees

In addition to providing training opportunities and the e-learning program, MC has created a Compliance Handbook that presents a collection of the latest case studies in a Q&A format. The aim of this booklet is to resolve any doubts about the compliance duties of officers and employees that they may have on a daily basis, and MC distributes the booklet to all officers and employees. The Compliance Handbook was updated in FY2022 and is available through the MC intranet. MC also recommends and practices using the handbook as a reference for compliance discussions.

Number of Compliance Violations

The total number of violations at the Head Office, domestic and overseas branches and offices, and domestic and overseas subsidiaries and affiliated companies that were reported in FY2022 was 159. There were no compliance violations that had a significant impact on the management of the MC Group.

Provisions Concerning Legal Violations and Litigation

If MC presently owes debt (legal or constructive) as a result of past incidents, is likely to be required to pay such debt, and a reliable estimate of the amount of such debt (penalties, settlement amount etc.) can be made, MC must record provisions for such debt. In FY2022, there were no significant provisions requiring separate disclosure in its financial statements.

Tax Transparency

MC conducts tax affairs in accordance with the following basic principles.

1. **Compliance with laws and regulations**
   MC is committed to comply with the Tax Laws, and not to pursue tax avoidance which deviates from the intention of the Tax Laws in the relevant jurisdictions.
2. **Transparency**
   MC is committed to report and disclose the tax related information properly, in accordance with the Tax Laws, the accounting principles and the other applicable international rules (e.g. OECD Guidelines).
3. **Relationships with tax authorities**
   MC seeks to maintain mutual understanding with the local tax authorities whenever necessary, so that MC and its subsidiaries should be subject to proper tax administration in the relevant jurisdictions where they operate.

Governance

Risk Management

Policy Risk Management System

Crisis Management on a Consolidated Basis/ Business Continuity Management (BCM)

Policy

MC has a basic policy of identifying various risks involved with its business activities, classifying them by their characteristics, and managing them in order to maintain and improve its financial soundness and corporate value. In particular, risks that significantly affect MC's financial position and social standing are identified and managed on a consolidated basis.

Risk Management System

Overview

MC maintains the following Risk Management System under the aforementioned policy.

- The Executive Committee, a management decision-making body, determines basic policies on risk management as well as individual and integrated risk management items. It also makes decisions about advancing individual projects, and presents matters for the Board of Directors' agenda based on prescribed standards.
- MC has designated categories of business activity risk corresponding to the details and scale of each risk, including credit, market, business investment, country, compliance, legal, information management, environmental and natural disaster-related risks, and has designated directors in charge and specified departments responsible for each category.
- MC has established and maintains an overall system to review individual projects and internal systems in relation to specific types of risk through deliberative bodies under the Executive Committee including the Investment Committee, the Sustainability & CSR Committee, the Compliance Committee and the Human Resources Development (HRD) Committee. Matters deliberated by these committees are presented or reported by the director in charge to the Executive Committee chaired by the President and CEO.
- In order for the Board of Directors to effectively supervise specific types of risk, a system has been established whereby matters deliberated by each committee are reported to the Board of Directors as necessary. Each risk is then broadly classified into financial and non-financial risks, with the effectiveness of each risk management system reviewed and monitored by the Board of Directors on a regular basis each year.
  * The Internal Audit Department, which reports directly to the President and CEO, is separate and independent from the directors in charge and responsible departments mentioned above and handles auditing and risk management.
- With respect to individual projects, personnel responsible for the applicable department in charge of a project make decisions within the scope of their prescribed authority after analyzing and assessing the risk-return profile of each project in accordance withcompanywide policies and procedures. Projects are executed and managed on an individual basis in accordance with this approach. Further, in response to the progress of projects or changes in the external environment, MC conducts periodic verification of risk-return profiles.

  In addition to managing risk on an individual project basis, MC assesses risk on a consolidated basis with respect to risks that are capable of being monitored quantitatively and manages these risks properly, making reassessments as necessary.

Risk Type	Director in Charge	Duties Overseen
Credit risk, market risk, business investment risk	Yuzo Nouchi	Corporate Functional Officer, CFO
Information management risk, legal risk, compliance risk, employee safety risks such as natural disasters/terrorism/emerging infectious diseases, etc, business continuity risk	Yutaka Kashiwagi	Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters
Environmental risk	Kenji Kobayashi	Corporate Functional Officer, CSEO
Country risk	Tetsuya Shinohara	Corporate Functional Officer, CRO

Risk Management Framework

Supervising Organization	Matters for Supervision
Business Investment Management Department	Business Investment risk and market risk (Investment Return Valuation System, new business investments, actions for existing business investees, transactions by business investees, granting loans/guaranty, acquisition and disposal of fixed assets, mikoshi, acquisition and disposal of non-affiliated investments, etc.)
Sustainability Department	Climate risk, etc.
Corporate Administration Department (Security & Crisis Management Office)	Risk of natural disasters, etc. (risks related to employee safety, including natural disasters, terrorism, new infectious diseases, and business continuity risks)
Legal Department	Compliance risk (litigation/government investigations, laws and regulations, scandals/ compliance issues)
Global Risk & Insurance Management Department	Country risk
Finance Department	Credit risk, Market risk (foreign exchange, interest rate, stock price,foreign exchange mikoshi*, etc.)
Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	Credit risk (rating systems, conclusion of contracts, trade credits, bailment, payment extension, etc.)

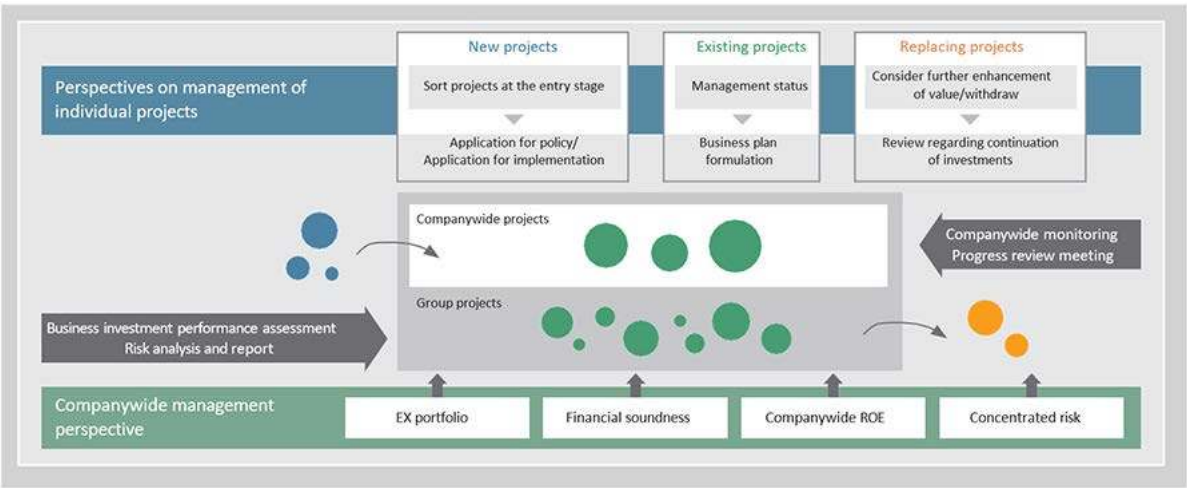
The above list excludes those items that are related to major risks.

* The Structured Finance, M&A Advisory Dept. also manages foreign exchange mikoshi.

Responding to Business Investment Risk

To manage business investment risk properly, MC has established a screening process to review and make decisions on new, existing, re-profiling and each other type of projects.

New projects	Application for policy/Application for implementation	Narrow down new investment and finance proposals by comprehensively evaluating quantitative aspects in terms of the invested capital and its return determined on the basis of the characteristics of each business, in addition to evaluation of qualitative aspects, including consistency with the business strategy of each Business Group, as well as risk locations and countermeasures
Existing projects	Business plan formulation	Once a year, review subsidiaries and affiliates' management issues and initiatives as well as MC's functions and business life cycle
Replacement projects	Review regarding continuation of investments	Conduct qualitative and quantitative evaluations of new investment and finance proposals based on the priority order of Business Group strategies and promote a healthy business metabolism



Crisis Management on a Consolidated Basis/ Business Continuity Management (BCM)

Structure and Concept

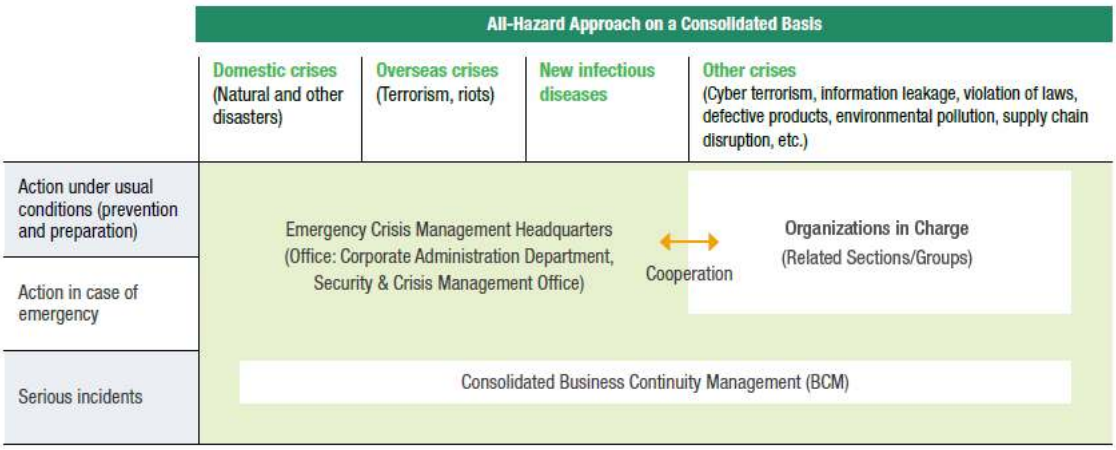
Crisis Management Structure on a Consolidated Basis

MC has built up a structure for securing the lives and safety of employees and their families as we respond on a consolidated basis to all crises that impact our profit and business continuity (all-hazard approach) by linking together each Section/Group/Regional and National Crisis Management Offices under the management and supervision of the Emergency Crisis Management Officer.

* As of January 1, 2024

All-Hazard Approach

Based on the all-hazard approach, MC has built up an internal structure that anticipates all kinds of risks, such as major natural disasters, acts of terrorism, riots, emerging infectious diseases, supply chain disruptions, legal transgressions, and cyber incidents, and etc. Under usual conditions, in cooperation with the organizations in charge (related corporate staff departments and Section/Groups), we build and establish various crisis management measures and structures needed in the event that a crisis does occur, so that we can ensure the safety and ascertain the status of all concerned as part of our initial response, and then act promptly to maintain and recover the infrastructure necessary for business continuity.
In particular, for a serious incident impacting the lives and safety of our employees, as well as continuity of critical business operations, we have a structure in place in which we will respond under the companywide direction of the Emergency Crisis Management Officer, in accordance with our Business Continuity Management (BCM) process on a consolidated basis.



* While companywide action to deal with serious incidents shall be taken under the direction of the Emergency Crisis Management Officer, compliance-related incidents shall be dealt with under the direction of the Chief Compliance Officer.

Status of Initiatives in Normal Conditions

Crisis Management

Even in normal times, MC makes necessary preparations in anticipation of natural disasters, acts of terrorism, riots, labor disputes, accidents and any other crises in Japan or overseas that could affect the safety of our employees or the continuity of our earnings, assets and businesses.

Specifically, in addition to our various frameworks, regulations, manuals and systems, we conduct a number of initiatives to increase their effectiveness. As well as organizing earthquake simulation training at the Emergency Crisis Management Headquarters and safety confirmation drills on a consolidated basis, we have also established training on crisis management and safety measures for employees assigned to new posts in order to raise employee awareness.

(Examples of main crisis management initiatives)

	Internal Rules and Regulations	BCP / Manual	Other Specific Measures	In-House Education and Training, etc.
Common	• Crisis Management Policy • MC Group Crisis Management Guidelines			
Japan	• Standard for Japan Crisis Management	• Emergency Crisis Response Headquarters Manual • EOC/EOC Support Headquarters Manual • BCP (head office, domestic/overseas offices) • Emerging Infectious Disease Response Manual	• Development of IT systems to implement various responses in case of emergencies －Safety confirmation for officers and employees －Emergency communication tools －Safety confirmation of officers and employees / facility damage at MC Group companies • Maintenance of stockpiles (food, etc.)	• Earthquake simulation training • EOC drills • Safety confirmation training (consolidated basis) • Desktop exercises (consolidated basis) • Crisis Management Orientation for Employees
Overseas	• Standard for Overseas Crisis Management		• Individual alerts/travel restrictions for overseas business trips • Overseas safety surveys • Establishment of a safety confirmation IT system for overseas workers and overseas business travelers (including some MC Group companies)	• Overseas Crisis Management Orientation for Employees • Desktop exercises (consolidated basis)
Emerging infectious diseases	• Standard for Emerging Infectious Diseases		• Working from Home (WFH) • Provision of stockpiles (masks, disinfectant, etc.) • Various measures to be taken in the office and during commuting/work	• Various warning notices • Display of in-house awareness-raising materials

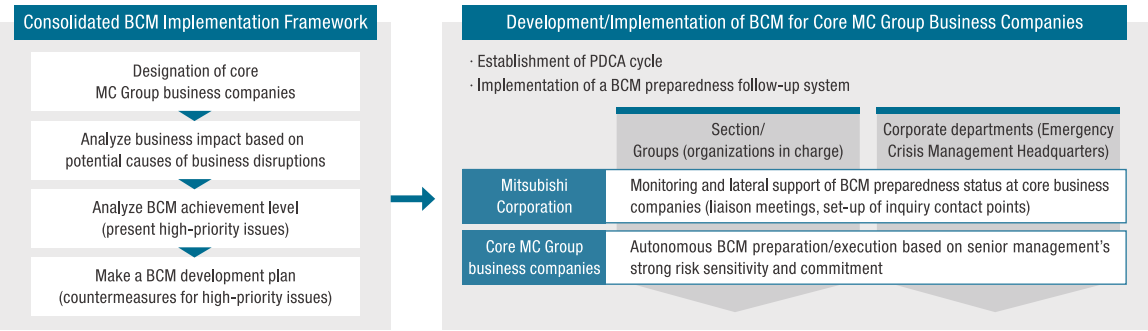
* MC also provides individual support to Group companies

* EOC stands for Emergency Operation Center. In the event of a major disruption to the functions of the head office, the EOC, which is responsible for first response operations, has been established at a location separate from the head office to act in place of the Emergency Crisis Management Headquarters.

Business Continuity Management (BCM)

In FY2018, MC adopted “Business Continuity Management (BCM)” for its core business companies (selected from among MC Group companies) to establish and strengthen our consolidated framework designed to equip us with the business continuity capabilities needed to respond appropriately to major crisis situations.
BCM refers to comprehensive management activities based on an all-hazard risk and impact analysis that takes into account the business characteristics (business type and location) of the operating company, which include the formulation of initial response and BCP, establishment of a structure, and implementation of an ongoing PDCA cycle through education and training.

Overview of BCM Initiatives



Business Impact Analysis Framework

We conduct analyses of the "cause incidents" that disrupt core operations and trigger "result incidents," while taking into consideration the characteristics of operations at each company.

- Cause incidents:
  Natural disasters, infectious diseases, technology-related, external incidents, internal faults, legal issues, third-party related
- Result incidents:
  Human resources (death/unconfirmed safety, inability to report/commute to work), physical resources (damage of manufacturing/distribution or other facilities), supply chains (disruption of distribution channels, disruption of material/fuel supply), information (breakdown of IT systems or damage to electronic data, data manipulation/alteration, information leakage), reputation (product or service quality issues, environmental problems, administrative penalties, suspension of business), money (suspension of cash withdrawals, remittances and/or payments)

BCM Follow-Up Structure

Based on the premise that MC Group companies should develop their own BCM systems, we also provide lateral support by developing BCM development tools, such as BCM guidebooks and BCP samples, and by holding BCM Re-examination / BCM Dialogue.

Internal Rules and Regulations	Guidelines	Lateral BCM Development Support for MC Group Companies
• Business Continuity Management Policy • Standard for the Business Continuity Management	• MC Group BCM Guidebook	• BCM development status self-assessment tools (heat maps, checklists) • BCM development plans • BCM development tools (first response manual / BCP samples, etc.) • BCM Re-examination / BCM Dialogue, etc.

Implementation Status Monitoring

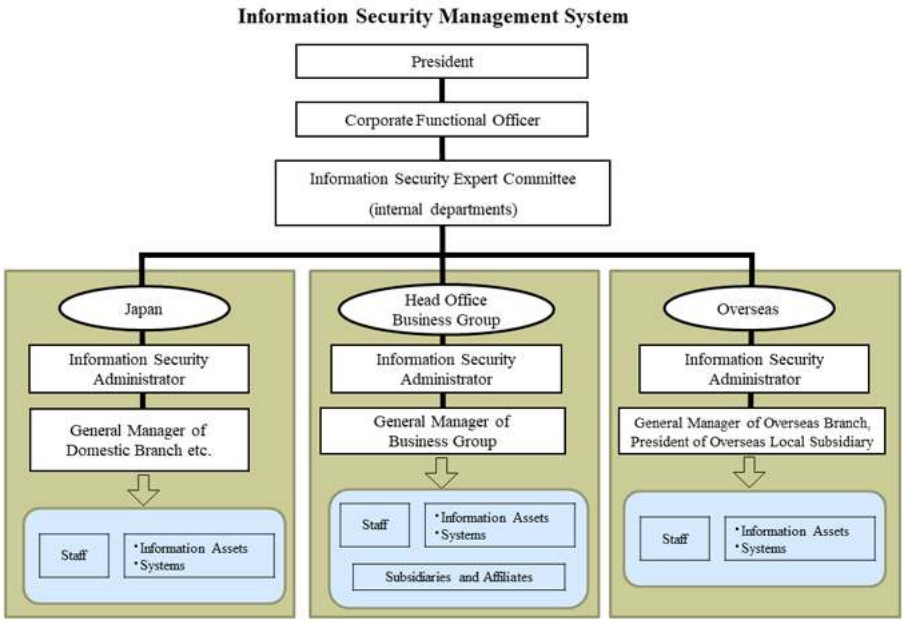
With regard to the above-mentioned crisis management and BCM initiatives, we are working to improve our crisis management and business continuity capabilities by monitoring and providing various types of feedback, including implementation status at Group companies, using the business plans and other documents from each company (unlisted subsidiaries).

Preparations for Large-Scale Natural Disasters

In the event of a Tokyo Inland Earthquake, MC has established, based on a certain damage scenario derived from data published by the government and local authorities, a system that enables the launch of an Emergency Crisis Management Headquarters (including remote response), safety confirmation of officers and employees / facility damage at MC Group companies on a consolidated basis. Various stockpiles have also been arranged. In addition, we are preparing for a Tokyo Inland Earthquake by drafting and updating BCPs and manuals in each organization, conducting earthquake simulations and other trainings on a regular basis, and reviewing areas for improvement. In addition, through the promotion of BCM on a consolidated basis, we are working to continuously strengthen the business continuity capabilities of each company.

Information Security and Cyber Security Measures

In order to maintain and improve the information security of our company including our major subsidiaries, we have established an internal system, developed relevant regulations for the safe and appropriate handling and management of information assets, and conduct employee training. Furthermore, in order to address cyber-attacks and e-mail frauds aimed at theft and destruction of information, we have implemented appropriate and effective countermeasures, which are not only control measures for information systems but also employee training and checking / implementation of incident response systems including those of major subsidiaries as well as obtaining the latest information in cooperation with specialized external organizations.



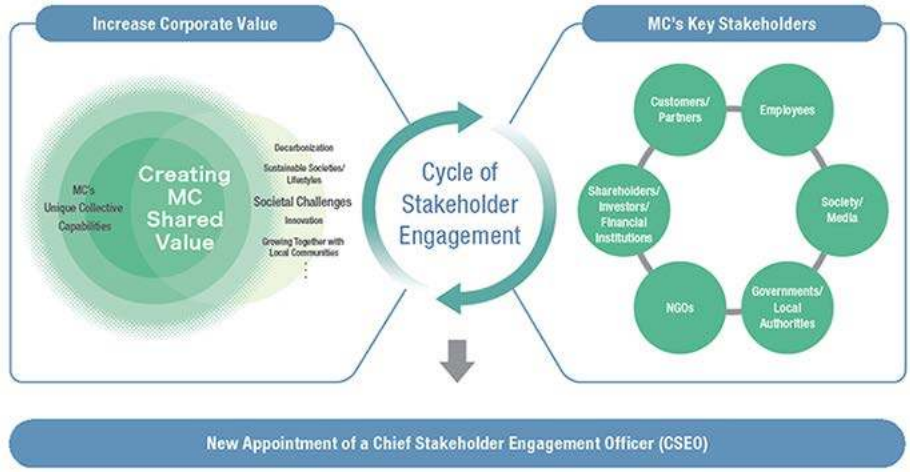
Independent Auditors

The MC Audit & Supervisory Board deliberates on appointments, dismissals, reappointments and non-reappointments of MC's Independent Auditors, and each year assesses appropriateness of the audit methods and the audit results. If the Audit & Supervisory Board deems it fit to dismiss or to not reappoint Independent Auditors, a proposal for new Independent Auditors shall be submitted to the General Meeting of Shareholders.

Stakeholder Engagement

MC's Primary Stakeholders

With the Three Corporate Principles as its core philosophy, MC has continued to grow together with society by addressing societal issues. The MC Group seeks to increase its corporate value in the medium to long term against a global backdrop of rising uncertainty and unpredictability, including geopolitical and economic shifts, changes in industrial landscapes driven by technological innovation, and evolving societal values. To this end, we believe it is vital to accurately grasp the demands and expectations of our diverse stakeholders through engagement and dialogue, and to reflect these in our Group management.
MC has established a system to reflect stakeholder opinions into company management by incorporating external perspectives into the Board of Directors and its advisory bodies (the Governance, Nomination & Compensation Committee and the International Advisory Committee) as well as the Sustainability Advisory Committee. With these and other initiatives to engage with its various stakeholders, MC aims to achieve sustainable growth through the collaboration of value by engaging our stakeholders.



Customers and Partners

MC will contribute to the development of societies and economies by providing a stable supply of products and services that meet the needs of customers and business partners across a wide range of business areas, from upstream raw material procurement to downstream retail, and by working with its customers and business partners to develop various businesses that it could not have realized on its own. Moreover, as a company that handles a diverse range of products and services worldwide, MC is working to achieve a sustainable supply chain as a key issue.

Examples of Engagement

- Producing websites and corporate brochures in multiple languages
- Receiving and responding to opinions and questions
- Supply chain surveys and collaboration with external parties regarding the supply chain (responding to issues with Cermaq Group AS, Lawson, Inc., Princes Limited, Olam International Limited, Mitsubishi Corporation Packaging Ltd. and MC FOODS Ltd.)

Reference: Supply Chain Management

Employees

In response to the further diversification and globalization of its businesses, MC is working to develop human resources and support their success on a global, consolidated basis, with the aim of ”Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce”. This is to establish vibrant workplaces where MC’s diverse and versatilegroup of employees, regardless of gender, nationality or other attributes, are able to demonstrate their unique abilities to the fullest.

Examples of Engagement

- Human resource development
  (enhanced talent management, Career autonomy, group-wide training initiatives, etc.)
- Health and productivity management, diversity management
  (including supporting health with internal medical clinics and career support for female employees)
- Conducting regular Employee Awareness Surveys
  (total of 26,000 survey responses on a global, consolidated basis for FY2023)
- Dialogue with the MC Staff Union, and information dissemination through MC’s intranet and internal magazine

Reference: Human Resource Development Well-being（Health & Productivity Management, Occupational Safety and Health） Diversity Management

Shareholders, Investors and Creditors

MC strives to gain understanding and support of its business and management strategy through the timely and appropriate disclosure of information and enhancement of disclosure materials, as well as through briefings and individual meetings. At the same time, MC works to maximize corporate value by reflecting in its management the opinions and demands of shareholders and investors obtained through dialogue with them.

Examples of Engagement

- Meetings with institutional investors and analysts: approx. 30 times (CEO/ CFO); approx. 400 times (IR); approx. 40 times (ESG)
- Communication with shareholders at the Ordinary General Meeting of Shareholders
- Publication of business reports, integrated reports, sustainability reports, investors’ notes
- Quarterly financial results briefings: 4 times annually
- Business briefing sessions
- Online seminars with individual investors: 9times (FY2022)

Local Communities

MC believes in the importance of “Addressing Regional Issues and Growing Together with Local Communities” and recognizes the value of building relationships with communities for the success of its businesses. Furthermore, by growing together with communities through job creation, promoting community development and procuring raw materials from local communities, MC also strives to minimize negative impacts on local communities, including by respecting the rights of indigenous peoples. Particularly for large-scale projects where the understanding and cooperation of local communities is crucial, we hold public hearings and dialogue with local residents as needed. Growing together with local communities is equally as important as advancing our businesses and generating financial return. This represents the true spirit of MC, which seeks to simultaneously generate economic, environmental and societal value.

Examples of Engagement

- Implementing a local purchasing program for mining operations to procure certain goods and services from local small- and medium-sized enterprises
- Implementing various initiatives in our silica sand operations such as prioritizing employment of indigenous peoples, subsidizing the cost of work training, providing scholarships and supporting local infrastructure development
- Support activities through foundations and funds

Reference: Community

NGOs

We recognize NGOs as key stakeholders that function as representatives for the planet and its citizens, and we seriously consider the opinions and requests raised through our robust communication on a day-to-day basis and use them to improve our initiatives. Moreover, we are promoting collaborations with NGOs to address environmental and societal issues.

Examples of Engagement

- Meetings with NGOs: Japan (9); Europe (32); the Americas (44)
- CSR activities related to biodiversity (tropical forest regeneration, global coral reef conservation) and climate change (rangeland restoration); protection of indigenous people's rights and water resources management in Latin America through foundations set up by MC in Europe and the Americas; supporting NGOs working toward sustainable cacao farming in Côte d’Ivoire.

Governments and Local Authorities

To achieve improvements and provide solutions to societal issues through our global business operations, we engage in collaboration, joint initiatives and dialogue with public sector bodies through our involvement in business associations, public-private initiatives and other forums, with the aim of contributing to societal development.

Examples of Engagement

- Business association activities:
  Dialogues with public sector bodies through the Japan Business Federation (Keidanren), the Japan Chamber of Commerce and Industry, the Tokyo Chamber of Commerce and Industry, the Japan Association of Corporate Executives, the Japan Foreign Trade Council, Inc., etc.
- Public-private initiatives with public institutions:
  Collaborations with and utilization of Japanese government ministries (Ministry of Foreign Affairs, Ministry of Economy, Trade and Industry, Ministry of the Environment, Ministry of Land, Infrastructure, Transport and Tourism, etc.), the Japan International Cooperation Agency and Multilateral Development Banks

Stakeholder Engagement

External Evaluations

External Evaluations

The indexes in which MC is included as well as evaluations from ESG rating agencies are as follows.
Going forward, MC will continue to heed sincerely the feedback from our stakeholders and reflect this feedback onto our measures and initiatives, while at the same time working to further expand our disclosure of both financial and non-financial information including ESG.

MC has been included in the FTSE4Good Index Series and the FTSE Blossom Japan Index, both provided by FTSE Russell, as of June 2018. And MC also has been included in the FTSE Blossom Japan Sector Relative Index which provided by FTSE Russell as of April 2022.
Those indexes are used by a wide variety of investors as a reference to evaluate the Environmental, Social and Governance (ESG) performance of companies.
Furthermore, the FTSE Blossom Japan Index is one of the ESG indices selected by Japan's Government Pension Investment Fund (GPIF) for Japanese equities.

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MC has also been included in the MSCI Japan Empowering Women Index (WIN), developed by MSCI in 2018. This index was developed on the premise that companies that promote a high level of gender diversity in their workplaces will be better able to adapt to the risk of personnel shortages caused by a declining workforce in the future, and thus provide sustainable earnings over the long term. WIN is one of of the ESG indexes selected by GPIF.

* THE INCLUSION OF MC 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 MC 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.

MC has responded to CDP (formerly the Carbon Disclosure Project), a global platform to which companies disclose information on climate change, since 2003.

CDP Climate Change

CDP Climate Change evaluates how companies are responding to the risks and opportunities associated with climate change.
In FY2023, MC received a score of A- (Disclosed).

CDP Climate Change 2023 Response (PDF:783KB)

CDP Water

CDP Water evaluates companies' water stewardship efforts.
In FY2023, MC received a score of B.

CDP Forest

CDP Forests evaluates how companies are managing the risks associated with deforestation in their supply chain.
In FY2023, MC received a score of B.

Others

- Award for Excellence as part of the NIKKEI Integrated Report Award (FY2022)
- Selected as an “Excellent Integrated Report” by GPIF’s external asset managers (FY2019, FY2021, and FY2022)
- Selected as one of the “Most Improved Integrated Reports” by GPIF’s external asset managers (FY2019–FY2022)
- Selected as one of the “Greatest IR Improvement Premium Companies” and “Best Continual IR Efforts Premium Companies” at the Japan Investor Relations Association 30th Anniversary Commemorative Awards (FY2023)

Deloitte.
デロイト トーマツ

（TRANSLATION）

Independent Practitioner's Assurance Report

March 13, 2024

Mr. Katsuya Nakanishi,
President and CEO,
Mitsubishi Corporation

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the ESG Data indicated with ★ for FY2022 and FY2023 (the "ESG Data") included in the "SUSTAINABILITY REPORT 2023 As of March 1, 2024 (PDF)" (the "Report") of Mitsubishi Corporation (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the ESG Data in accordance with the calculation and reporting standard adopted by the Company (indicated with the ESG Data included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the ESG Data based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and *the Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the ESG Data is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Externally Disclosed Information/Reporting Scope/Reference Guidelines

MC discloses information externally through the following media in accordance with its Corporate Disclosure Policy.

- **Integrated Report 2023**
  https://www.mitsubishicorp.com/jp/en/ir/library/ar/
- **Annual Financial Report**
  https://www.mitsubishicorp.com/jp/en/ir/library/afr/pdf/afr2023.pdf
- **Voting Results of 2023 Ordinary General Meeting of Shareholders**
  https://www.mitsubishicorp.com/jp/en/ir/adr/sh_meeting/pdf/result_2023.pdf
- **Notice of 2023 Ordinary General Meeting of Shareholders**
  https://www.mitsubishicorp.com/jp/en/ir/adr/sh_meeting/pdf/shoshu_2023.pdf
- **Investors' Notes**
  https://www.mitsubishicorp.com/jp/en/ir/library/notes/
- **Corporate Brochure 2023**
  https://www.mitsubishicorp.com/jp/en/about/cguide/
- **Corporate Governance Report**
  https://www.mitsubishicorp.com/jp/en/about/governance/pdf/governance_report_e.pdf
- **Mitsubishi Corporation Compliance Report**
  https://www.mitsubishicorp.com/jp/en/about/governance/pdf/compliance_01_e.pdf
- **MC's Social Contributions**
  https://www.mitsubishicorp.com/jp/en/csr/contribution/

Reference: Information about MC's Corporate Disclosure Policy can be found here.
https://www.mitsubishicorp.com/jp/en/about/philosophy/policy.html

Reporting Scope

MC and all consolidated Group companies
(In some cases, data is available only for MC on a non-consolidated basis. MC will strive to collect and disclose data on a consolidated basis going forward.)

Main Reference Guidelines

- Global Reporting Initiative (GRI) GRI Standards
- The Environmental Reporting Guidelines issuesd by the Ministry of the Environment
- International Organization for Standardization ISO 26000
- Sustainable Development Goals (SDGs)
- FInal Report: Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)
- GX League "Basic Guidelines for Disclosure and Evaluation of Climate-related Opportunities" (2023)
- WBCSD/Net Zero Initiative "Guidance on Avoided Emissions: Helping business drive innovations and scale solutions towards Net Zero" (2023)
- Universal Declaration of Human Rights (UDHR)
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- OECD Guidelines for Multinational Enterprises

Notice Regarding Outlooks

Outlooks contained in this document are based on currently available predictions, budgets, forecasts and plans, as well as on the judgement of MC management. These predictions, budgets, forecasts and plans include many potential risks, uncertain factors and assumptions. Actual outcomes may differ greatly from MC's outlooks due to developments around key factors.

Among the risks, uncertain factors and assumptions that could impact MC's financial performance, besides those contained in this document, other factors include commodity market conditions, exchange rates, the economic situation surrounding MC's business areas, results of pending and future litigation and the continued utility of procured funds, fnancial products and resources, etc. However, elements that may affect business performance are not limited to these factors.

In consideration of our environmental footprint, the Sustainability Report is published in PDF format only.