

# SUSTAINABILITY REPORT 2024

As of January 20, 2025

Environment

Social

Governance



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## Environment

Environment

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# Governance



## Corporate Governance

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## Corporate Governance

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Sustainability Management

# Top commitment

## Message from Corporate Functional Officer



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.

A handwritten signature in black ink, appearing to read 'Kenji Kobayashi'. The signature is fluid and cursive.

**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 ✓ Principles of Corporate Governance ✓
- Mitsubishi Corporation Environmental Charter ✓ Mitsubishi Corporation Social Charter ✓
- Human Rights Policy ✓ Value Creation Process ✓

## Philosophy and Approach

### The Three Corporate Principles

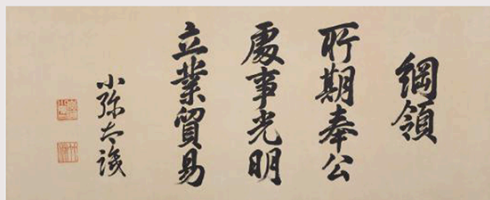
#### Helping to Enrich Society

MC promotes corporate activities rooted in the principles of fairness and integrity, based on the Three Corporate Principles, which have served as MC's core principles since its founding. We have constantly endeavored to enhance our compliance initiatives, by establishing the Corporate Standards of Conduct as a guideline for corporate actions, developing various compliance-related internal rules and regulations, introducing a compliance officer system, expanding and upgrading risk management frameworks, and establishing appropriate internal control systems. In order to ensure compliance, each and every employee has pledged and signed the Mitsubishi Corporation Code of Conduct, which requires employees to conduct business in compliance with laws and regulations, global standards, as well as act in a responsible manner in accordance with social norms. MC has adopted the Principles of Corporate Governance, the Environmental Charter, the Social Charter, and the Human Rights Policy in accordance with the Three Corporate Principles, and we are committed to contributing to our sound and sustainable growth and continuous increase of corporate value, as well as to helping enrich society, both materially and spiritually, 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 Group's business activities.

#### The Three Corporate Principles



#### 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.)

## 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."

## Principles of Corporate Governance

MC has formulated "Mitsubishi Corporation Principles of Corporate Governance" to define the basic framework, views and policy on corporate governance of MC and thereby to contribute to MC's sound and sustainable growth and continuous increase of corporate value.

Reference [Mitsubishi Corporation Principles of Corporate Governance](#) 

## 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 through 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

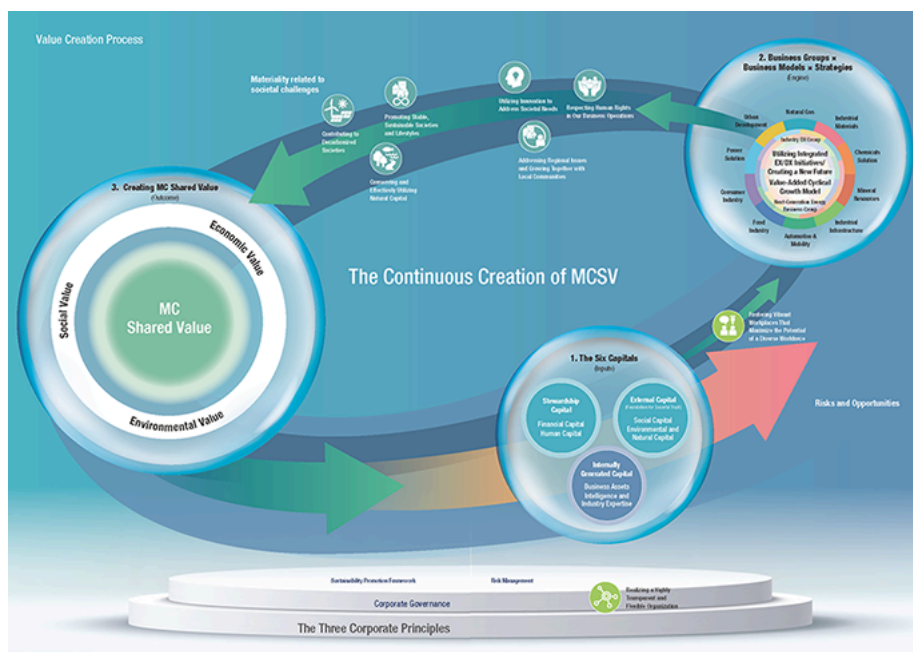
MC has formulated a Human Rights Policy to organize and clarify its approach to human rights and to promote efforts to respect them.

## 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](#)).



\* As of March 31, 2024

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.



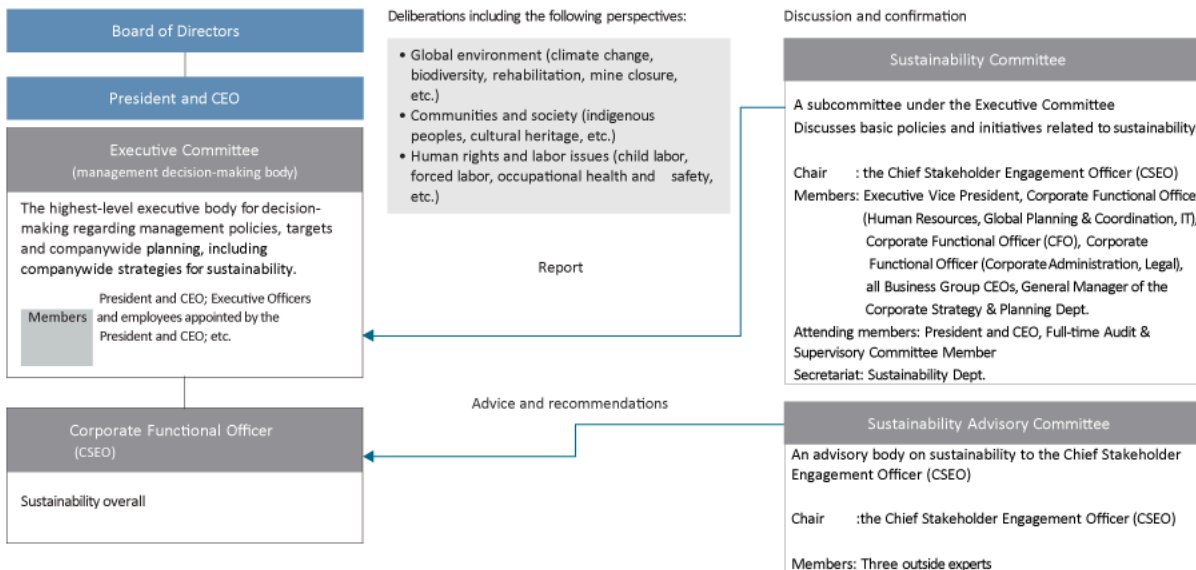
Cycle of Dialogue and Business Strategy Execution

- [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 Chief Stakeholder Engagement Officer (CSEO). The Sustainability Department plans and drafts related policies and measures. Following deliberations by the Sustainability 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 Committee

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

## 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 Staff Departments as well as Business Groups proactively promote sustainability.

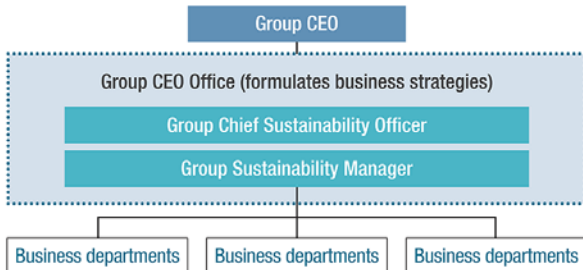
### Cycle for Integrating Sustainability into Business Strategy

- Following deliberations by the Sustainability 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°C 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.



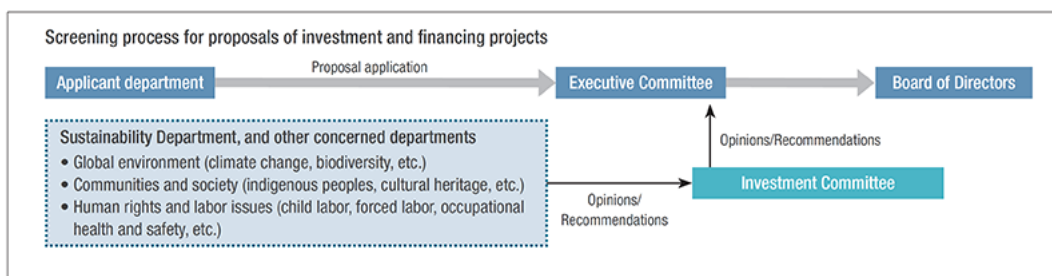
## Incorporating Sustainability into Individual Projects

- 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 Chief Stakeholder Engagement Officer (CSEO) and after reporting to the Disclosure Committee, a subcommittee of the Executive Committee.

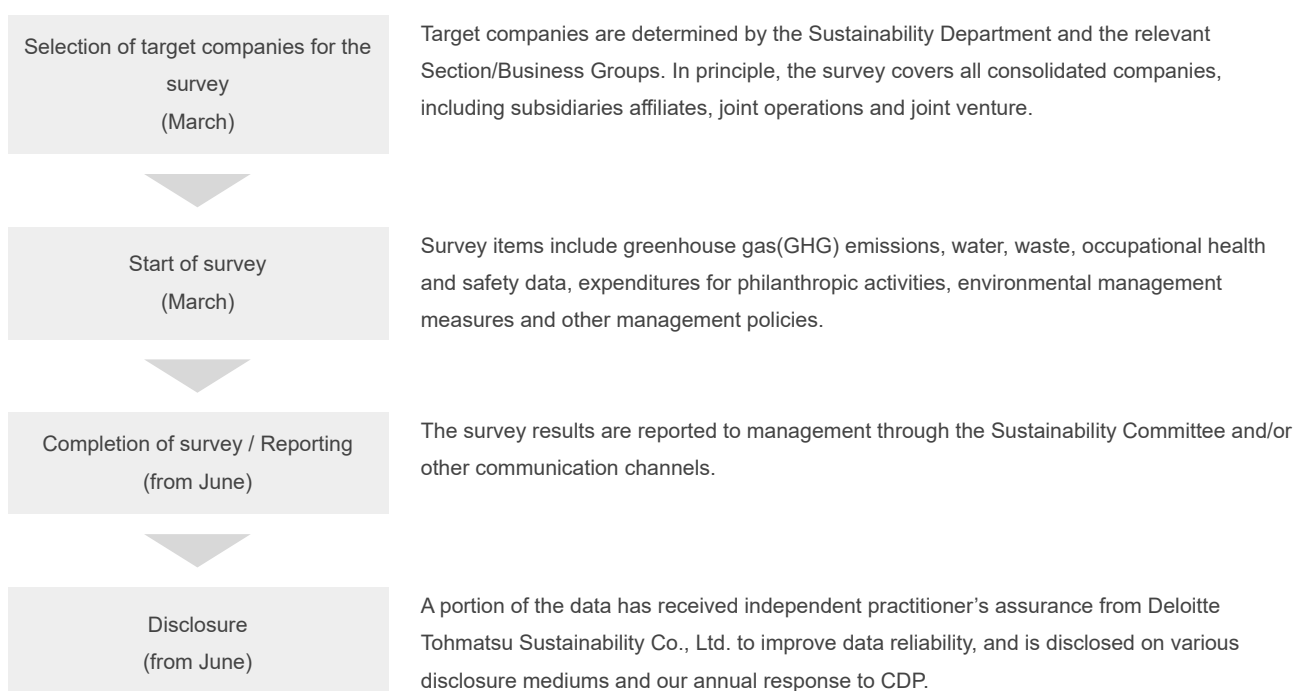
The website was established with the aim of centralizing ESG-related information disclosed separately through such channels as the Integrated Report and the ESG Data Book, and of responding in a timely manner to the increasingly complex requirements of ESG evaluation bodies and disclosure standards. 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 planning sustainability initiatives and other measures.



## 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 regard constructive dialogue with all of our stakeholders and reflecting input from that dialogue onto our policies and actions as being vital to the achievement of sustainable mid to long-term enhancement of 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 information and coordinate with. 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, we reverage our Sustainability Advisory Committee, which we established in 2008 to incorporate external perspectives into our sustainability activities through their advice and recommendations.

### Dialogue with Stakeholders in FY2023

In FY2023, MC held approximately 40 direct dialogues with shareholders on the topic of sustainability. MC also conducted 82 direct dialogues with NGOs, including 5 in Japan, 29 in Europe and 48 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 three external experts representing the perspectives of MC's diverse stakeholders. The Committee acts as an advisory body to the Corporate Functional Officer (CSEO) . 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. The contents of advice and suggestions are as follows:

### Main Topics

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

### Sustainability Advisory Committee Members

#### 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 of 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 a certain period of time 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
<b>Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually</b>	
 <b>Contributing to Decarbonized Societies</b>	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. <a href="#">more &gt;</a>
 <b>Conserving and Effectively Utilizing Natural Capital</b>	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. <a href="#">more &gt;</a>
 <b>Promoting Stable, Sustainable Societies and Lifestyles</b>	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. <a href="#">more &gt;</a>
 <b>Utilizing Innovation to Address Societal Needs</b>	Create businesses that help to address societal needs while working to spur major industry reforms that are supported by business innovation. <a href="#">more &gt;</a>
 <b>Addressing Regional Issues and Growing Together with Local Communities</b>	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. <a href="#">more &gt;</a>
 <b>Respecting Human Rights in Our Business Operations</b>	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. <a href="#">more &gt;</a>

Issues	Overview
<b>Striving to Serve as a Platform for Generating Triple-Value Growth</b>	
 <b>Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce</b>	<p>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.</p> <p style="text-align: right;"><a href="#">more &gt;</a></p>
 <b>Realizing a Highly Transparent and Flexible Organization</b>	<p>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.</p> <p style="text-align: right;"><a href="#">more &gt;</a></p>

## 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
<b>Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually</b>	
 <b>Contributing to Decarbonized Societies</b>	 <p style="text-align: right;"><a href="#">more &gt;</a></p>
 <b>Conserving and Effectively Utilizing Natural Capital</b>	 <p style="text-align: right;"><a href="#">more &gt;</a></p>
 <b>Promoting Stable, Sustainable Societies and Lifestyles</b>	 <p style="text-align: right;"><a href="#">more &gt;</a></p>
 <b>Utilizing Innovation to Address Societal Needs</b>	 <p style="text-align: right;"><a href="#">more &gt;</a></p>
 <b>Addressing Regional Issues and Growing Together with Local Communities</b>	 <p style="text-align: right;"><a href="#">more &gt;</a></p>
 <b>Respecting Human Rights in Our Business Operations</b>	 <p style="text-align: right;"><a href="#">more &gt;</a></p>



Issues	Overview
Striving to Serve as a Platform for Generating Triple-Value Growth	
<p><b>Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce</b></p>	<a href="#">more &gt;</a>
<p><b>Realizing a Highly Transparent and Flexible Organization</b></p>	<a href="#">more &gt;</a>

## 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.

ISO26000

SDGs

Other international standards and goals

➔

Issues

Issues

Issues

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

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**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.

Importance to stakeholders

Priority issues

Importance to MC (risks and opportunities)

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**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

MC's Key Sustainability Issues

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**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



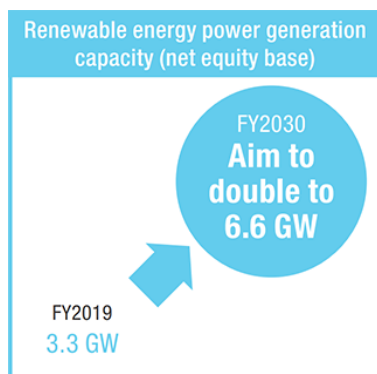
### Action Plan Regarding this Material Issue

We regard achieving a decarbonized society as one of our important corporate issues that should be challenged, and are promoting carbon reduction and decarbonization through our business activities with "Contributing to Decarbonized Societies" as one of our materialities. 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 2024).



#### Major Progress

- [First Plant To Be Operated under Hydroelectric Power Alliance Goes Online](#)

### ○ Implementation of Next Generation Energy Supply Chains

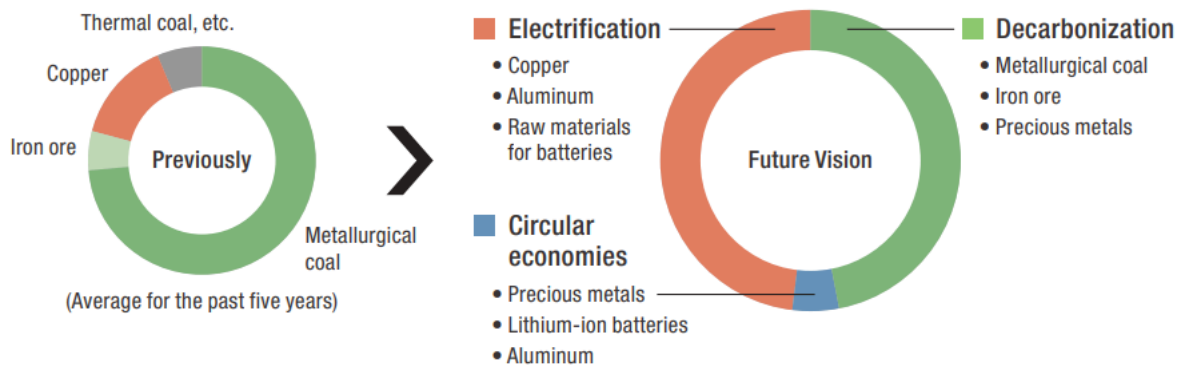
MC is promoting the practical implementation of hydrogen and its derivatives such as ammonia to the society. MC is proceeding with joint investigation with our partners at each stage of the value chain, “production,” “transportation” and “usage.” We are also promoting the societal implementation of Sustainable Aviation Fuel (SAF) in the area of aviation fuel, where electrification and hydrogenation are difficult.

#### Major Progresses

- [Joint Study by Idemitsu Kosan and Mitsubishi Corporation on Low-Carbon Ammonia](#)
- [Mitsubishi Corporation and ExxonMobil sign Project Framework Agreement to advance world's largest low-carbon hydrogen project](#)
- [Joint Study on the Social Implementation of Hydrogen and Decarbonized Fuels](#)
- [Joint Discussions on Green Hydrogen Supply in Hokkaido's Chitose Area](#)
- [Mitsubishi Corporation and 7 large international companies join forces to sponsor the creation of a global e-NG coalition](#)
- [Clean Ammonia Production Project in Lake Charles, U.S.A.](#)

## ○ 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.

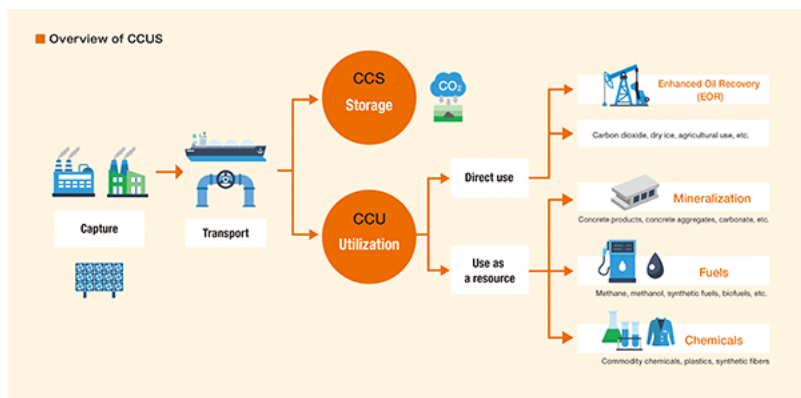


### Major Progress

- [Sumitomo Metal Mining and Mitsubishi Corporation to Participate in Kalgoorlie Nickel Project - Goongarrie Hub](#)
- [Participation in PAK Lithium Project in Canada](#)

## ○ 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<sub>2</sub> 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<sub>2</sub> 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.



**Main Progresses**

- [JOGMEC commissioned feasibility study for overseas CCS value chain](#)
- [ENEOS, JX Nippon, Mitsubishi Corporation and PETRONAS to Evaluate and Establish CCS Value Chains from Tokyo-Bay to Malaysia](#)

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”.



#### **Activities with Honda**

ALTNA Co., Ltd. was established in July 2024, as a joint venture with Honda Motor Co., Ltd. (Honda), and is striving to create new businesses in light of anticipated growth in the electric vehicle (EV) market toward a decarbonized future society. By combining Honda's control and connected technologies for EVs and batteries and MC's energy business know-how, which extends to administration battery energy storage and smart-charging operations, ALTNA will strive to introduce and develop new business model that reduces Total Cost of Ownership (TCO) for EV users and contribute to realize the long-term utilization of EV batteries.

For details of these businesses, please refer to the following page.

Reference: [EV/ Batteries](#)

## ○ 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 30% 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 1,700 cargoes to global markets including Indonesia and Japan. In 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<sub>2</sub> which represents nearly half of Tangguh's LNG emissions, making Tangguh one of the lowest GHG intensity LNG plants in the world.



### Major Progress

- [Mitsubishi Corporation Strengthens the Partnership with PETRONAS, Reinforcing Confidence in LNG Operations in the Region](#)

## ○ 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. 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 April 2024, divestment of some of its coal mines was officially concluded, marking the culmination of our efforts to consolidate its holding in high-grade/quality mines.

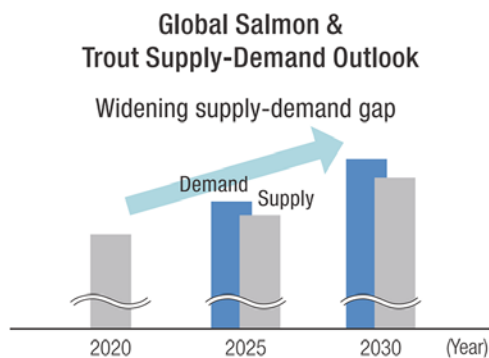
Also, while staying aware of changes in the business environment, MDP will strive to reduce GHG emissions from BMA's production processes. Furthermore, together with its metallurgical coal business partner BHP, MDP is working to support research that contributes to reducing emissions throughout the entire 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<sub>2</sub> capture technology in the field of steel making and jointly conduct demonstration tests for the application of CO<sub>2</sub> 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 biodiversity, including salmonids in all areas where they are present, monitoring of benthic impacts and tracking 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 different certification standards (ASC and BAP). Cermaq also engages in beach cleaning in the regions it operates, irrespective of the source of the litter.

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 and that soy shall be deforestation free.



## 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.



### Activity at MC Digital

MC Digital is an AI and data science company wholly owned by Mitsubishi Corporation, with the mission of "updating business models by leveraging technology". MC Digital aims to have a significant impact on global industrial transformation by utilizing cutting-edge technologies, including generative AI, in the wide range of industrial fields in which Mitsubishi Corporation is involved. It is also actively working on new business development, deepening partnerships with international innovation ecosystems, academic institutions, and government agencies. Through these activities, MC Digital contributes to society by providing a wide range of solutions around the world.



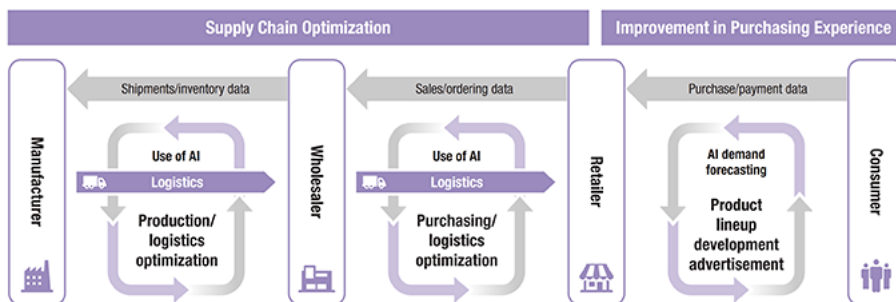
### Major Progress

- Mitsubishi Corporation (MC) to invest in Ayala joint venture with stake in Mynt

## ○ 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.

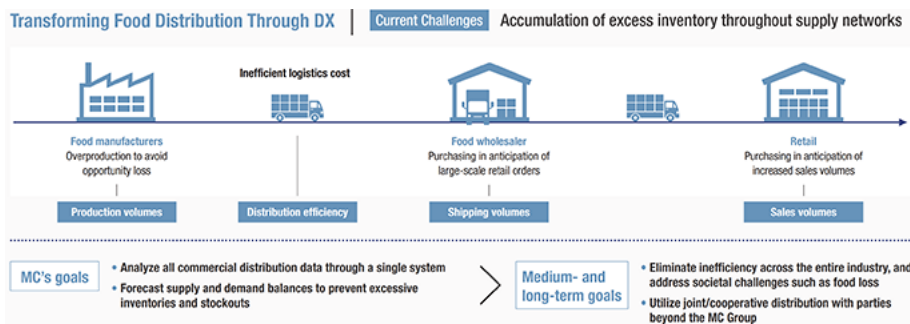


## DX Business in Food Distribution

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.

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.





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 35 facilities across Japan, and the latter (WareX) of which has more than 1,500 facilities (as of June 2024) 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.

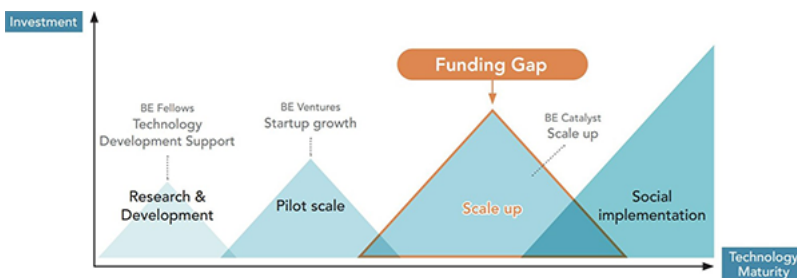
Driven by its vision to create new opportunities in logistics, Gaussy is committed to developing flexible mechanisms that will adapt to evolving warehousing needs and cargo volumes. All of its partners look forward to offering fulfillment customers with new and unprecedented options for their businesses.



## ○ 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

- [Participation in a DAC Project in Louisiana, USA](#)
- [MC expands its Data Center Presence with Entry into US](#)
- [PoC Launched to Test Smart-charging Service Using EV Connected Technologies](#)



## 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

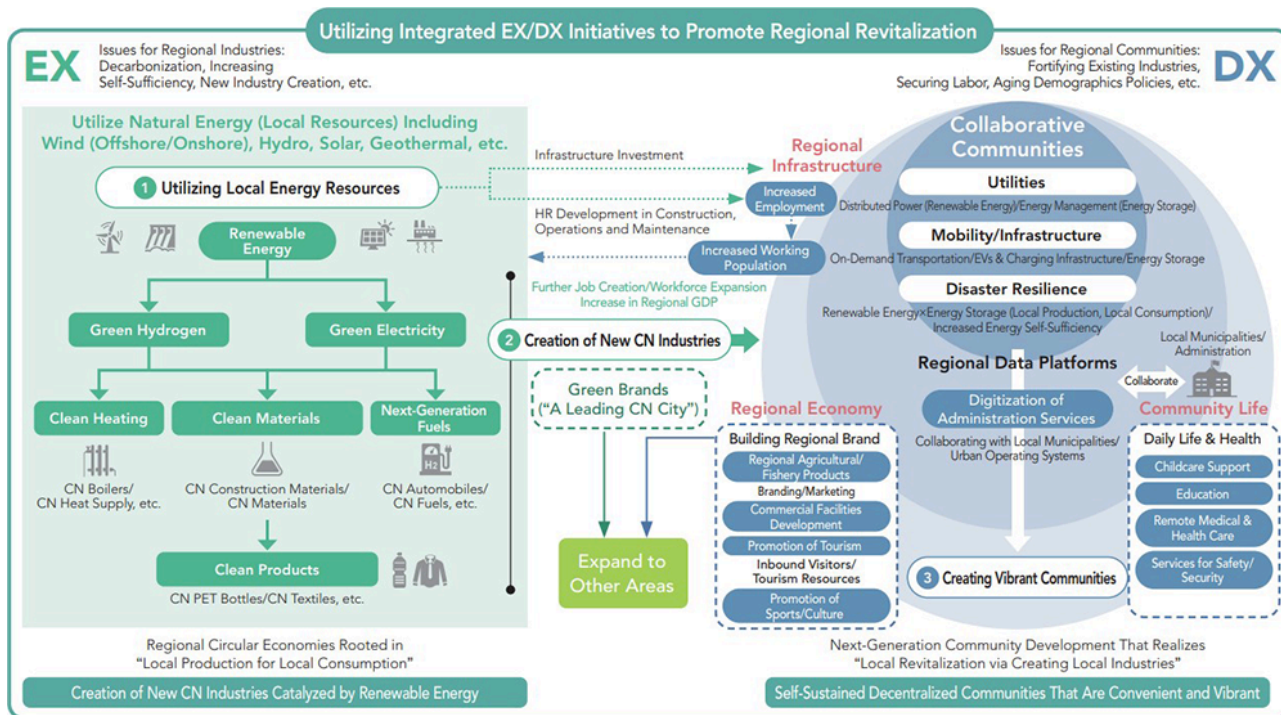


### Action Plan Regarding this Material Issue

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.



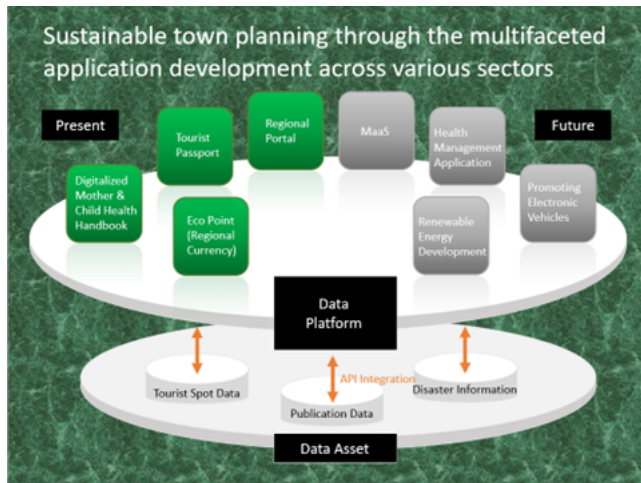
Akita Branch



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. In Nasushiobara and Chitose, a service of "Hometown Tax Program (Furusato Grant)", provided by MC, was introduced. The both cities have started a fundraising business.



### Major Progresses

- [Mitsubishi Corporation, KDDI CORPORATION, Lawson, Inc. Launching an Initiative to Transform into "Next-generation Convenience Store"](#)
- [Joint Discussions on Green Hydrogen Supply in Hokkaido's Chitose Area](#)

## 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 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.

### ○ 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 “Shiojiri Project”.

#### Major Progresses

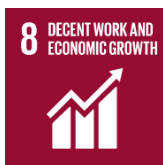
- [Nissan and Mitsubishi Corporation agree to explore new business in next-generation-mobility and energy-related services utilizing EVs](#)
- [Mitsubishi Corp to invest in TIER IV: Transforming regional mobility with autonomous driving](#)
- [Isuzu Joins Multi-interest Agreement to Promote Regional Transportation DX Self-driving Bus PoC Launched in Hiratsuka City](#)



## 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. In order to continue to be a "company that connects versatile and diverse human resources who take on the challenge of addressing societal and industrial issues with satisfaction and pride", in a rapidly changing business environment, we established our "DEAR" people strategy (Diversify, Energize, Accelerate, Reward), looking ahead to the next 10 years.

Based on the concepts of "DEAR", we are developing and implementing various people-related strategies as mentioned in our Midterm Corporate Strategy: 1. Strategic experience based HR Development model for sustainable "value creation leaders" provision,, 2. Organization culture cultivation and work environmental evolvments for MCSV creation.

Please refer to our Integrated Report and each page of our Sustainability Website for MC's 10-year HR Vision: "DEAR", as well as our action plans for our "HR Strategy" and "Strengthening Engagement".

- [Integrated Report -Human Capital](#) 
- [Labor Practices](#)

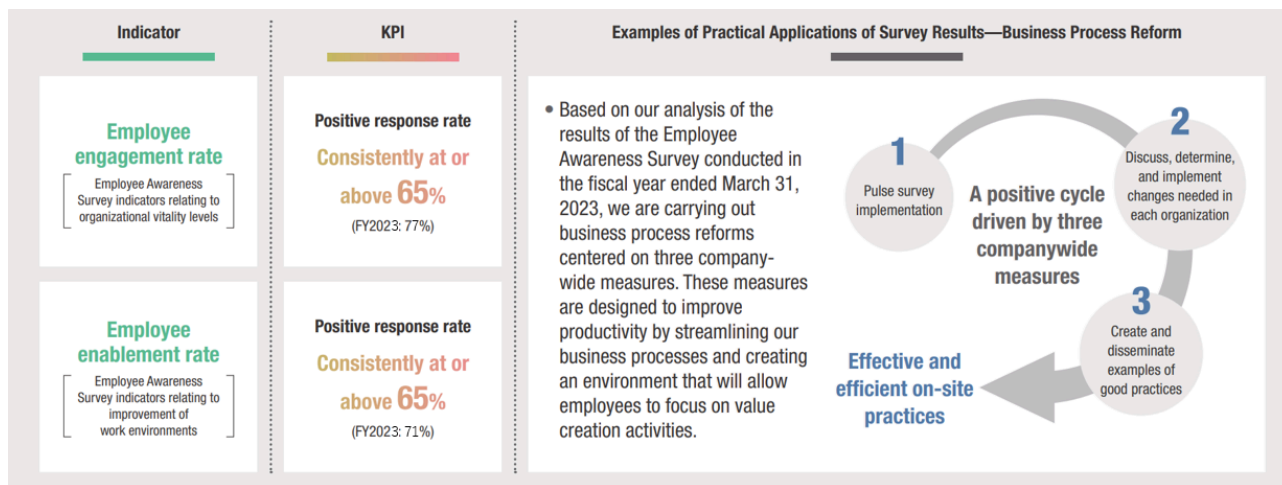
<Strategic experience based HR Development model for sustainable "value creation leaders" provision>

- [Human Resource Development](#)

<Organization culture cultivation and work environmental evolvments for MCSV creation>

- [Diversity Management](#)
- [Well-being \(Health & Productivity Management, Occupational Safety and Health\)](#)

In addition, in order to further strengthen employee engagement, we conduct "Employee Awareness Survey" annually with the aim of observing employee motivation and organizational vitality at a fixed point and linking it to operational improvements, and we measure "Employee engagement rate" and "Employee enablement rate" in the survey as quantitative KPIs.



Disclosure of HR Data

Reference [ESG Data](#)

## 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

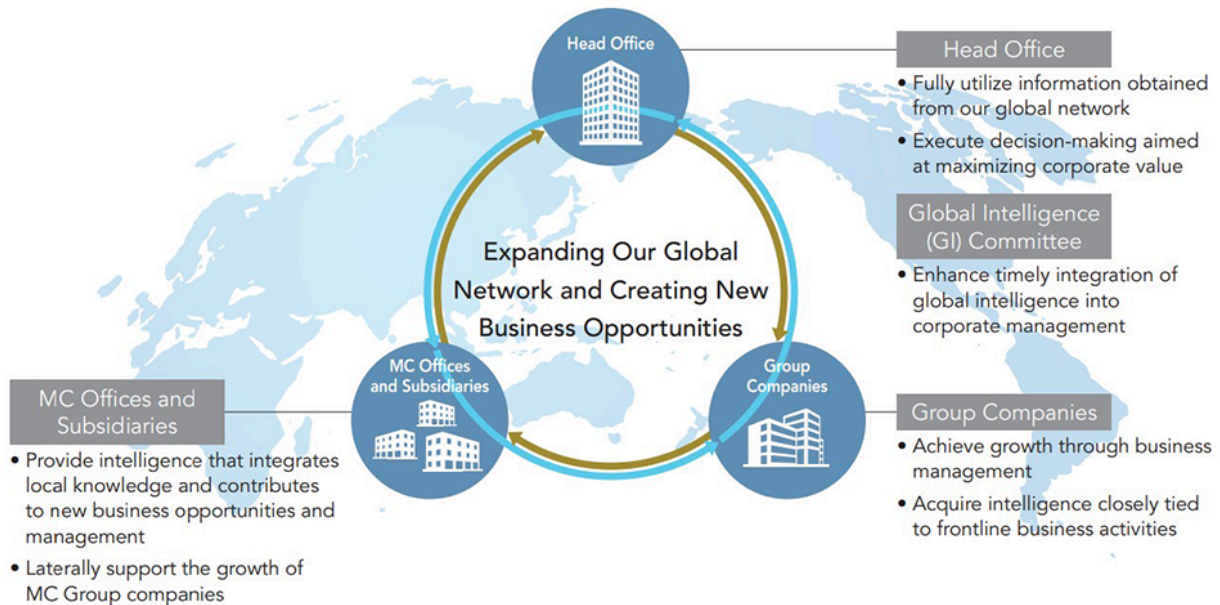
In this era of rapid transformation, it is essential to have the mobility to promptly adapt to the changes in the world while having a broad perspective in order to realize sustainable growth. In addition, we recognize strengthening corporate governance on an ongoing basis as a fundamental management policy since 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) Committee

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**

Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors shall fulfill the roles and responsibilities listed below to promote Mitsubishi Corporation (MC)'s sound and sustainable growth and continuous increase of corporate value, and to help enrich society, both materially and spiritually while also realizing transparent, fair, timely and decisive decision-making and highly effective oversight of the management.

- To provide a broad management direction in line with MC's business reality, taking into consideration the external environment surrounding MC's businesses, trends, and global perspectives, etc.
- To oversee the development and operation of the business management and risk management systems the executives have established to support appropriate risk-taking.
- To provide highly effective oversight of the executives by evaluating them from an independent and objective standpoint in light of the basic management policies formulated by the executives and approved by the Board of Directors, and by encouraging them to take necessary corrective actions.

### **Initiatives to Enhance the Effectiveness of the Board of Directors**

With the Three Corporate Principles for a corporate philosophy, MC strives to continuously increase corporate value through corporate activities rooted in the principles of fairness and integrity. MC believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of all its stakeholders. In order to achieve these goals, MC recognizes strengthening corporate governance on an ongoing basis as a fundamental management policy since it is the foundation for ensuring sound, transparent, and efficient management.

In June 2024, We have transitioned to a Company with an Audit & Supervisory Committee in order to further enhance our ability to respond to accelerating changes in the current external environment surrounding MC's businesses. In addition to expediting decision-making through the delegation of authority, this transition has also enhanced and improved the monitoring function of the Board of Directors by enhancing deliberations centered on management policies and strategies at the Board of Directors meetings, thereby increasing corporate value.

To ensure that Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members are able to perform their monitoring function and audit functions adequately after the transition, the Board of Directors' Office and the Audit & Supervisory Committee's Office (herein referred to collectively as the "Support Offices") have been established, and have been providing necessary information and support appropriately and in a timely manner for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members to perform their own duties.

Prior to each meeting of the Board of Directors, 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. The Support Offices also provide an orientation to newly appointed Independent Directors, as well as ongoing opportunities to increase their understanding of the businesses and strategies of MC, including annual site visits to business subsidiaries and affiliates and opportunities for dialogue with the management, the General Managers of Corporate Staff Section, Business Group CEOs and Business Division COOs, and small group discussions with Executive Vice Presidents and dialogues with mid-level and young employees.

For the purpose of enhancing the monitoring function of the Board of Directors, MC has established the following three committees, Corporate Governance and Nomination Committee, Compensation Committee, and International Advisory Committee, consisting mainly of members who are independent and outside members, as advisory bodies to the Board of Directors. Each committee shall deliberate based on the opinions and advice of outside members.

- For the purpose of strengthening corporate governance on an ongoing basis, enhancing the objectivity and transparency of the nomination process undertaken by the Board of Directors, and ensuring the fairness of this process, the Corporate Governance and Nomination Committee shall deliberate and monitor the basic framework and fundamental policy of corporate governance, the matters about the appointment and dismissal of Directors, and the matters about the nomination etc.  
During the Successor Selection Process, careful deliberation is carried out by the advisory body, and after several exchanges of opinions with Independent Directors outside of the Committee, the President and CEO are selected.
- For the purpose of enhancing the objectivity and transparency of the policy for setting Directors' and Executive Officers' remuneration and the remuneration amount, both determined by the Board of Directors, and ensuring fairness throughout the determination process, the Compensation Committee shall deliberate, monitor and/or determine the fundamental policy for the remuneration for the Directors and Executive Officers, evaluation of sustainability factors tied into Executive Officers' remuneration, and evaluation of the President and CEO's performance.
- For the purpose of establishing a system that reflects the opinions of each stakeholder in our management and, to this end, enables the Board of Directors to incorporate international and external diverse perspectives into its deliberations, the International Advisory Committee shall provide recommendations and advice to the Board of Directors from an international standpoint.

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
Environment	Principle 6	the elimination of discrimination in respect of employment and occupation.
	Principle 7	Businesses should support a precautionary approach to environmental challenges;
Anti-corruption	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.



## 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.



\* 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.



# Environment

## Environment

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Environment

# Climate Change

- Our Approach ✓ New Activities Based on the Roadmap to a Carbon Neutral Society and Midterm Corporate Strategy 2024 - Creating MC Shared Value ✓
- 1.5°C Scenario Analysis ✓ Results of the 1.5°C Scenario Analysis and Relevant Implications ✓
- Physical Risks ✓ Key GHG Metrics and Disclosure Highlights ✓ Other Data and Report ✓

## 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)<sup>\*1</sup>, and the disclosure framework being developed by the International Sustainability Standards Board (ISSB)<sup>\*2</sup> 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 declared 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.

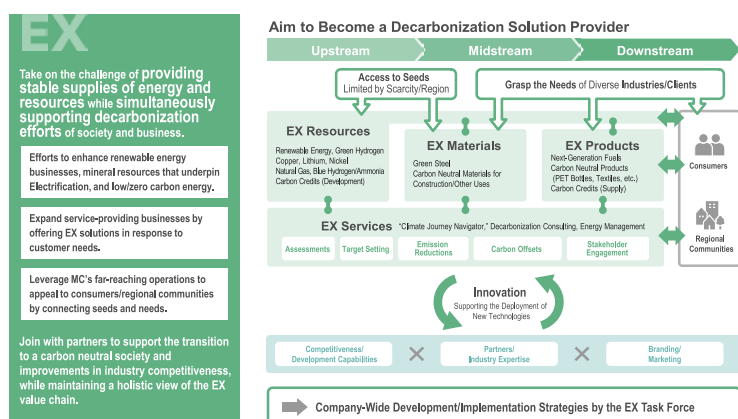
Figure 1 Outline of Midterm Corporate Strategy 2024



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.

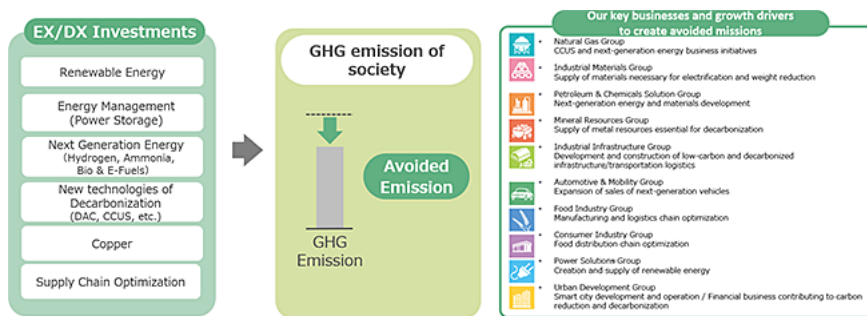
We have decided to newly disclose the effect of greenhouse gas reduction generated through MC Shared Value as our avoided emissions. This will be utilized as a quantitative indicator to measure the degree of contribution our company is making to GHG emissions reductions as well as the extent to which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



\* As of March 31, 2024

## 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-Carbon / 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<sup>\*3</sup> and the Public-Private Council for Promoting the Introduction of SAF<sup>\*4</sup>, 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 FY2023, we held approximately 40 discussions with investors on sustainability, and 82(Japan:5, Europe:29, Americas:48) 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

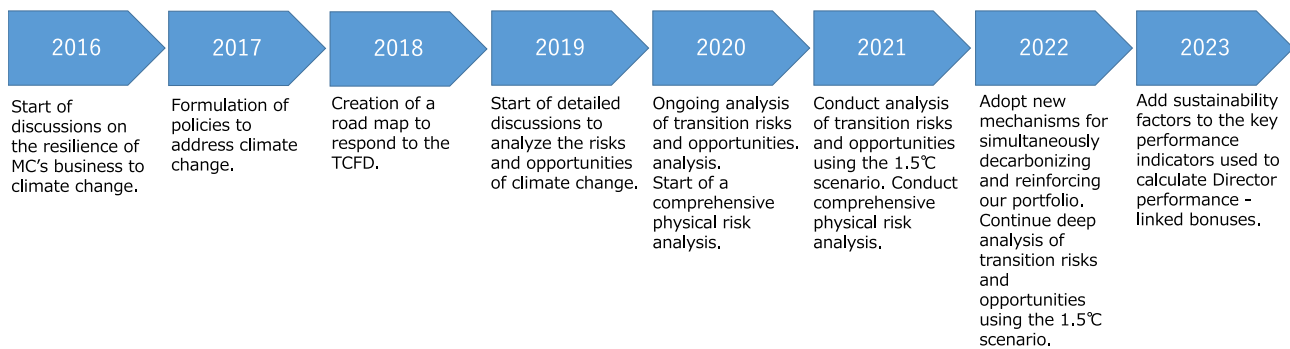
#### Participation in the Carbon Recycling Fund Institute

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

<b>Basic Policy on Climate Change</b>	Covers climate-related initiatives through MC's businesses, adoption of the TCFD recommendations, details on climate-related financial disclosures, etc.
<b>Important Matters</b>	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 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

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

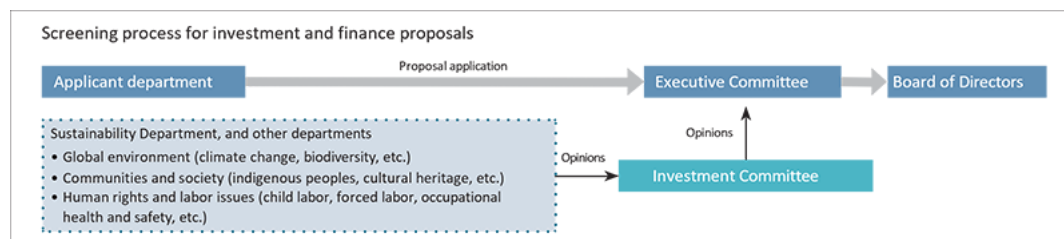
Reference: [Diagram of the Sustainability Promotion Framework](#)

### 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 achieving 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”

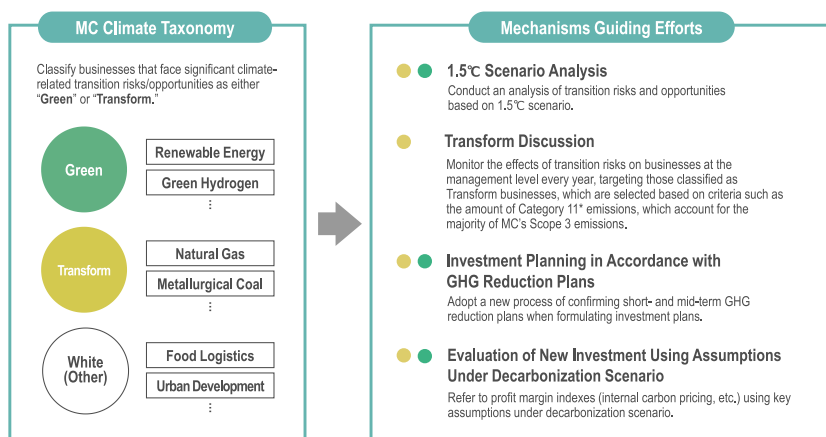
### Sustainability as a Growth Lever

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.



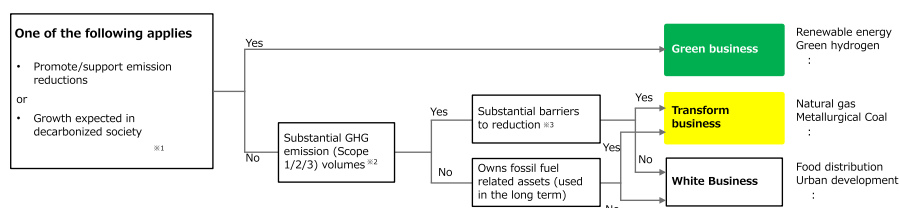
\* Scope 3 Category 11: GHG emissions from the use of sold products

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 achieve, 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



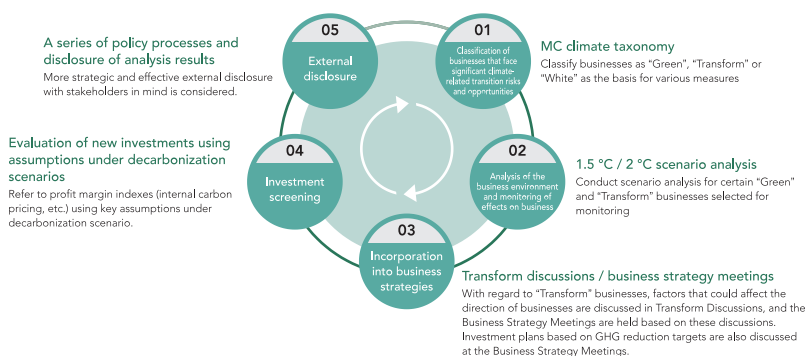
\*1 Businesses where demand in 2050 under the 2.0°C scenario will increase by 20% or more compared to the current business

\*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°C 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°C 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.

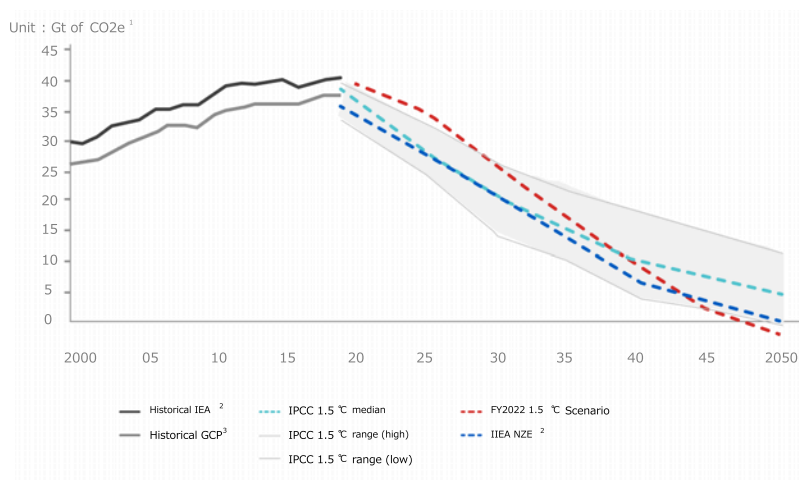
Table 1 Key assumptions for the FY2022 1.5°C scenario and the comparison with the IEA NZE

Item	Unit	FY2022 1.5°C scenario		IEA NZE		Notes
		2030	2050	2030	2050	
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 Aligned (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<sub>2</sub> 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**



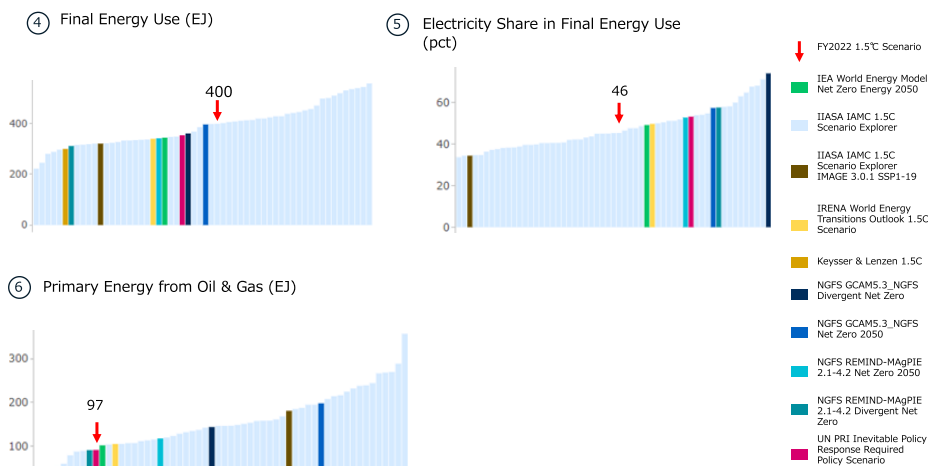
\*1 IEA NZE was created using 2019 as a reference year, and data only exists at 10-year intervals from 2020. This model was calculated at one year intervals using the latest data, resulting in differences in the current figures the accumulated impact of is greater.

\*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 resulting 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.

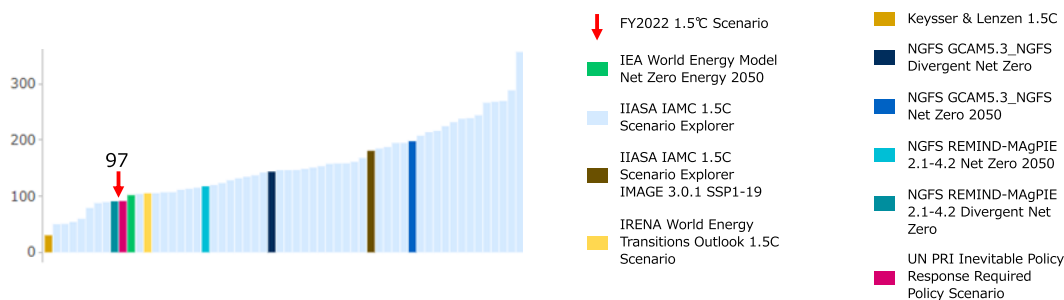
#### [Analysis of Business Environment]

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

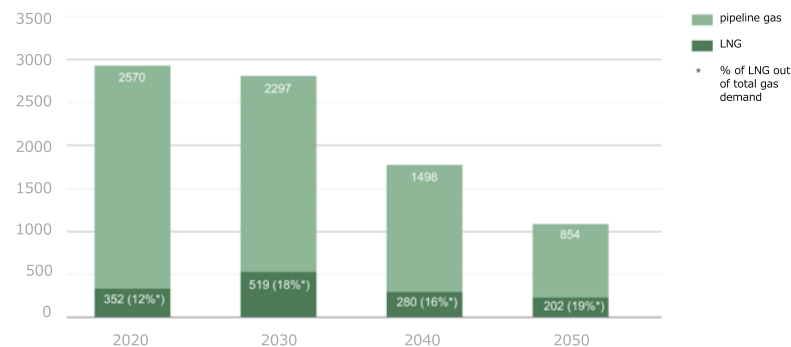
#### (2) Natural Gas Demand

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**

Unit: million tons (LNG equivalent)



### (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 domestic 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

- [Involvement in LNG Projects, Equity Share of Oil and Gas Upstream Production](#)

<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 Semptra 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]**

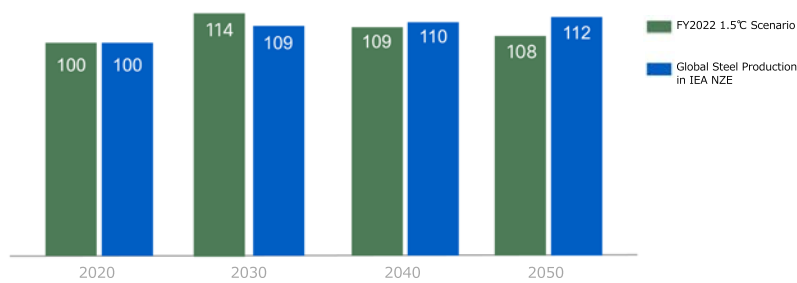
BMA's main product is high-quality metallurgical coal, which BMA supplies to the global seaborne markets. As part of the analysis of the business environment surrounding BMA under the 1.5°C scenario, MC carried out step-by-step evaluations of (1) demand for steel, (2) crude steel production by iron source,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

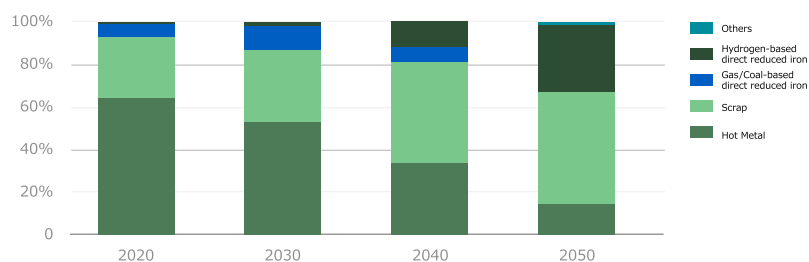


### (2) Crude Steel Production by Iron Source

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).

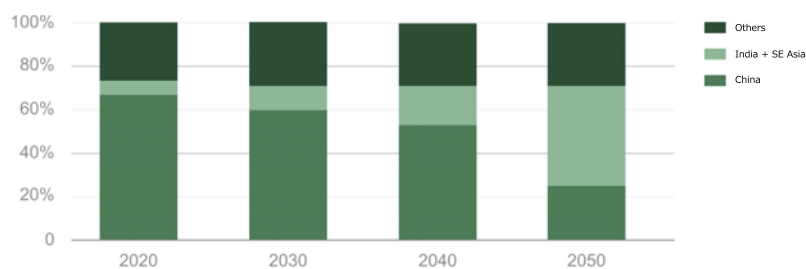
**Chart 6 Crude steel production by iron source under the FY2022 1.5°C scenario**



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

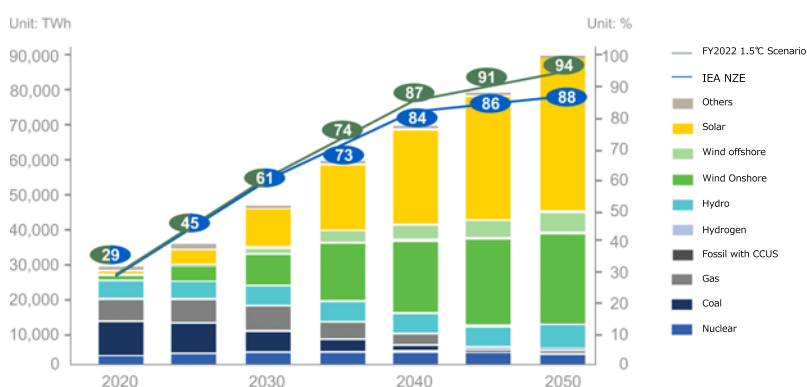
under the FY2022 1.5°C scenario.

### [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 assets, 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](#)

## 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:**

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

**Physical Risk Assessment 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 assets**

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
<b>High</b>	Overall hazard score greater than 30
<b>Medium</b>	Overall hazard score 15-30
<b>Minimal</b>	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
<b>4</b>	Present-day hazards causing material impacts. Adaptation strategies should be evaluated and deployed.
<b>3</b>	Imminent hazards likely to result in material impacts during the planning time horizons. Adaptation strategies should be developed in the near future.

Hazard Rating	Description of Hazard Severity and Level of Recommended Action
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

<b>Assets subject to assessment</b>	Mines and coal terminal owned by BHP Mitsubishi Alliance (BMA)*
<b>Location</b>	Australia
<b>Type of hazard</b>	Stormwater flooding
<b>Current measures</b>	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: <ul style="list-style-type: none"> <li>Implementation of water storage inventory procedure based on climate forecasts;</li> <li>Utilization of the pits under care and maintenance for its water storage management;</li> <li>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.</li> </ul>
<b>Future adaptation strategies</b>	MC together with BMA will continue to enhance physical risk mitigation in response to climate change forecasts.

### Copper business

<b>Assets subject to assessment</b>	Copper mines owned by Anglo American Sur, S.A
<b>Location</b>	Chile
<b>Type of hazard</b>	Drought
<b>Current measures</b>	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.
<b>Future adaptation strategies</b>	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

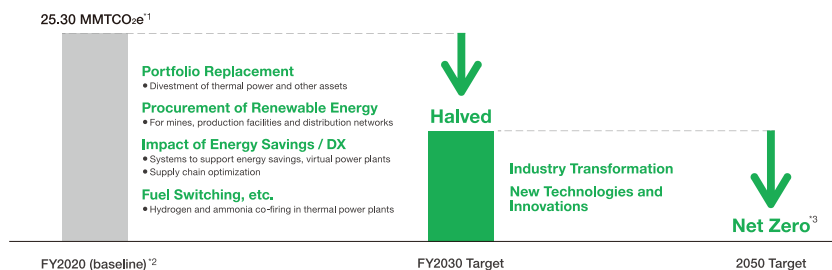
- Net zero GHG emissions by 2050, and a new FY2030 target with a detailed reduction plan.
- Emissions halved by FY2030 through portfolio replacement driven predominantly by divestment of thermal power assets.

#### 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.

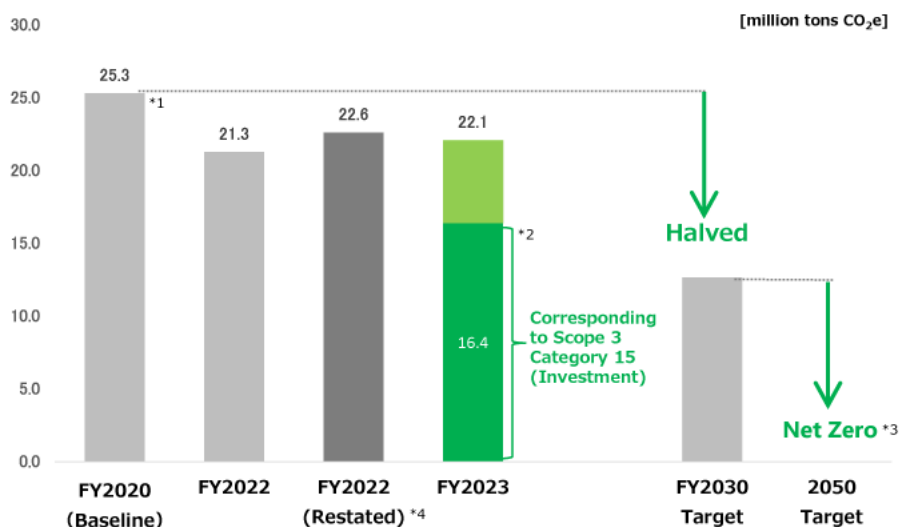


\*1 The above figures represent the Scope 1 and Scope 2 emissions of MC and its consolidated companies, including affiliates, based on the equity share approach (for details, refer to our [Sustainability Website](#)).  
 \*2 FY2020 is set as the new baseline, as it provides the most accurate affiliate 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 reduction targets. Actual performance figures of Scope 1 & 2 GHG emission towards our reduction target are as follows.



- \*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 16.4million tons would be equivalent to Scope 3 Category 15 (Investment) under the GHG Protocol's financial control approach. For details please refer to the ESG 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.
- \*4 The increase in Scope 1 emissions in FY2023 compared to the previous year is mainly due to the change in emission factor for 6.5 gas. Restated figures of previous year emissions when applying the main emission factor change are stated for reference.

## 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.

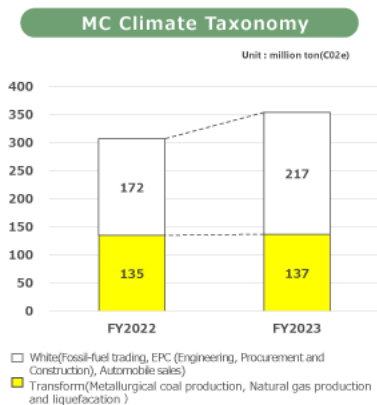
## Scope 3 Category 11

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 disclosed this figure from FY2021.

The actual performance figures of Scope 3 Category 11 GHG emissions and its breakdown are shown in the table below. 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.



### Business Group

Unit : thousand ton(CO2e)

Business Group	FY2022	FY2023	Main businesses responsible For Scope3 Category 11 emissions
Natural Gas	116,006	136,325	Natural gas production and liquefaction Natural gas and LNG trading
Industrial Materials	993	3,287	
Chemical Solution	60	37	
Mineral Resources	96,593	91,038	Metallurgical coal production Mineral resources trading
Industrial Infrastructure	2,436	29,912	
Automotive & Mobility	36,812	44,007	Automobile sales
Food Industry	1,617	1,873	
Consumer Industry	0	1	
Power Solution	5,729	6,093	
Urban Development	350	98	
Others (Including Next-Generation Energy Business Group)	46,343	40,777	Petrochemical products trading
<b>TOTAL</b>	<b>306,939</b>	<b>353,449</b>	

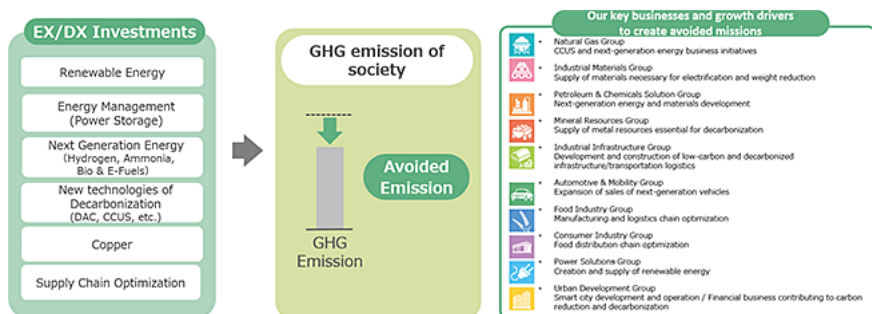
## Avoided Emission

### 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.



\* As of March 31, 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.

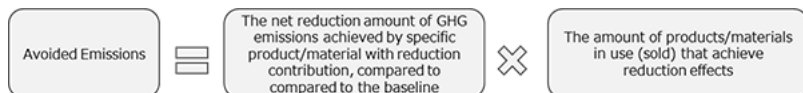
#### Flow basis(Lifetime)

Evaluation of the amount of avoided emissions by calculating the difference between the CO<sub>2</sub> emissions of our products manufactured in the evaluation year up to the end of their life and the CO<sub>2</sub> 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.

Reference: [ESG Data](#) 

#### 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 1.5°C 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 1.5°C scenario analyses.

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

- As of March 31, 2024, 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 0.96GW on an equity share basis (roughly 12% 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<sub>2</sub> 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.

## Other Data and Report

### Other Reference Data

Please check the link below for cogeneration projects, gas-fired projects and coal-fired power businesses.

Reference

ESG Data



### 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 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 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 planning 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

# 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. 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 2,240 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<sub>2</sub> 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 a 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.



## EV/ Batteries

Currently, it is said that the transportation sector accounts for approximately 20% of global CO<sub>2</sub> emissions, and the reduction of CO<sub>2</sub> emissions as well as of the use of fossil fuels in the automobile industry pose significant issues. As EVs become increasingly popular due to a low environmental impact while in operation, we are trying to contribute to the realization of a decarbonized society through business activities that focus on EVs and batteries.

### Activities with Honda

ALTNA Co., Ltd. was established in July 2024, as a joint venture with Honda Motor Co., Ltd. (Honda), and is striving to create new businesses in light of anticipated growth in the electric vehicle (EV) market toward a decarbonized future society. By combining Honda's control and connected technologies for EVs and batteries and MC's energy business know-how, which extends to administration of battery energy storage and smart-charging operations, ALTNA will strive to introduce and develop new business model that reduces Total Cost of Ownership (TCO) for EV users and contribute to realizing the long-term utilization of EV batteries. Details about these businesses are explained below.

#### 1. Battery Leasing Business

In cooperation with vehicle owners of leasing companies, ALTNA will retain the ownership of the batteries of EVs and lease them during the lease period of the vehicles. Continuous monitoring of the batteries usage will realize to long-term use up to leasing used cars. By recovering and utilizing the batteries for storage battery business after the end of automotive use, ALTNA will set lease prices based on long-term use and reduce EV usage costs.



## 2. Battery Repurposing Business

ALTNA supplies power by using repurposed in-vehicle batteries as system storage batteries. In response to the growing demand for batteries in order to promote the spread of renewable energy, ALTNA will operate a resource-recycling grid storage plant by utilizing the repurposed in-vehicle batteries and maximizing the use of storage facilities by assuming that the batteries are replaced. Moreover, ALTNA will ensure appropriate recycling of its end-of-life grid storage batteries to realize resource circulation-oriented manufacturing.



## 3. Smart Charging Business

Utilizing advanced energy control technology, ALTNA provide a smart charging service that optimizes electricity costs for EV users by automatically charging EVs during off-peak hours on the grid by simply connecting a charger to the vehicle. In addition, ALTNA's charging plans will contribute to the increased use of green (renewable) energy by charging EVs during times when there is a surplus of renewable energy on the power grid.



# Low-carbon hydrogen & Ammonia / SAF

## Low-carbon hydrogen & Ammonia

MC is focusing on low-carbon hydrogen / ammonia which are seen as promising next-generation energies, and is proceeding study with our partners at each stage of the low-carbon hydrogen / ammonia supply chain, "production," "transportation" and "storage".

For the "production" stage, MC is studying participation in ExxonMobil's planned low-carbon hydrogen / ammonia production project in Baytown, Texas, USA, as well as the offtake of low-carbon ammonia, jointly with Idemitsu Kosan.

This project aims to start production of low-carbon hydrogen (approximately 900,000 tons per year) and low-carbon ammonia (over 1 million tons per year) by 2029 and is expected to be the world's largest of its kind. This planned project will produce virtually carbon-free hydrogen with approximately 98% of carbon dioxide (CO<sub>2</sub>) removed and low-carbon ammonia.

For the "transportation" and "storage" stage, MC is assessing the partial conversion of its LPG terminal (Namikata Terminal) into an ammonia terminal and supply low-carbon ammonia for various industrial applications, mainly in the Shikoku and Chugoku regions. For efficient operation of ammonia carriers, MC is also studying alignment with ammonia terminal which Idemitsu Kosan aims to establish in Shunan region, Yamaguchi Prefecture.

## 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\* 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.

\* 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<sub>2</sub> 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, Chane (formerly 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. Further, in October 2022, we made a new agreement to further examine the technical and commercial aspects of the hydrogen supply chain business.

## 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<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> emissions from sources, Carbon Dioxide Removal, which removes CO<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> reduction method is required for each, MC aims for the maximum reduction in CO<sub>2</sub> by approaching each product with a combination of various technologies and collaborations with corporations (Green Concrete Concept).

### CarbonCure

CarbonCure Technologies Inc. is a Canadian company that possesses technology for fixing CO<sub>2</sub> 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<sub>2</sub> into fresh concrete during production, reducing CO<sub>2</sub> 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.

## Building A Greener Future

with  CARBONCURE.



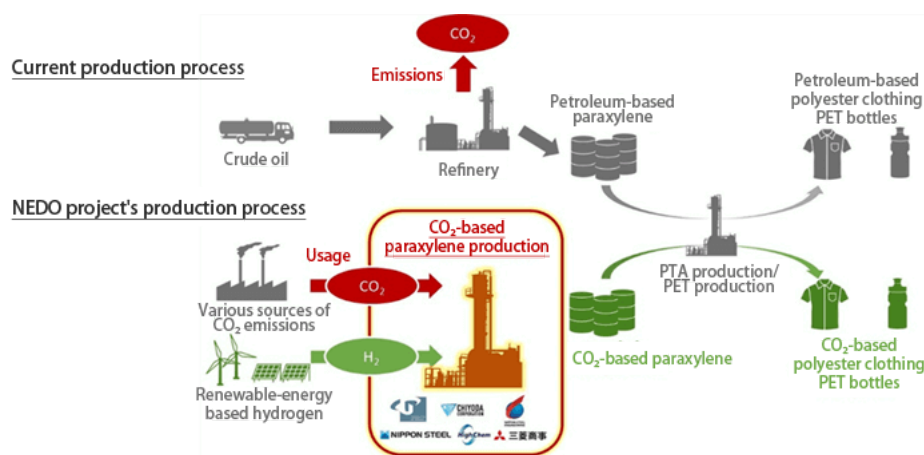
1. Waste CO<sub>2</sub> emissions are collected from local industrial emitters by gas companies and then purified. 2. The purified CO<sub>2</sub> is stored onsite at the concrete plant and connected to CarbonCure's technology. 3. CarbonCure's technology injects CO<sub>2</sub> into the fresh concrete to create high-performing, low-carbon concrete. 4. Private and public projects are built with CarbonCure concrete, reducing embodied carbon in new buildings.

Overview of the process from CO<sub>2</sub> collection to its use as a building material

1. Emitted CO<sub>2</sub> is collected and refined.
2. The refined CO<sub>2</sub> is stored at a fresh concrete production plant connected to CarbonCure's facilities.
3. CO<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> Emissions and the Effective and Practical Use of CO<sub>2</sub>/Development of Technology for the Use of CO<sub>2</sub> 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<sub>2</sub>. 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<sub>2</sub> 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<sub>2</sub>.



## 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<sub>2</sub> emitted from natural gas production and reduce CO<sub>2</sub> 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<sub>2</sub>-EGR). As a result, the total CO<sub>2</sub> 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 feasibility study on building an overseas CCS value chain through Oceania CCS Project and Northern Offshore Malay Peninsula CCS Project, both of which are awarded as Advanced CCS Projects for the FY2024 by the Japan Energy and Metals National Corporation (“JOGMEC”).

In Oceania CCS Project, Mitsubishi Corporation, Nippon Steel Corporation, ExxonMobil Asia Pacific Pte. Ltd., Mitsubishi Chemical Corporation and Mitsubishi Corporation Clean Energy Corporation will conduct research on the capture of CO<sub>2</sub> emissions from Ise Bay/Chubu area, transport and store the captured CO<sub>2</sub> in the Asia-Pacific region, including Australia, Malaysia and Indonesia. In Northern Offshore Malay Peninsula CCS Project, Mitsubishi Corporation, ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, JFE Steel Corporation, Cosmo Oil Co., Ltd., Nippon Shokubai Co., Ltd., and PETRONAS CCS Solutions Sdn Bhd will conduct research on the capture of CO<sub>2</sub> emissions from Tokyo Bay area, transport and store the captured CO<sub>2</sub> in Northern Offshore of Peninsular Malaysia. The study in both projects will be held on CO<sub>2</sub> separation, capturing, transport and storing, aiming to commence storing by FY2030.

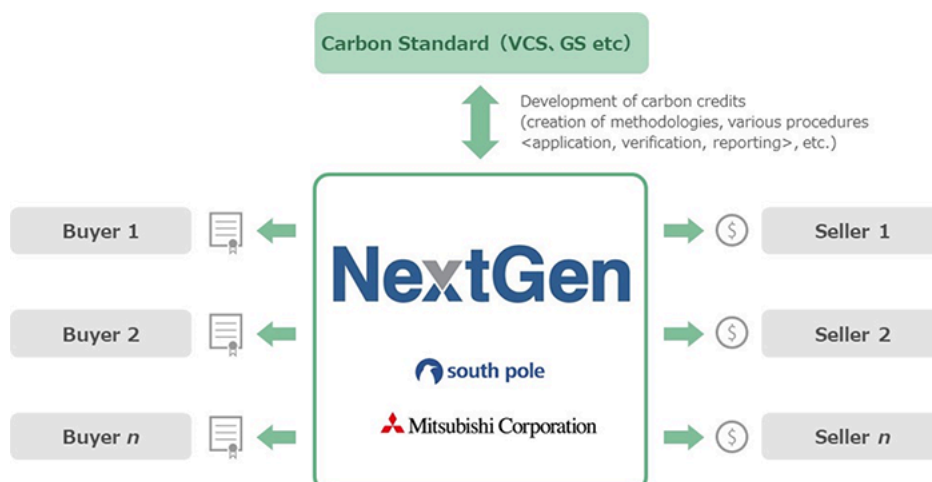
## Carbon Credit

### 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<sub>2</sub>-sequestrations 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<sub>2</sub> 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<sub>2</sub> 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 trials in Hokkaido using LNG-powered trucks ("LNG trucks") and compact portable LNG filling facilities ("LNG filling boxes").

The project addresses the challenges of electric vehicles ("EVs") and hydrogen fuel cell vehicles ("FCVs") for heavy-duty trucks, such as limitations in driving range and payload capacity, as well as their lengthy charging/refueling times. LNG trucks are the practical and immediate solution towards achieving a carbon-neutral society.

LNG trucks are capable of continuous long-distance travel exceeding 1,000 km, a range currently challenging for EVs and FCVs. Furthermore, LNG trucks are expected to reduce CO<sub>2</sub> emissions by approximately 10% or more compared to conventional diesel trucks.

These LNG trucks have driven a cumulative total of over 2 million kilometers since the commencement of the demonstration trials in April 2022. In November 2022, CO<sub>2</sub> emissions were reduced even further by blending liquefied bio-methane (LBM) with LNG. LBM is produced from biogas derived from livestock manure in Hokkaido.

MC will continue to participate in these demonstration trials with the goal of introducing LNG trucks into society as a way of reducing CO<sub>2</sub> 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 2024, 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



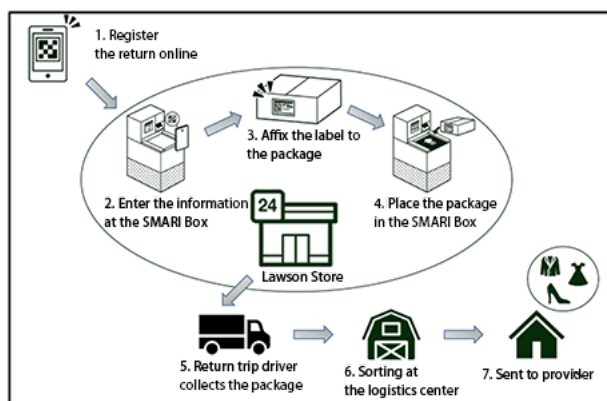
further promote the adoption of delivery boxes, we will help to address various societal and environmental issues, including the problems that are expected to occur in Japan's logistics sector in 2024.



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 in 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 2024 GRESB<sup>\*1</sup> real estate assessment, DPR was awarded the highest possible rating of “5 Stars,” as well as its 7th 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<sup>\*2</sup>, BELS Certification<sup>\*3</sup>, Tokyo Metropolitan Small to Medium Scale Low Carbon Model Building and ResReal/ResReal Flood Certification<sup>\*4</sup>, and ResReal Flood<sup>\*5</sup> 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.

#### \*2 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.

#### \*3 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.

#### \*4 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<sub>2</sub> emissions. This standard was published by the Tokyo Metropolitan Government in May 2012 to enable the evaluation of CO<sub>2</sub> 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<sub>2</sub> emissions) and b) are actively engaged in energy conservation as “Small- to Medium-Sized Low-Carbon Model Buildings.”

#### \*5 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

Please check the link below for data on Diamond Realty Management Inc. Green 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. Based on their shared values to contribute to the realization of a sustainable society, MC and FEV Consulting GmbH provide marketing and product development services to the materials industry through the joint venture company Beyond Materials. 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

Environment

## Natural Gas and LNG-related Data

### Involvement in LNG Projects, Equity Share of Oil and Gas Upstream Production

MC's equity share of oil and gas upstream production is as shown in the data 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.

Please check the link below for data on Involvement in LNG Projects, Equity Share of Oil and Gas Upstream Production.

Reference: [ESG Data](#) 

Environment

## Renewable Energy Related Data





### Renewable Energy Businesses

Please check the link below for data on Renewable Energy Businesses.

Reference: [ESG Data](#) 

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.

#### [2024 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.

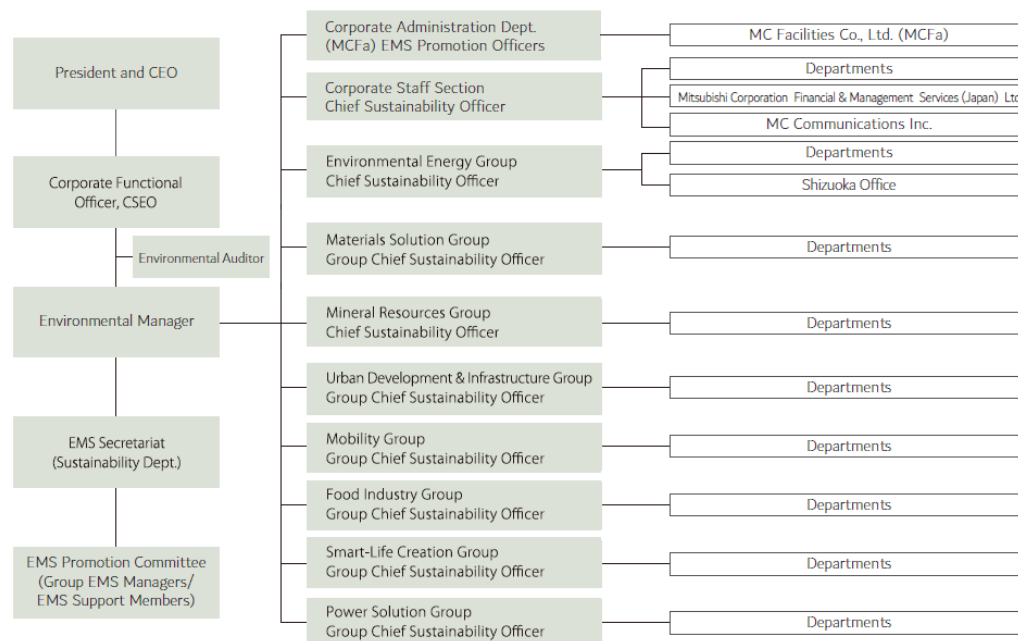
1. Avoid unnecessary procurement
2. Place emphasis on “environmental consideration” together with function/cost at the time of procurement, and select green products whenever possible which satisfy the following:
  - (1) Those using primarily recycled/reused raw materials
  - (2) Those which reduce resource 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, 2024

## 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

Please refer to the links below for data related to Main MC Group Companies with ISO 14001 Certification.

Reference: [ESG Data](#) 

## 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 certified copies of documentation associated with the ISO certification process. In FY2023, MC provided 3 certified copies of its ISO documentation.

## Initiatives

### Procurement of CO<sub>2</sub>-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<sub>2</sub>-free electricity with environmental value (tracked non-Fossil Fuel Energy Certificates<sup>\*1</sup>) 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<sup>\*2</sup>. 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 \*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.

Please check the link below for data on Number of Environmental Reports and Corrective Measures.





Reference: [ESG Data](#) 

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 is essential for human activity, circulating around the planet while changing to and from solid, liquid and gaseous states. 70% of the Earth's surface is covered with water, and of that amount, 97.5% is salt water. The remaining 2.5% is fresh water which supports human activity, including business activities. However, about three-quarters of that remaining fresh water exists in a frozen state such as within glaciers. Therefore, the amount of freshwater that is actually available for human use accounts for not even 1% of the Earth's total amount of water. Under the United Nations' Sustainable Development Goals (SDGs), the world is striving to secure access to safe drinking water for all people, and through business activities and other economic initiatives, each country is also working to achieve more prosperous livelihoods, including access to water. Since economic scale and water consumption are closely correlated, companies must use water, one of the Earth's precious natural resources, in an efficient and appropriate manner while also aiming to solve challenges related to water issues through their businesses.

## 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 FY2024, 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

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

Since copper mining requires a large amount of water, each mine is working to introduce technologies to maximize the water efficiency in the operational processes in order to reduce new water intake. At Los Bronces Copper Mine (located in Chile's Metropolitan Region), in which MC invests together with Anglo American plc (AA), approximately 80% of the water utilized in the production processes is recycled. Efforts are also being made to increase water recycling from tailings and utilize industrial wastewater and treated sewage water procured from third parties. In addition, a contract has recently been signed for the procurement of desalinated water from 2026 to ensure stable and long-term water supply for operations and provide clean water to the local communities of approximately 35,000 residents.

### 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 mine site, 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.

#### Los Pelambres Copper Mine

The Los Pelambres copper mine, one of MC's investments, is a large-scale copper mine located in the mountainous region of central Chile. Water preservation is promoted at the mine through various measures such as the reduction of water usage, recycling of water in operational processes, and the utilization of a desalination plant which commenced operations at the site in 2023. Furthermore, a plan to double the plant's treatment capacity from the current 400l/s level to 800l/s by 2027 is currently ongoing, thereby aiming to further reduce reliance on freshwater extraction. As water scarcity and drought becomes an increasingly critical issue for Chile, we will continue to focus on environmental protection measures and coexistence with local communities while striving to achieve a stable supply of resources from the site by securing water for its operations.



#### 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<sub>2</sub> and waste discharge and for the implementation rate of food waste recycling, etc. while seeking continual improvements through 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. Additionally, at the soluble coffee facility in Vietnam, Olam has installed a reverse osmosis system to recover and reuse the rejected water during processing, continuously investing in measures and equipment to improve water efficiency. Regarding water quality management, Olam has maintained strict control over water quality at the palm plantations in Gabon since 2023, carrying out regular inspections by third parties to prevent cross-contamination in nearby rivers.

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<sub>2</sub> 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 

## 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 deforestation. 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

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

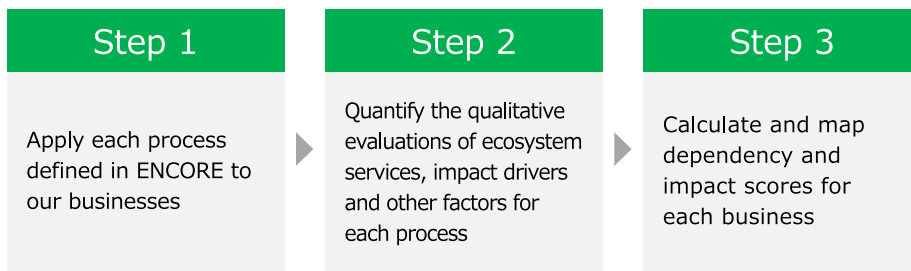
When conducting analyses based on the LEAP approach as recommended by the TNFD, it is necessary to obtain detailed information on the natural environments surrounding each business site. Since we have a diverse range of businesses, we decided that it is necessary to conduct a LEAP analysis while identifying 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.

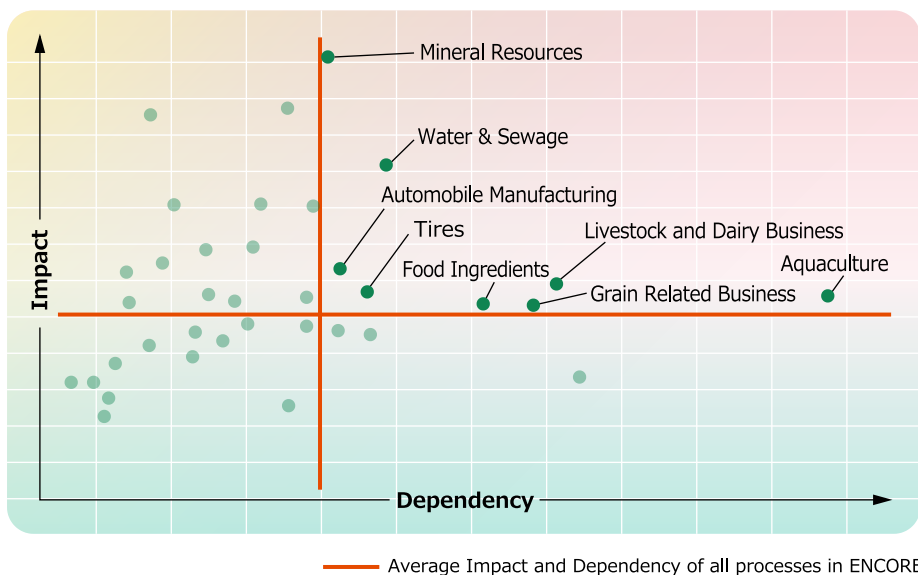


\* A tool jointly developed by the UN Environmental Programme and various international financial industry groups.

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.

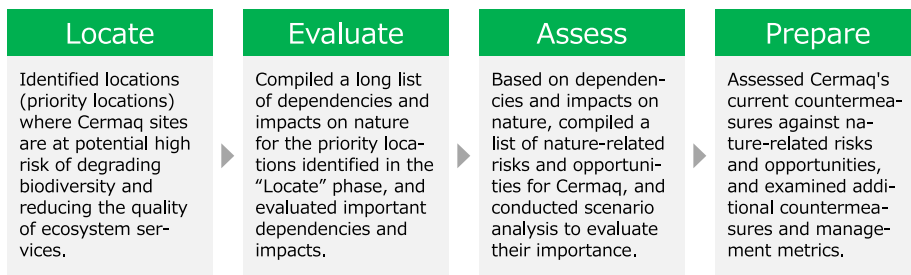
Since no businesses had both dependency and impact scores significantly higher than the average, we decided to conduct an individual business analysis for our aquaculture business with the highest dependency, while taking into account the following points. Although it is assumed that we can control impact 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.



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

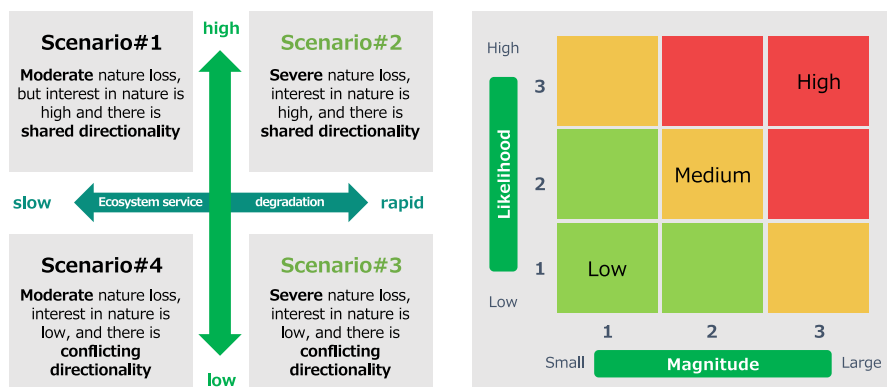
We used the tools\* recommended by the TNFD for each of Cermaq’s business sites in Norway, Chile and Canada to make an assessment of the status of ecosystems and biodiversity, and used the results to identify priority locations.

• **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.

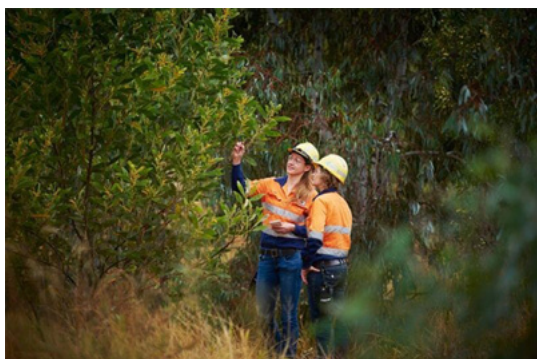
### Future Policies based on Trial Analysis

- 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

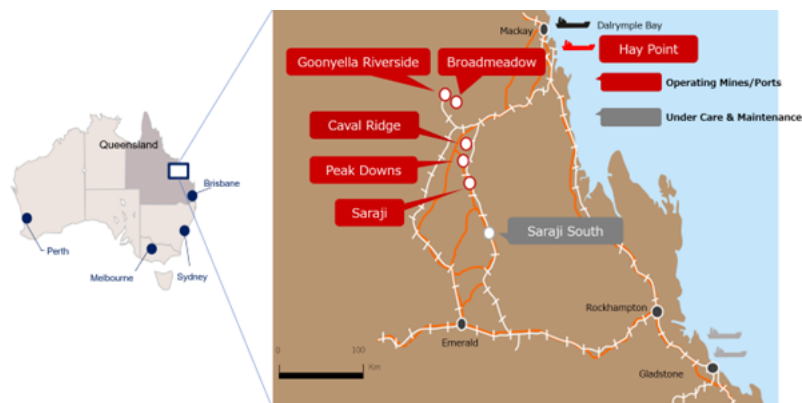
#### Land Rehabilitation at Post-mining Sites





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 produces high-quality metallurgical coal used for steelmaking. BMA's product is the raw material for producing cokes 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.

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 mines, a method requiring overburden removal to depths up to 200+ meters in order to expose the underlying coal seams.

The mining process at an open-cut mines start 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.

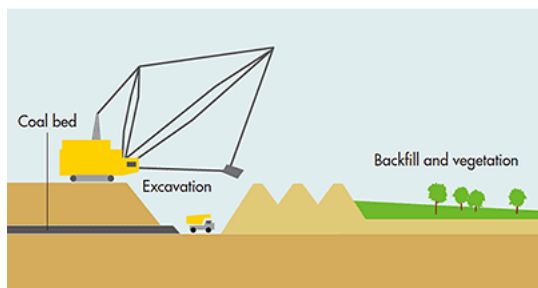


Before Rehabilitation



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 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 biodiversity, including salmonids in all areas where they are present, monitoring of benthic impacts and tracking 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 different certification standards (ASC and BAP). Cermaq also engages in beach cleaning in the regions it operates, irrespective of the source of the litter.

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 and that soy shall be deforestation free.



**Reference:** Please refer to [the Customer Responsibility Section](#) for details on Cermaq's other initiatives.  
[Supply Chain Management](#)

## Examples of Collaboration with Government Bodies

### Forest Conservation Project "Mitsubishi Corporation Thousand Year Forest"

MC is carrying out a forest conservation project in Aki City, Kochi Prefecture, the birthplace of Yataro Iwasaki, the founder of the original Mitsubishi company. MC has entered into a forest conservation agreement with Kochi Prefecture, Aki City, and the Eastern Kochi Forestry Association in an aim to conserve the local environment, and collaborations have been ongoing since 2009. This project was MC's first forest conservation initiative implemented in Japan. It has been named the "Mitsubishi Corporation Thousand Year Forest" (also known as "Yataro's Forest") and consists of a 263-hectare expanse of forest, 143 hectares of which are owned by MC. Aside from conducting forest conservation activities to improve functions that serve the public interest, such as headwater conservation, the area is also used as a place for MC employees to participate in volunteer activities as well as for environmental education.



In March 2020, MC entered into an agreement with the Shikoku Forestry Bureau, Aki City and the Eastern Kochi Forestry Association to introduce management policies in the Becchaku area of Yataro's Forest based on the Shikoku Forestry Bureau's policy of establishing what it refers to as "green corridors,"<sup>\*1</sup> in an effort to conserve biodiversity.

As a result of these conservation activities, a section of Yataro's Forest<sup>\*2</sup> was certified as a Nationally Certified Sustainably Managed Natural Site<sup>\*3</sup> by the Ministry of the Environment in March 2024.

\*1 Under a protective forest system, Shikoku's national forests have been protecting important plants, animals and the forest area. This system is expected to help conserve biodiversity by establishing "green corridors" that connect these protective forests, allowing plants and animals to spread and to come and go freely between them.

\*2 Out of the 263 hectare area of the Thousand Year Forest, 212 hectares fall under the area that has been classed as a Nationally Certified Sustainably Managed Natural Site, jointly certified by MC and Aki City, which connects to a "green corridor in the Shikoku Mountains District".

\*3 Nationally Certified Sustainably Managed Natural Sites are areas where biodiversity conservation is being promoted through the support of private-sector initiatives.

## Examples of Collaboration with International Organizations and NGOs

### Global Coral Reef Conservation Project (Okinawa, Australia)

Since fiscal year 2005, MC has engaged in the Global Coral Reef Conservation Project, a project that is actively researching the causes and effects of the coral reef crisis. This project aims to help conserve coral reefs around the world through a research-based approach. Research is being conducted in cooperation with universities, NGOs and other organizations. As part of the project, MC also recruits volunteers from inside and outside the Company, in a program designed to deepen people's understanding of environmental issues.





Coral reef (Australia)

## Natural Climate Solutions

MC started supporting Natural Climate Solutions (NCS) in 2022 as part of its philanthropic activities. There are various methods for NCS, but MC focuses on methods of preventing degradation in rangelands with the goal of preserving the amount of CO<sub>2</sub> absorbed by plants, and to prevent CO<sub>2</sub> stored in soil and vegetation from being released into the atmosphere.

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<sub>2</sub> absorbed may decrease and that the CO<sub>2</sub> 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. In the future, MC aims to contribute to climate change, to support local communities and to the conservation of biodiversity through participating in various NCS projects.



## Foundation Activities

Through the Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Foundation for EMEA, which aim to tackle societal issues across the Americas, as well as both environmental protection and societal issues across Europe, the Middle East, 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 MCFA and the MCF for EMEA 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)<sup>\*</sup>, 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.

<sup>\*</sup> A group of Japanese companies engaged in biodiversity protection activities



Environment

# Prevention of Pollution

Policy ▼ Targets ▼ Structure ▼ Initiatives ▼ External Collaboration ▼

## 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	FY2023 targets	FY2023 results	FY2024 targets
Pollution prevention	Select projects and conduct oil spill risk survey biannually	Conducted oil spill survey and confirmed proper risk management systems	Select projects and conduct oil spill risk survey biannually
Waste production <sup>*1</sup>	Continue waste emission reduction activities (Recycling rate of 96% or more)	898.5 tons (+82.8% increase from 2023.3 result) Recycling rate 99%	Continue waste emission reduction activities (Recycling rate of 99% or more)
Toxic waste emissions <sup>*2</sup>	Reduce the emission amount from previous year and continue proper treatment and disposal of the specially controlled industrial waste under the Waste Management Law	101.4 tons 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 <sup>*3</sup>	Continue paper reduction and other efforts (3% reduction from previous year)	10,047 thousand sheets (-29.2% reduction from previous year)	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

## Structure

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

### Initiatives with Lawson, Inc. to Reduce Waste Losses

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

In May 2024, Lawson launched its next-generation ordering system "AI.CO", which supports demand forecasting for each product based on data from each store, such as weather and sales performance, and product ordering based on that data. In addition to the product line-up and daily order quantity recommendations that were previously achieved through semi-automatic ordering, the system also provides consistent recommendations for discounts, leading to further reductions in sales opportunities and food loss (disposal loss).

### 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 is assessing various methods for Life Cycle Analyses.

Cermaq Norway 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 has been 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

Cermaq Chile has established a management system for industrial waste, promoting recycling and reuse over disposal in landfills.

All Cermaq operations are covered by contingency plans preventing pollution events, all our teams are properly trained for a quick response involving local authorities.



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 

## 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

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

\* 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.

(Unit: tons)

		FY2021	FY2022	FY2023
Waste	Emissions volume	431	485	898 <sup>*1</sup>
	• Recycling volume	425	467	888
	• Waste volume	6	18	11
	Recycling rate (%)	99%	96%	99%

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

\*1 Includes waste from office renovation

## Initiatives

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

Nosan Corporation, a consolidated subsidiary of MC, uses Eco Feed<sup>\*</sup> 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.

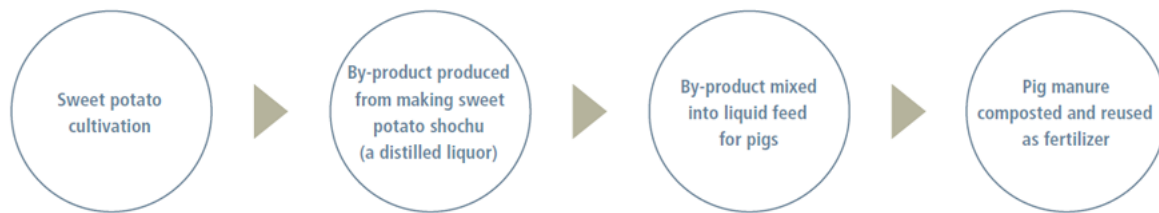


\* A livestock feed manufactured using by-products of food production (by-products obtained from the food production process), unsold food products (bread and boxed lunches, etc.) leftovers from cooking (cut vegetable scraps and other leftovers from cooking) and residual farm products (imperfect farm 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<sub>2</sub> 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<sup>\*1</sup> 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<sup>\*2</sup> 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

**■ 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<sup>\*</sup>)

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.

Please check the link below for data on Climate Change, Water Resources, Prevention of Pollution and Efficient Use of Resources.

Reference: [ESG Data](#) 





# Social


## Social

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Social

# Human Rights

Policy  Structure  Human Rights and Environmental Due Diligence  Initiatives 

Examples of External Collaboration 

## 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 <sup>\*1</sup> 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 <sup>\*2</sup>. 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 Committee, these efforts and practices are put forward or reported to the Executive Committee<sup>\*3</sup> 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 Modern Slavery Act


MC issues statements in response to the UK Modern Slavery Act 2015 and the Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act, which require companies to disclose actions taken to mitigate modern slavery in their supply chains.


[Download](#) FY2023 Modern Slavery Statement (UK) (PDF:676KB) 



### Previous Modern Slavery Statement (UK)

↓ FY2022 Modern Slavery Statement (PDF:700KB) 

↓ FY2021 Modern Slavery Statement (PDF:653KB) 

↓ FY2020 Modern Slavery Statement (PDF:1.19MB) 

### Previous Modern Slavery Report (Canada)

↓ FY2022 Modern Slavery Report (PDF:655KB) 

## 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 (Human Resources, Global Planning & Coordination, IT). The Sustainability Department and Global Human Resources Department plan and draft any related policies and measures. Following deliberations by the Sustainability Committee and Human Resources Development Committee, items are put forward or reported to the Executive Committee and the Board of Directors.

<b>Officers in Charge</b>	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO) Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, Human Resources, Global Planning & Coordination, IT)
<b>Deliberative Body</b> (A subcommittee under the Executive Committee, a management decision-making body)	Sustainability 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.
<b>Departments in Charge</b>	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 FY2023, MC received a total of 60 reports under the whistleblowing system, of which 39 were related to human rights, including harassment, labor management, 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: [Internal Whistleblowing System](#), [Grievance Mechanism](#)

## Dialogue with Stakeholders

MC has established the Sustainability Advisory Committee which consists of three 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](#)

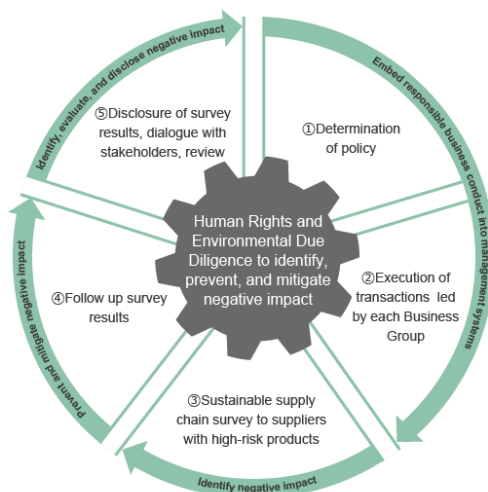
- Business Management:** When reviewing investment and loan proposals, MC conducts a comprehensive screening process which considers not only economic factors, but ESG impacts as well. From the viewpoint of human rights, MC's assessments and considerations are informed by human rights risks that need 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%

\* Average rate of participation for each training course

- 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:** In August and September 2024, MC held a business and human rights seminar for employees of MC Group companies and MC’s suppliers. During this seminar we presented on and shared our approach to human rights due diligence, MC’s Human Rights Policy, as well as examples of good practice from MC’s business departments and suppliers.

References: [Supply Chain Management](#)

## 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 Parents and Children

Please refer to the link below for details of the program.

References: [Realizing an Inclusive Society](#)

## 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

From July to October 2024, members from MC's Sustainability Department and business groups participated in a program entitled "Business and Human Rights: The Human Resource Development Program to Promote Responsible Corporate Behavior" which was facilitated by a lecturer from the International Labour Organization (ILO) Japan Office. The program was comprised of five sessions given by experts, as well as group discussions with other participants and the drafting of a plan to promote business and human rights within the company and the wider industry. This, in turn, gave participants an opportunity to deepen their understanding of international human rights and labor standards, human rights due diligence, and the specific processes involved in implementing them.

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	<ul style="list-style-type: none"> <li>Upon receiving the inquiry, confirm any details with the party making the inquiry, if necessary.</li> <li>Determine whether an investigation will be required based on the content of the inquiry.</li> <li>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).</li> </ul>		<ul style="list-style-type: none"> <li>Conduct an investigation to verify the information included in the inquiry.</li> <li>Based on the results of the investigation, take any necessary remedial measures against negative impacts.</li> <li>Notify the party who submitted the inquiry about the results of any response measures.</li> </ul>	



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

<b>Officer in Charge</b>	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, Human Resources, Global Planning & Coordination, IT)
<b>Deliberative Body</b> (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.
<b>Department in Charge</b>	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.

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

Please check the link below for employment results.

Reference: [ESG Data](#) 

## (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 71.1% of their paid leave and working 29.2 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

Please check the link below for data on Labor Standards, Labor Environment and related matters.

Reference: [ESG Data](#) 

## 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

<b>Officer in Charge</b>	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters)
<b>Deliberative Body</b> (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.
<b>Department in Charge</b>	Global Human Resources Dept.

The MC Staff Union had 3,015 members (representing an 54% participation ratio) as of April 1, 2024. 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 FY2024, 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	Revision of annual income (2 collective bargaining sessions)
FY2024 (through September)	Revision of annual income (1 collective bargaining session)

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 ✓

## Policy

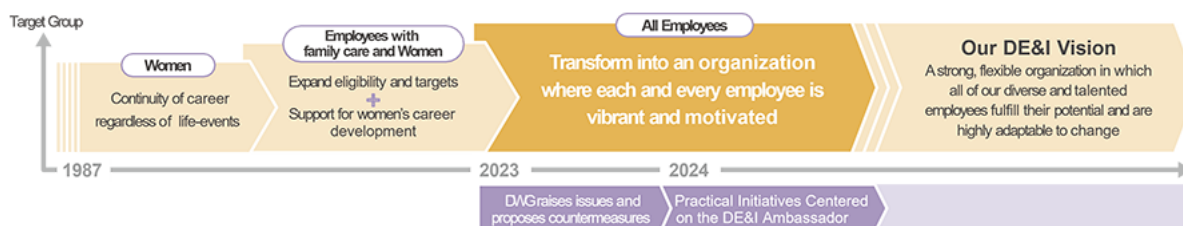
### Our Diversity, Equity & Inclusion (DE&I) Vision -A Flexible and Powerful Organization Capable of Adapting to Changing Business Environments-

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, through the DE&I activities, the MC Group aims to:

1. Strengthen and fully implement its management challenges of the evolution and transformation of existing businesses and new business creation
2. Continue to ensure that all MC Group employees demonstrate their true potential
3. Based on the above two items, continuously attract and recruit talents, which are the source of MC's competitiveness

### Steps to Our Vision

The MC Group has been working to realize its goals while also expanding its target group.



### DE&I Ambassadors

MC established a company-wide working group (DE&I Working Group) in 2023 to promote the development of environments and organizations where all employees can flourish by fully demonstrating their individual strengths. Working under MC's President, the DE&I Working Group (DWG) explored and proposed measures designed to ensure respect and tolerance for personal attributes, foster diversity and versatility, and enable employees to thrive.

One of the measures recommended by the DWG, 10 departments/offices across the company are nominated as "DE&I Ambassadors" in FY2024 to take on the mission of leading DE&I implementation.

MC will accelerate the promotion of DE&I by creating and horizontally implementing good practices through the specified departments/offices that can be conducted on a small and trial scale, in addition to companywide measures.

## [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

## Structure

<b>Officer in Charge</b>	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, Human Resources, Global Planning & Coordination, IT)
<b>Deliberative Body</b> (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.
<b>Department in Charge</b>	Global Human Resources Dept.

Reference: [Diagram of the Sustainability Promotion Framework](#)

In 2007, we established our first dedicated DE&I promotion unit within the Global Human Resources Department. Since then, we have implemented various measures to promote DE&I, including the expansion of support systems for employees who need to balance their work responsibilities with childcare or family care obligations, as well the creation of workplaces that are accessible to our 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

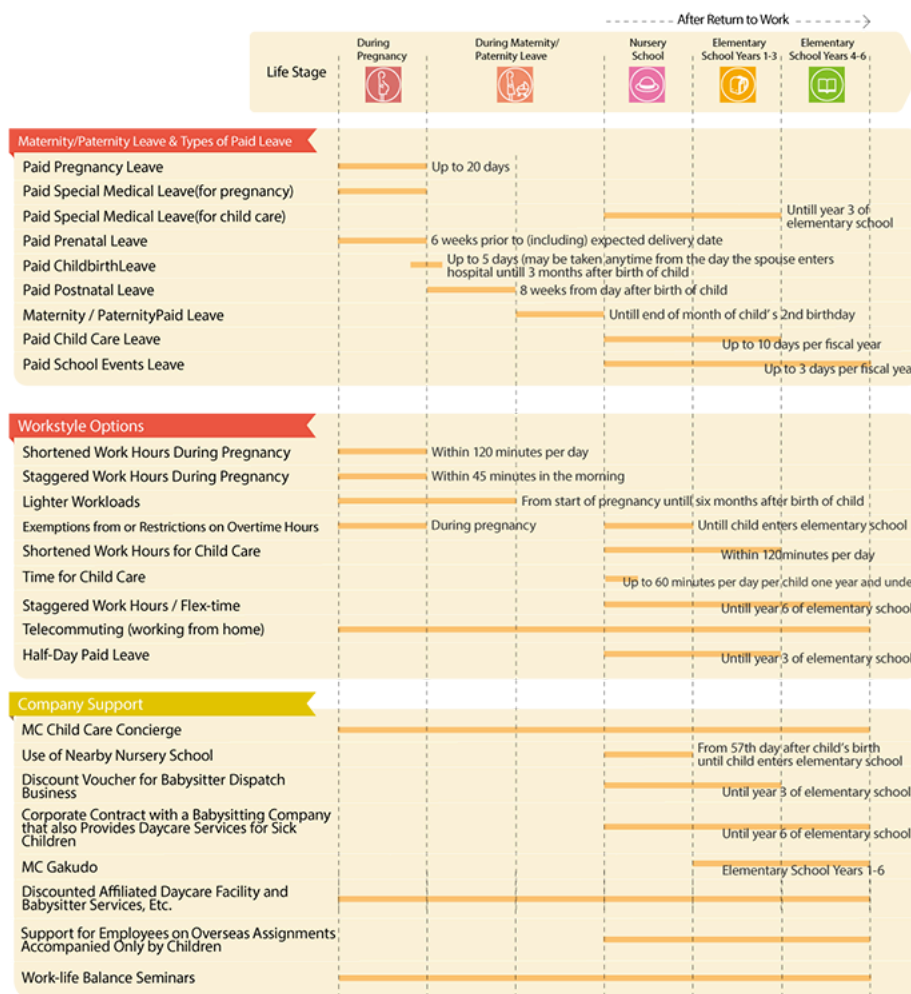
MC has been improving its internal systems to enable employees to better balance matters such as childcare and family care with their careers. MC will continue to focus on building a corporate culture that embraces diverse work styles in order to create a comfortable and supportive atmosphere that understands 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).

## Career Support

MC offers career support that takes into consideration significant life events such as childbirth and child care. MC provides opportunities for employees who are either currently on Maternity Leave or who plan to take it in the near future to learn about MC's relevant systems and policies, as well as to speak with experienced working mothers. These consultations are effective in preparing employees for what to expect when returning to work.

## 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

<b>Family members requiring nursing care</b>	Spouses, children, parents, parents of spouses, grandparents, grandchildren, brothers and sisters
<b>Paid Family Care Leave</b>	10 days per fiscal year, paid
<b>Work Styles</b>	<ul style="list-style-type: none"> <li>Exemptions from and restrictions on late-night, overtime and weekend work</li> <li>Staggered work hours/flex-time</li> <li>Special medical leave (for family care reasons)</li> <li>Consultations on family care with external experts</li> </ul>
<b>Family Care Leave</b>	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
<b>Employee benefits</b>	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

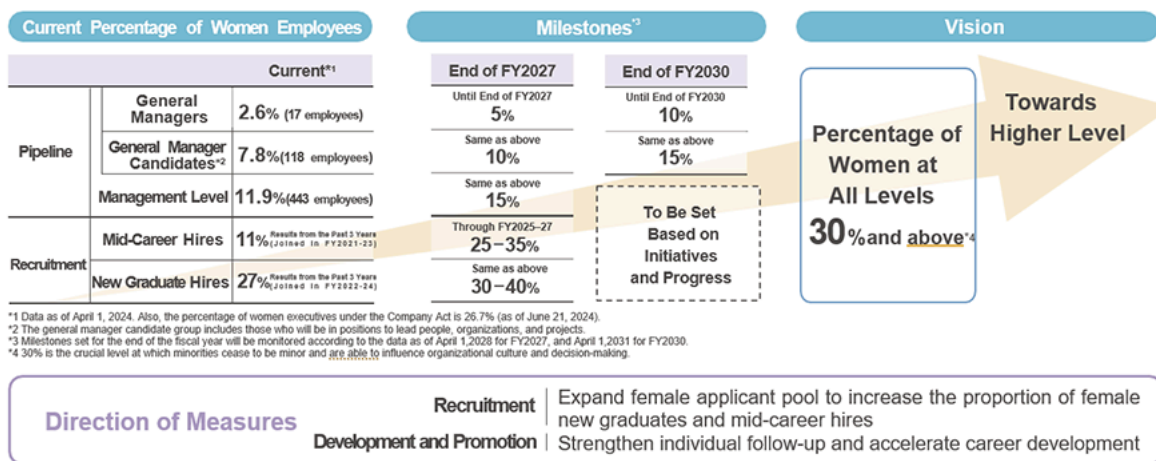
Providing that certain conditions are met, MC will re-employ those who previously left MC due to their spouses' domestic or international job transfers. This system was introduced to enable these personnel to resume their careers at MC by making the most of their prior experience and skills.

## 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 constantly have women at executive level, MC will implement initiatives to improve the percentage of female entrants and increase the number of women in each layer (called the “pipeline”).

As a first step, MC has set goals for FY2027 and FY2030 . By continuously reviewing our initiatives and progress, MC will determine the upcoming targets and various measures, and will achieve our vision, to have at least 30% women at all levels.



Reference: [Action plan based on Act on Promotion of Women's Participation and Advancement in the Workplace \(Translation\)](#) PDF

## 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

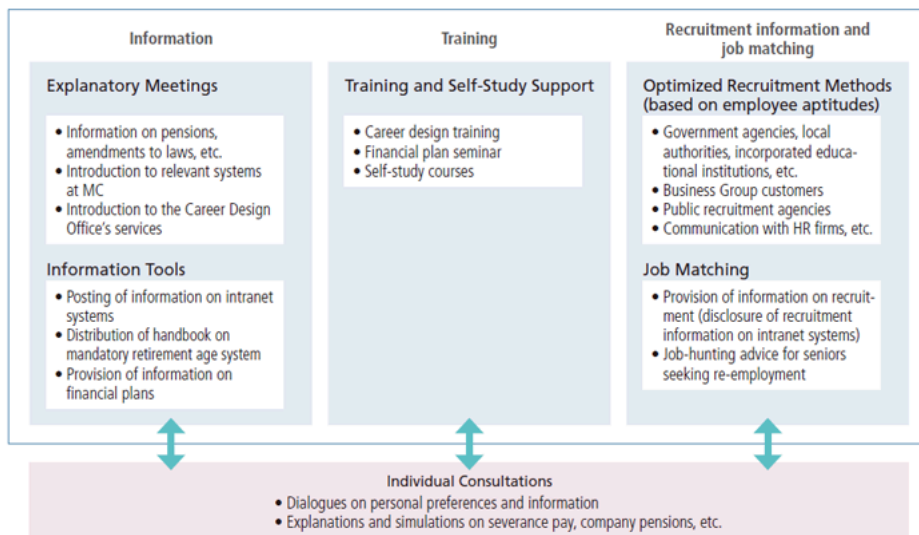
In some cases, employees may be assigned overseas and accompanied only by their children of junior high school age or younger, without their spouses. In these cases, MC provides support to ensure a smooth assignment and the necessary arrangements for daily life during the assignment. This includes sending 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 System 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

Please refer to the links below for data related to diversity management, including the use of various systems, the ratio of female managers, and the employment rate of persons with disabilities.

Reference: [ESG Data](#) 

### MC Women Overseas (As of April 2024)






Women on Overseas Assignment  
(including 19 with accompanying children)

**62**

(as of April 1, 2024)

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
- Implementation of health checkups at MC Group companies (Japan-based) as required by law<sup>(\*)</sup> : 100%

**Reference:** For details on performance related to the targets above, please see [ESG 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



- Health checkup rate for domestic (Japan-based) employees <sup>(\*)</sup> : 100%
- Percentage of annual paid leave taken: 70%

**Reference:** For details on performance related to the targets above, please see [ESG 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.

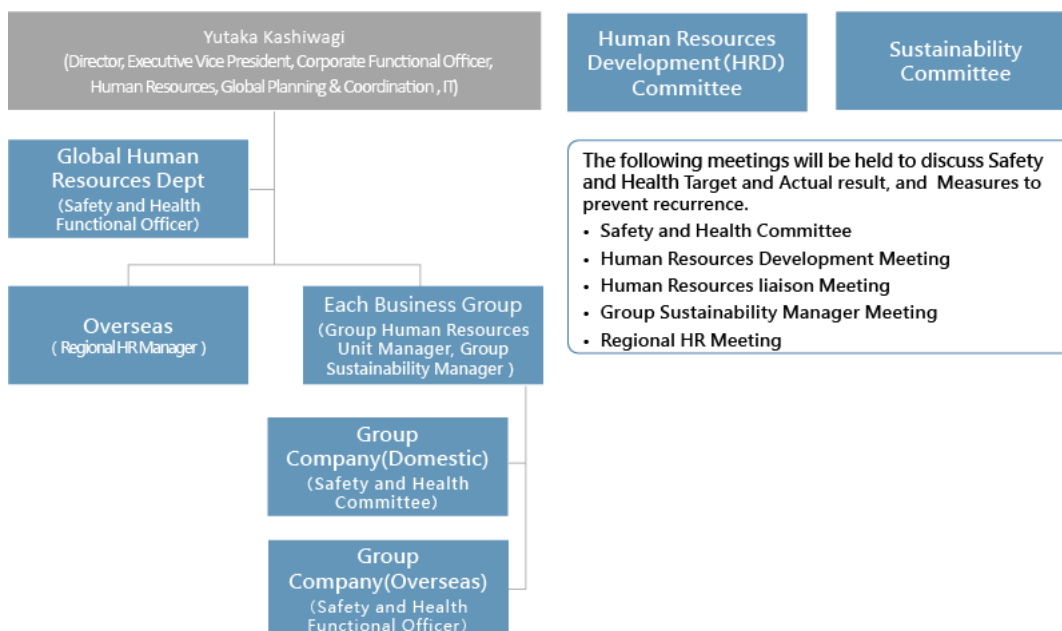
## Structure

<b>Officers in Charge</b>	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, Human Resources, Global Planning & Coordination, IT) Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
<b>Deliberative Bodies</b> (A subcommittee under the Executive Committee, a management decision-making body)	Human Resources Development (HRD) Committee, Sustainability 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.
<b>Departments in Charge</b>	Global Human Resources Dept., Sustainability Dept.

**Reference:** [Diagram of the Sustainability Promotion Framework](#)

MC has appointed the Director, Executive Vice President, Corporate Functional Officer (Human Resources, Global Planning & Coordination, IT) 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.

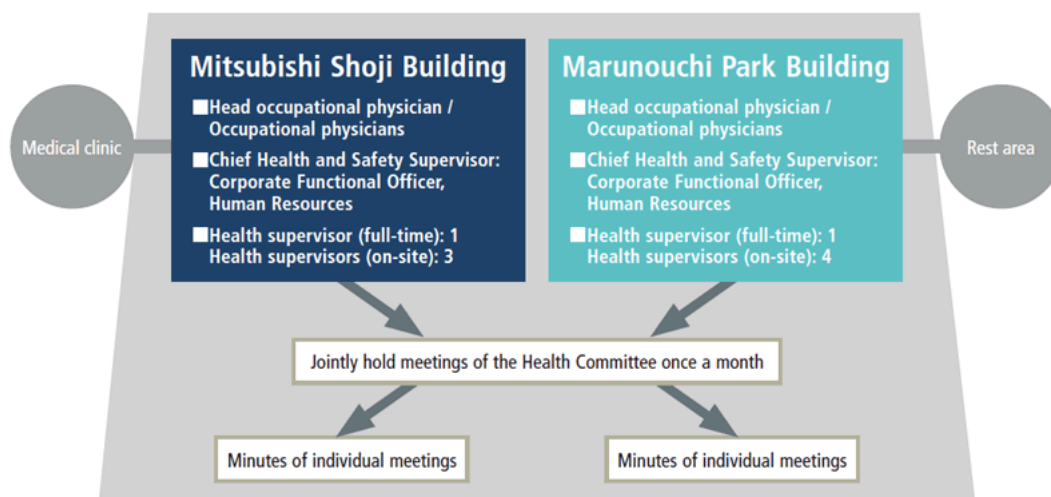
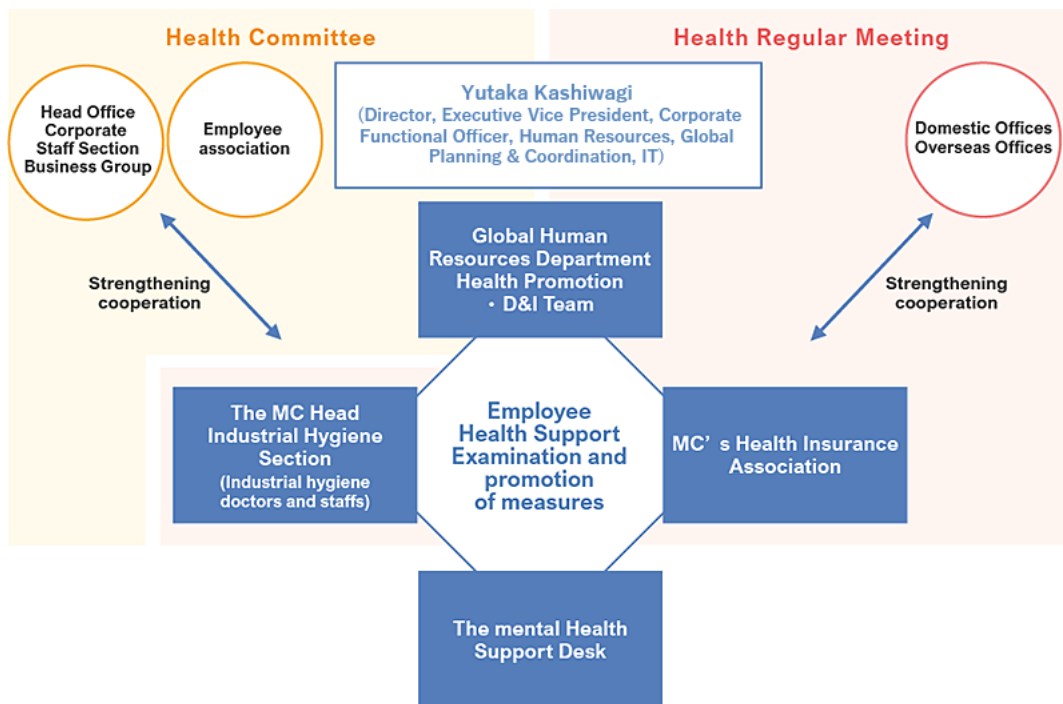
For each MC Group company in Japan, we have established committees such as the Health Committee in line with the Industrial Safety and Health Act, in which employees also participate in developing, evaluating and determining plans related to preventing health problems as well as maintaining and promoting 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

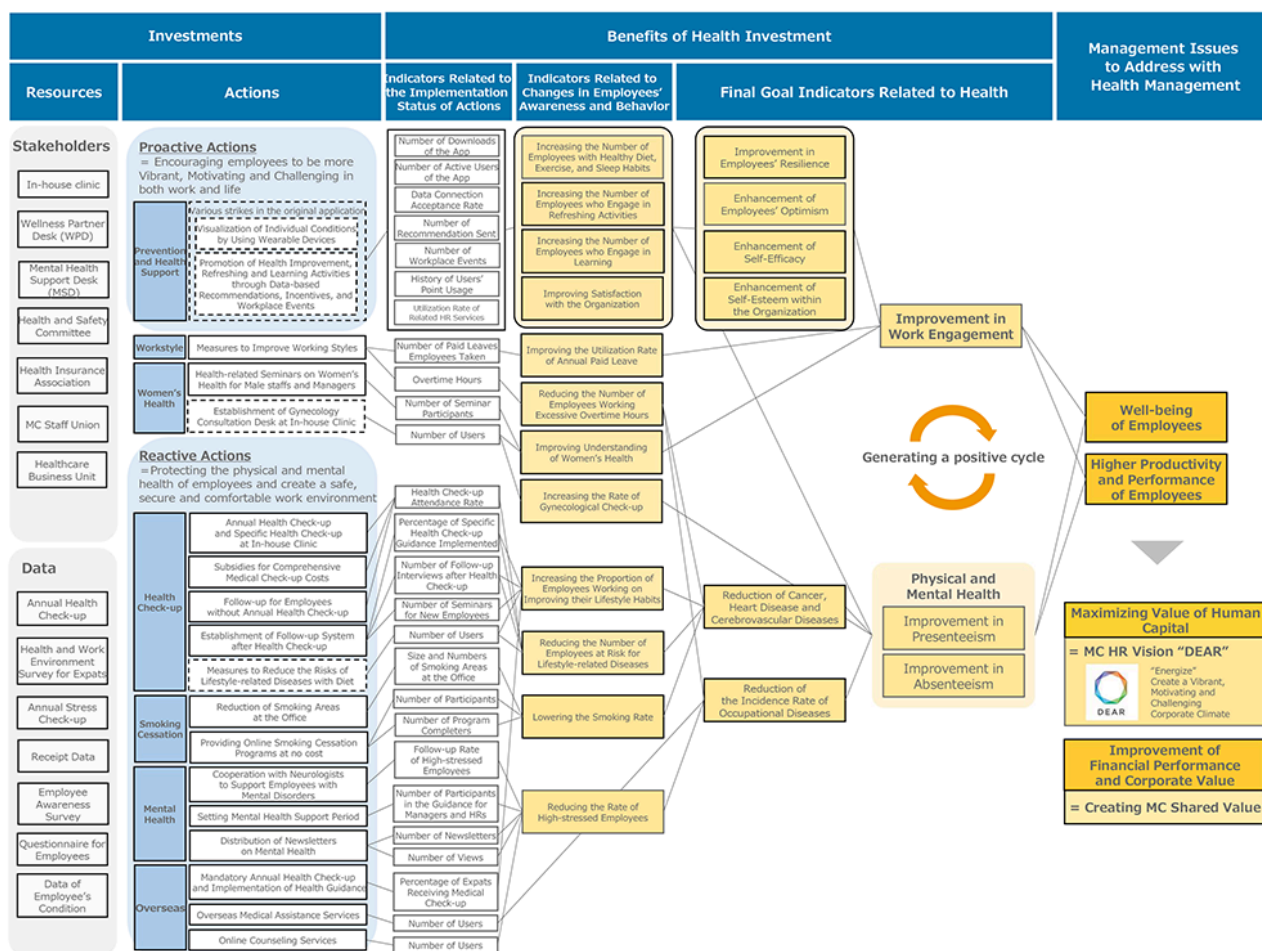
President and CEO of Mitsubishi Corporation

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.

## The Strategy Map for Well-being and Health Management



Reference: Please check the link below for data on the indicators listed on the map : [ESG Data](#)

## 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 [ESG Data](#) 

## 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). DSLNG recognizes that occupational health and process safety is one of the most important issues in the production of liquefied natural gas(LNG), and we are working 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

Please refer to the links below for data related to Main MC Group Companies with ISO 45001 Certification.

Reference: [ESG Data](#) 

### 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

Please refer to the link below for data related to Health & Productivity Management, Occupational Safety and Health.

Reference: [ESG Data](#) 

Social

# Human Resource Development

Policy Targets Structure Initiatives Performance 

## Policy

### Principles of Human Resource Development

MC's basic policy on human resource development is to continuously produce "management-minded human capital committed to enhancing business value." Under this policy, we ensure the stepwise development of advanced foresight and execution skills, as well as a strong moral compass of its employees.

MC's off-the-job training (Off-JT) is designed to equip employees with the necessary capabilities (foresight, execution skills, and strong moral compass) they need for each Job Grade at the right stages of their careers.

These training programs support the career development and personal growth of employees throughout the entire MC Group, including those at the parent company. They are available to all MC employees, including those assigned to overseas offices or working for Group companies in Japan and around the world.

## Targets

### Priority Targets and Current Status

MC's goal is to implement an HR Strategy that responds promptly to management strategies and rapid changes in the operating environment. We are therefore enhancing and expanding our training systems with an emphasis on the following three priorities to ensure that the right people are in 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

MC employs a diverse array of HR development programs to update the skills of our leadership team in response to changes in the business environment, and are also working to leverage the potential of our diverse and versatile talent pool through diversity management and strengthening growth support skills. We believe that employees in Team Leaders positions, who serve as a nodal point between management and workplace, play a particularly important role in realizing a "dynamic, spirited and vibrant organization." For that reason, newly appointed Team Leaders participate in the MC Leadership Program, which consists of three sessions held between May and October. The program includes content such as leadership development that helps demonstrate appropriate leadership styles according to each business stage, as well as organizational development that promotes improvement after visualizing the various situations and issues facing the organization.

## Talent Management that Leverages Individuality

MC will expand efforts to support career autonomy based on respect for the personal attributes, values, and work styles of diverse individuals. Through these measures, we will ensure that our diverse and versatile talent pool can feel a sense of satisfaction and pride in their work, and continue to grow and play an active role while making use of their abilities to the fullest.

### Career Choice System (Open Recruitment for Transfer Assignments)



### Dual Career System (Multiple Internal Assignments)



### Sabbatical Leave System (Educational Leave)



Please refer to the link below for the above results.

Reference: [ESG Data](#) 

## Promoting DX

To accelerate our DX activities, we have defined the areas in which we will enhance based on “DX Talent Type,” specifically “producers,” “business designers,” and “architects.” In FY2022, we established the MC DX Advancement Program, an on-demand training program for all executives and employees, allowing them to acquire the DX skills based on their skills and individual level. This program is updated on a yearly basis. In addition, we are working to develop human resources who will lead our DX projects through a variety of methods, including programming training for those in charge of DX promotion and new business launches, as well as workshops on web service launches, courses for management, and the Innovators’ Program.

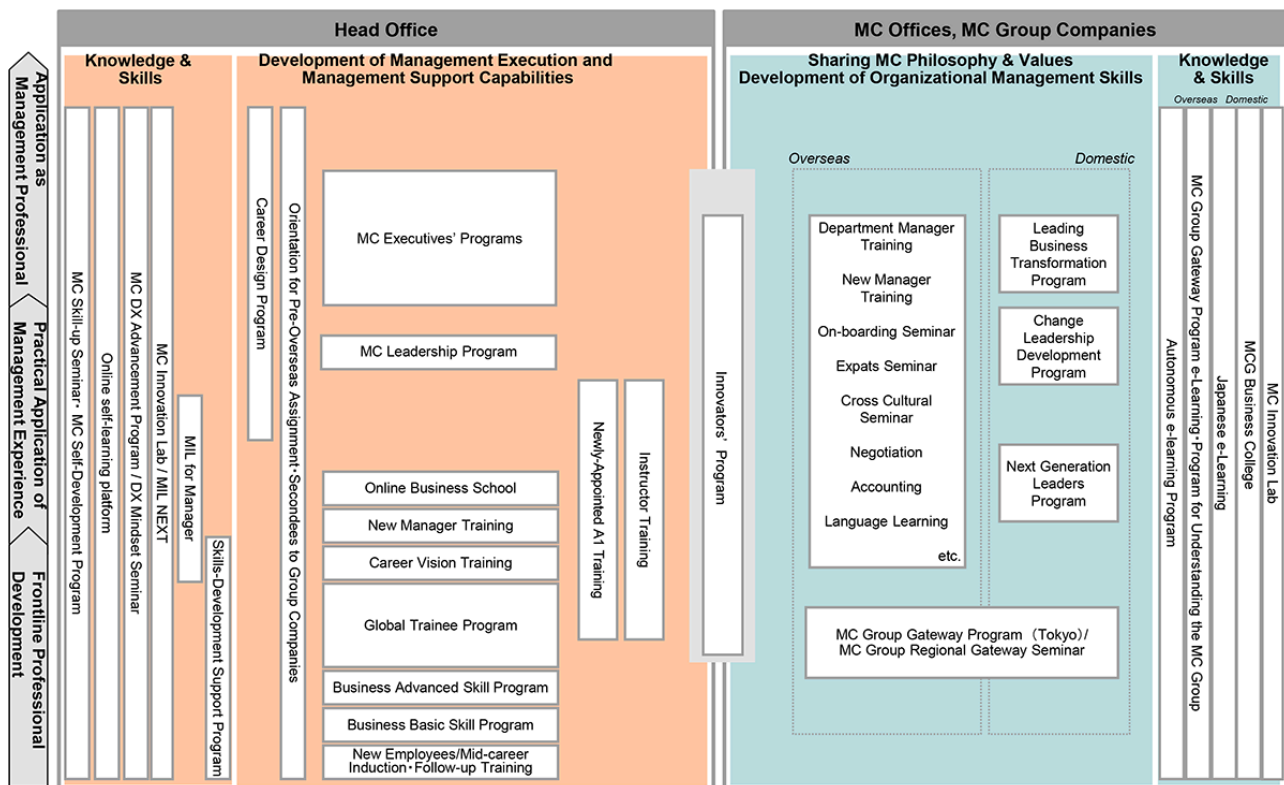
Please refer to the link below for the above results.

Reference: [ESG Data](#) 

## Structure

<b>Officer in Charge</b>	Yutaka Kashiwagi (Director, Executive Vice President, Corporate Functional Officer, Human Resources, Global Planning & Coordination, IT)
<b>Deliberative Body</b> <small>(A subcommittee under the Executive Committee, a management decisionmaking body)</small>	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.
<b>Department in Charge</b>	Global Human Resources Dept.

## MC Group HRD Program Structure



\* Additionally, employees have opportunities of attending external training program outside MC.

## 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 Choice System (Open Recruitment for Transfer Assignments)



### Dual Career System (Multiple Internal Assignments)



### Sabbatical Leave System (Educational Leave)



Please refer to the link below for the above results.

Reference: [ESG Data](#) 

## 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

We have adopted the key policy of “support employees’ self-growth and company growth” with the aim to ensure reciprocal growth between the Company and its employees.

### Basic and Specialized Training

Implementing training programs designed to equip employees with basic business, problem-solving skills and leadership skills. They also work on becoming globally competitive professionals, something that is essential for all *sogo shosha* (trading company) employees.

### New Employee Training

This training program focuses on fostering a self-awareness in employees of working at MC, as well as instilling them with the knowledge, skills, and other qualities required to be an MC employee. We also implement programs that contribute to strengthening foresight and execution skills for becoming a professional.

### 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, comprehensively covering basic skills for professionals handling practical tasks, such as finance and accounting, bookkeeping, M&A operations, English-language proficiency, global 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 the viewpoints and multifaceted perspectives 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)

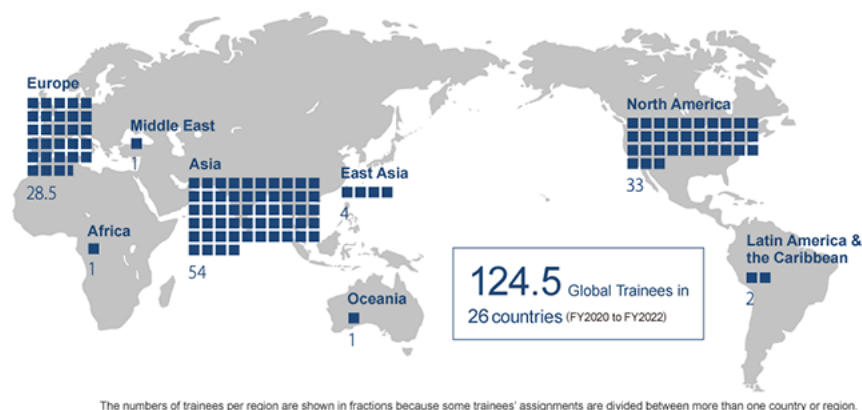
As business becomes more and more globalized, to develop projects that are deeply rooted in each country or region, it is very important to not only have business skills, but to also have a deep understanding of the respective countries or regions. Starting with acquiring language ability, in order to 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, Spain, 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 developing new opportunities, contributing to the management of MC subsidiaries, etc.

### Assignment of Global Trainees (FY2020~ FY2022)

#### Global Trainee Program



### 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 required for organizational unity. 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.

### **Innovators' Program**

Run by MC with the support of professors from institutions including Stanford University this Innovators' 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 positions, 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 100 newly-posted Team Leaders per year.

### **MC Executives' Program**

This program, which targets executive candidates, 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 the 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 75 videos 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 knowledge and skills in management, practical business tasks, and languages that they can utilize in their work. MC encourages employees to take a selection of designated courses, providing them with opportunities to develop their skills.

### **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 Professional Development 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.

In addition, from FY2024, in order to strengthen the digital-related skills of our employees, including the use of AI, and to develop high-level human resources, MC plans to introduce a short-term study abroad program at an overseas university leading in AI research, which is offered to employees after approximately three months of basic training in Japan. Seven employees took part in this program in FY2024, and we plan to have more participate in the following fiscal year.

### **IT and Digital Literacy Courses for All Executives and Employees**

Since FY2022, MC has been 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 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 4,900 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 to the right positions.

## Performance

Please refer to the links below for data related to Human Resource Development. [ESG Data]

Reference: [ESG Data](#) 

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 affiliate 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 S.L.C. 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 affiliated company, maintains non-alcohol sales areas, works to prevent underage drinking and drunk driving, and raise awareness of the benefits of moderate drinking 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 that prioritize deliciousness in accordance with the MHLW guidelines.

### Advertising, Marketing and Labeling Guidelines

Lawson 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**

Lawson 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 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**

Mitsubishi Shokuhin agrees with 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 and manufactures seasoning, health-functional materials, and cosmetic ingredients that harness the power of microorganisms, primarily yeast. In response to future food challenges associated with population growth, the company is engaged in the "development of microbial-derived protein ingredients" and "ingredient proposals for plant-based foods," along with "application proposals to enhance flavor." In the field of extending healthy lifespans, they are advancing initiatives such as "development of health and beauty ingredients," "solving dietary challenges for health maintenance (e.g., delicious and healthy options)," and "expansion into medical and caregiving sectors." The company aims to contribute to global well-being in the areas of food, health, and beauty through sustainable, safe, and reliable production practices, including the effective use of untapped resources.

For more details, please refer to the website below.

Reference: [Mitsubishi Corporation Life Sciences Limited \(mcls-ltd.com\)](https://www.mcls-ltd.com)



### 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 (salmon producer), an MC subsidiary, considers the provision of healthy and sustainable food to be its core mission. 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 disease. Food safety remains the highest priority within Cermaq. It is also at the core of the expectations of our customers and consumers. Ensuring food safety is deeply integrated into the daily operations of key business functions including the farming, harvesting, processing and distribution of farmed salmon. 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 affiliate company, 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 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 ingredients that have passed a strict 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. Lawson is also working to display allergen information on its website for its original products.. 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.

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, warning against underage drinking and drunk driving, clear allergen warnings.

## Nutritious Product Initiatives

### Lawson, Inc. Initiatives

Offering low-carbohydrate/high protein/fiber-rich breads and sweets as well as Natural Lawson brand products that take into account calorie and salt content.

Lawson, an MC affiliate company, offers health-conscious products such as Bran Bread and sweets, which are low-carbohydrate but still delicious, salads that are a good source of protein, and rice balls that are a good source of dietary fiber.



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://kardashift.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

A subsidiary of 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 development/import/sales of medical equipment. It 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 affiliate company, 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 checkups check-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.

## Local Partnerships

Each country has local challenges, needs and responsibilities, reason why each operation companies, has also participation in and working through industry associations is an integral part of our engagement efforts.

- Cermaq Norway is member of Norwegian Seafood Federation (Sjømat Norge).
- Cermaq Canada is member of British Columbia Salmon Farmers Association (BCSFA) and Canadian Aquaculture Industry Alliance (CAIA).
- Cermaq Chile is member of Salmon Council and Magallanes Region Salmon Breeders Association.



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

<b>Officers in Charge</b>	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSEO)
<b>Deliberative Body</b> (A subcommittee under the Executive Committee, a management decisionmaking body)	Sustainability Committee Important matters related to communities deliberated by the Sustainability Committee are formally approved by the Executive Committee and put forward or reported to the Board of Directors based on prescribed standards.
<b>Departments in Charge</b>	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.

### DREAM AS ONE.

Please refer to the link below for details of the program.

Reference: [Realizing an Inclusive Society](#)

## 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)

Foundations and Funds	Activities	Year of Establishment and Paid-in Capital (Cumulative)
Mitsubishi Corporation Foundation for the Americas (MCFA)	To contribute to realizing an inclusive society, empowering the next generation, and conserving the environment by addressing environmental and social issues in the Americas.	Established in 1991 Approximately USD14 million
Mitsubishi Corporation Foundation for EMEA (MCF for EMEA)	To contribute to realizing an inclusive society, empowering the next generation, and conserving the environment by addressing environmental and social issues in EMEA.	Established in 1992 as Mitsubishi Corporation Fund for Europe and Africa Changed the name to Mitsubishi Corporation Foundation for EMEA in 2024 Approximately GBP6.45 million

### Mitsubishi Corporation Disaster Relief Foundation

Please refer to the link below for details of the program.

Reference: [Great East Japan Earthquake Relief and Recovery Support Activities](#)

### The Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Foundation for EMEA(MCF for EMEA)

Through the Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Foundation for EMEA(MCF for EMEA), MC supports organizations that are addressing environmental and social issues in the Americas and in the EMEA region with the aim of realizing an inclusive society, empowering the next generation, and conserving the environment. Since its establishment in 1991, the MCFA has donated approximately USD14 million. One example is the Amazon Waters Initiative led by US-based Wildlife Conservation Society (WCS), through which grants from the MCFA have improved fisheries and strengthened wildlife habitat management and monitoring in the Amazon River basin, and have also supported climate change-related research activities. The Mitsubishi Corporation Fund for Europe and Africa (MCFEA), which was established in 1992, changed its name to the Mitsubishi Corporation Foundation for EMEA in 2024 to support philanthropic activities in the EMEA region. Both of these organizations have donated approximately GBP 6.4 million to date. The MCF for EMEA has supported non-profit entities such as the African Leadership Academy which provides an educational program for youth to nurture future leaders in Africa, and Farm Africa which contributes to improving biodiversity and livelihoods of local communities in Ethiopia.



Areas covered by WCS's Amazon Waters Initiative  
©Wildlife Conservation Society

For further details, please refer to MC's Corporate Philanthropy website.

Reference: <http://www.mitsubishicorp.com/jp/en/csr/contribution/>

### MC's Study Abroad Scholarship for High School Students

Please refer to the link below for details of the program.

Reference: [Empowering the Next Generation](#)

## 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. Through HERE, MC provides solutions to the automotive industry and a wide range of other industries, promoting digital transformation, and solving social issues.

Our specific initiatives with HERE are as follows.

- Reducing the number of people who have difficulty getting transport access and the environmental impact of vehicles by providing solutions needed for automated driving and electric vehicles.
- Solving social issues such as driver shortages and traffic congestion through route optimization services in logistics and transportation.
- Contributing to local economies by improving the convenience of transportation through the efficiency and sophistication of public transportation and mobility services.

\* 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 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 in FY24\* Australian Financial Year ended June 2024\* created



over 9,000 goods and service opportunities (job creation), which resulted in over A\$140 million being spent with over 600 local and Indigenous suppliers.



## 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 the environment and society by communicating with 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 mining company Anglo American plc, MC owns Anglo American Quellaveco (MC's affiliate), which operates Quellaveco copper mine in the Republic of Peru.

#### Agreement with Local Residents

For 18 months since 2011, Quellaveco had engaged in dialogue with local stakeholders. As a result, 26 specific commitments were agreed in 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 supply in our host communities, Quellaveco mainly uses water for mining operations from a river that is unsuitable for human consumption or agricultural use. Moquegua Region in southern Peru, where Quellaveco is located, has suffered from drought during the dry season. By supplying water stored in a dam built by Quellaveco during the dry season, Quellaveco contributes to improving the lives of local stakeholders.



Vizcachas Dam

### Environmental Care

Coexistence with the natural environment is one of Quellaveco's key values. Environmental care measures are incorporated into the operation plans, such as the protection of wildlife feeding areas and habitats, the transplantation and cultivation of plants, the dust control through road maintenance and water sprinkling, and the recycling 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 that the natural environment of their homeland is being protected.

### Social Investment

More than 30,000 jobs were created at Quellaveco during the development work that began in 2018, and approximately 4,500 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 for people aspiring to acquire the various skills required in mine development and operations, as well as internships for local students. Focus is also placed on creating employment opportunities for women, and vocational training programs are conducted specifically for women. In addition, to help the promotion of local industries, Quellaveco prioritizes local businesses when procuring goods and services necessary for mine development and operations, and also promotes the development of agriculture and local industries through the "Quellaveco Fund," launched in 2011.



"Agro Quellaveco" Project which funds and helps farmers

Quellaveco also launched various emergency relief measures in response to the outbreak of COVID-19. Quellaveco quickly procured and delivered supplies such as masks, protective equipment, and COVID-19 testing kits to local communities and provided ambulances, medical oxygen plants and intensive care facilities to support medical institutions dealing with the rapid increase in the number of infected people.

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" ("Moquegua Grows"), 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 natural 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.

### **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 natural 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

Please check the link below for data on Donation Amounts.

Reference: [ESG Data](#) 

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.

\* The terms and conditions of purchasing contracts, consignment sales agreements, export consignment sales agreements, long-term purchasing contracts, etc.

## 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.

On October 2024, Cermaq was awarded by the NGO Compassion in World Farming with their Special Recognition Prize for Cermaq's welfare practices for humane slaughter of its salmon. For more information, please visit the Fish health and welfare page on the [Cermaq Global website](#).



## 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 Committee, which convenes approximately twice a year, items are put forward or reported to the Executive Committee and the Board of Directors.

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

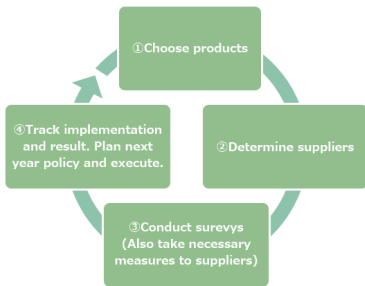
In identifying the commodities to be surveyed, MC referred to various international supply chain management declarations and international norms such as the UN Guiding Principles on Business and Human Rights, and prioritized them in terms of the following regarding potential impact to stakeholders: 1. 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 2024, MC conducted its annual survey of 870 suppliers from around 50 countries and regions for FY2023 transactions, where we have taken steps to correct or improve any issues identified. MC also conducted interviews with management and employees of

certain suppliers to gain an understanding of actual conditions and exchanged information to help improve those situations.



**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 environmental 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 14 products to be monitored.

Name	Environmental				Social									
	1. Energy usage	2. Water usage	3. Waste disposal	4. Pollution	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 and steel														
Electronics														
Rubber														
Auto parts														
Mathney														
Tire														
Soybean														
Plastics														
Cash														
Wood														
Alcoholic beverage														
Alum														
Salt														
Paper														

- 18 products to be monitored**
- Paper
  - LNG
  - Plastic (PP, PE etc.)
  - Wood
  - Copper
  - Zinc
  - Coal
  - Iron ore
  - Tire
  - Chicken
  - Pork
  - Soybean
  - Sugar
  - Shrimp
  - Tuna
  - Cacao
  - Coffee
  - Apparel

## 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



Please check the link below for data on number of target suppliers.

参照 [ESG Data](#) 

### 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:



Please check the link below for data on number of survey Results.

参照 [ESG Data](#) 

## 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 FY2023, MC visited Mabroc Teas Pvt Ltd. (Mabroc), a tea supplier based in Sri Lanka to observe on-site operations. Mabroc supplies tea to our group company, MC FOODS Ltd. During the visit, MC conducted on-site interview at tea farms operated by Mabroc's group company to assess and confirm Mabroc's sustainability management system.

MC has visited Mabroc in 2016. Back then, MC confirmed that Mabroc and its group company positioned societal and environmental initiatives at the core of their management value. During this year's visit, MC confirmed that the initiatives have further deepened since then.

One of the symbolic measures is the appointment of female field managers. For about 200 years, due to historical and cultural reasons, tea leaves were hand-picked by female workers supervised by male field managers. However, Mabroc has started to appoint female field managers. During the visit, MC had an opportunity to interview a female field manager expressing how honored she is to be a field manager and how her family who has been engaged in the business of tea plucking for a long time is also happy about her appointment.

The company also provides field workers residential accommodations, medical facilities, as well as nursery school where workers can leave their children while they harvest. MC has confirmed that Mabroc conducts business by taking various initiatives to coexist with the workers who live and work in the plantation.



Interview



Tea plucking



Nursery school

MC will continue to ensure sustainable operations throughout its supply chains in cooperation with MC Group companies and suppliers.

[See past site visit reports here](#)

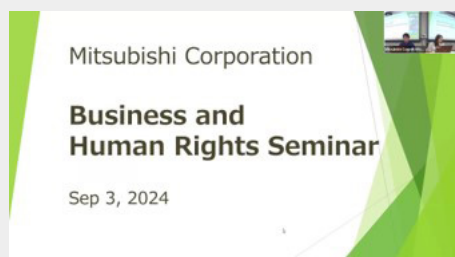
In the event that MC confirms, through additional surveys or on-site inspections, points that should be corrected or improved in relation to the Basic Policy, in addition to requesting the relevant supplier to take corrective measures, MC also provides guidance and assistance as necessary. If MC determines 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

This webinar was held twice (once in English and once in Japanese) and was attended by a total of 150 participants from approximately 80 global suppliers.

During these webinars, an external lecturer was invited to explain the approach to human rights due diligence initiatives, taking into account the context of international trends, etc. Our company also explained the background behind the establishment of MC’s Human Rights Policy, which was established in February 2024, and our company’s efforts in this area. Our company’s business departments and suppliers also shared examples of good practice with the participants. Going forward, we will continue to strengthen our human rights and environmental due diligence practices on a consolidated basis.



### 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 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.

\* "Conflict Minerals" as defined by the law refer to tin, tantalum, tungsten, and gold.

Please check the link below for data on number of target suppliers.

参照 [ESG Data](#) 

## 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. 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. Cermaq 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.



References: [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 affiliate company, provides freshly brewed coffee in Lawson convenience stores under the MACHI café brand. MACHI café's coffee is made exclusively<sup>\*1</sup> from beans from Rainforest Alliance<sup>\*2</sup> 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.

References: [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.

## 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: Improving Farmer Livelihoods, Increasing Community Wellbeing 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 12 of the 17 Sustainable Development Goals (SDGs). 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<sub>2</sub> 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. 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 CO<sub>2</sub> emissions, was also recognized with an Innovation Award by Food Ingredients Europe.

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 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 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.



**References:** Please visit the following links for details on Olam's sustainability initiatives:  
[Olam Sustainability Framework](#)  
[Olam Farmer Information System](#)  
[Olam AtSource](#)

## Related data

Please check the link below for data on Related data.

**Reference:** [ESG Data](#) 

# Governance

## Governance

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Governance

# Board of Directors and Shares, etc.

Basic Policy of and Evolution of Corporate Governance of MC ✓ Board of Directors ✓

Advisory Bodies to the Board of Directors (after 2024 Ordinary General Meeting of Shareholders held in June 2024) ✓

Advisory Bodies to the Board of Directors (before 2024 Ordinary General Meeting of Shareholders held in June 2024) ✓

Initiatives to Enhance the Effectiveness of the Board of Directors ✓ Initiatives on Corporate Governance ✓

## Basic Policy of and Evolution of Corporate Governance of MC

### Basic Policy on Corporate Governance

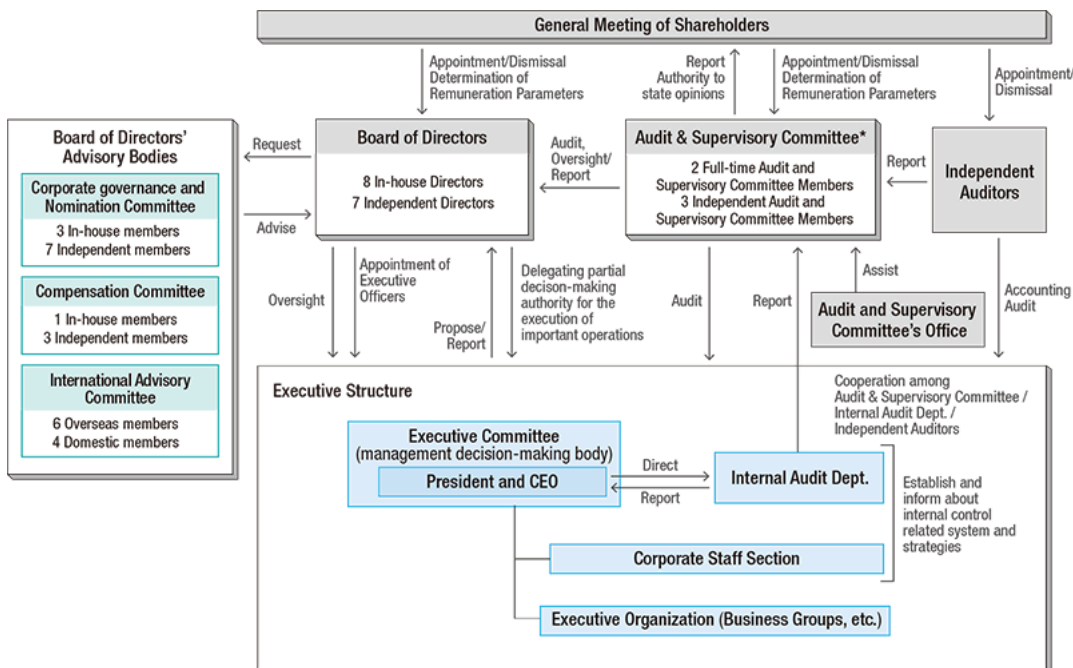
- (1) With the Three Corporate Principles for a corporate philosophy, MC strives to continuously increase corporate value through corporate activities rooted in the principles of fairness and integrity. MC believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of all its stakeholders. In order to achieve these goals, MC recognizes the continuous strengthening of corporate governance as a fundamental management policy since it is the foundation for ensuring sound, transparent, and efficient management.
- (2) Under MC's basic policy on corporate governance set forth in the preceding paragraph, MC has adopted a Company with an Audit & Supervisory Committee to achieve a) separation of oversight and execution in management, b) oversight of management based on sufficient deliberation by the Board of Directors, and c) timely and decisive decision-making which has ability to respond to changes by delegating partial decision-making authority for the execution of important operations to the President and CEO and other Executive Directors.
- (3) Under this corporate governance system set forth in the preceding paragraph, the Executive Directors, who have been designated by the Board of Directors, shall formulate management strategies and business plans, etc., and subsequently the Board of Directors shall deliberate and determine them. The Executive Directors shall periodically report on the progresses of these strategies and plans to the Board of Directors, and the Board of Directors shall monitor those progresses to continuously increase corporate value.
- (4) MC shall establish internal rules and regulations for such matters as codes of conduct for officers and employees; company-wide lateral management systems; and measures for prevention, correction, and improvement; and internal whistleblower systems. After informing all parties, MC shall rigorously reflect the rules and regulations in operations and realize its compliance system. MC shall also establish appropriate internal control systems, check the operating status of these systems on an annual basis, and endeavor to continuously improve and strengthen them.

Reference

[Mitsubishi Corporation Principles of Corporate Governance](#)



## Corporate Governance System (as of July 1, 2024)



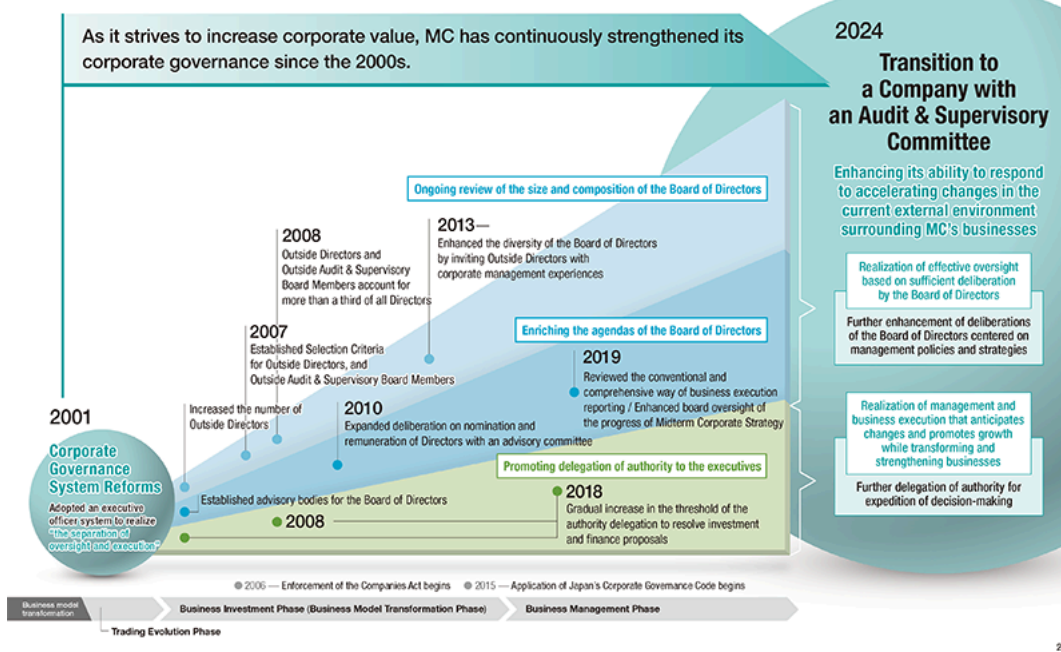
## Evolution of Corporate Governance

## ~Transition to a Company with an Audit &amp; Supervisory Committee~

Since the 2000's, MC has been promoting corporate governance reforms under the basic policy set forth in the preceding paragraph. To realize management and business execution that promotes growth while anticipating changes and transforming and strengthening businesses, MC continuously strives to increase corporate value while ensuring sufficient deliberation and effective oversight by the Board of Directors.

While MC continues to enhance the function of corporate governance under its current corporate governance system "a Company with an Audit & Supervisory Board", MC transitioned to a Company with an Audit & Supervisory Committee upon approval at the 2024 Ordinary General Meeting of Shareholders to be held in June 2024 in order to further enhance our ability to respond to accelerating changes in the current external environment surrounding MC's businesses. In addition to expediting decision-making through the delegation of authority, this transition has enhanced and improved the monitoring function of the Board of Directors by enhancing deliberations centered on management policies and strategies at the Board of Directors meetings, thereby increasing corporate value.

### Basic Policy of and Evolution of Corporate Governance of MC



## Board of Directors

The Board of Directors deliberates on important management issues, and supervises business execution through reports on major items in Midterm Corporate Strategy 2024, the business strategy of Business Groups, and so on. In addition, matters requiring resolution in accordance with laws and regulations, and loan and investment proposals exceeding a monetary threshold standard set by the Company are deliberated and resolved with an emphasis not only on the economic aspects, but also on sustainability 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 these matters for resolution by the Board of Directors is entrusted to 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.

## Roles and Responsibilities of Directors / Appointment Policy / Appointment Process of Directors

	Board of Directors	Audit & Supervisory Committee
<b>Roles and Responsibilities</b>	<p>Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors shall fulfill the roles and responsibilities listed below to promote Mitsubishi Corporation (MC)'s sound and sustainable growth and continuous increase of corporate value, and to help enrich society, both materially and spiritually while also realizing transparent, fair, timely and decisive decision-making and highly effective oversight of the management.</p> <ol style="list-style-type: none"> <li>To provide a broad management direction in line with MC's business reality, taking into consideration the external environment surrounding MC's businesses, trends, and global perspectives, etc.</li> <li>To oversee the development and operation of the business management and risk management systems the executives have established to support appropriate risk-taking.</li> <li>To provide highly effective oversight of the executives by evaluating them from an independent and objective standpoint in light of the basic management policies formulated by the executives and approved by the Board of Directors, and by encouraging them to take necessary corrective actions.</li> </ol>	<p>The Audit &amp; Supervisory Committee, as a statutory independent body tasked with auditing the directors' performance of their duties with a mandate from shareholders, is responsible for establishing a high-quality corporate governance system through the appropriate performance of its duties and for playing a role in the monitoring function of MC in cooperation with the Board of Directors. Through these roles and responsibilities, the committee shall support the maintenance and development of MC's corporate governance, consider the interests of its various stakeholders, and strive to work with them to achieve MC's sound and sustainable growth and continuous enhancement of corporate value and social credibility.</p>

	Board of Directors	Audit & Supervisory Committee
<b>Size and Composition</b>	In order to fulfill the roles and responsibilities of the Board of Directors as set forth above, MC's Board of Directors shall be of an appropriate size and composition to ensure diversity, and at least one-third of its members shall be Independent Directors who meet <u>MC's Standards for Independent Directors*</u> .	In order to fulfill the roles and responsibilities of the Audit & Supervisory Committee as set forth above, MC's Audit & Supervisory Committee shall be of an appropriate size and composition to ensure diversity, and a majority of the members shall be Independent Audit & Supervisory Committee members who meet <u>MC's Standards for Independent Directors*</u> .

## [Directors]

	Directors (excluding Directors who are Audit & Supervisory Committee members)	Directors who are Audit & Supervisory Committee Members
<b>Roles and Responsibilities</b>	<b>In-house Directors</b>	
	<b>Chairman of the Board</b>	<b>Full-time Audit &amp; Supervisory Committee Members</b>
	Aim to ensure MC's sound and sustainable growth and continuous increase of corporate value by enhancing deliberations and ensuring that the Board of Directors fulfills its roles and responsibilities. To this end, strive to maintain and develop corporate governance, and as Chairman of the Board of Directors, lead discussions at Board of Directors meetings in a neutral manner by appropriately eliciting the opinions of Outside Directors, while taking into account the actual situation the executives are confronting.	Based on their companywide management experience within MC and their knowledge and experience in finance, accounting, legal affairs, risk management, etc., Full-time Audit & Supervisory Committee Members will (1) together with the Chairman of the Board, fulfill the roles and functions of the Board of Directors as non-executive In-house Directors. They are also (2) responsible for the timely and accurate assessment of the status of management execution, as well as for creating an environment for effective auditing and oversight by the Audit & Supervisory Committee, and cooperating with other Audit & Supervisory Committee members to conduct audits and provide oversight from an objective and broad perspective. They will also directly deliver unfettered opinions to the executives with conviction when necessary, with the aim of ensuring MC's sound and sustainable growth and enhancement of corporate value and social credibility.
	<b>Executive Directors</b>	
	Carry out business operations in accordance with the basic management policies approved by the Board of Directors, report on the status of business execution to the Board of Directors, and aim to ensure MC's sound and sustainable growth and continuous increase of corporate value by executing day-to-day business operations based on the deliberations of the Board of Directors.	
	<b>Outside Directors</b>	<b>Outside Audit &amp; Supervisory Committee Members</b>
With a practical, objective and professional perspective on corporate management, Outside Directors will oversee the execution of management strategies proposed by the executives. Based on their own experience and insight gleaned from their networks, Outside Directors will provide advice on broad direction in a medium- and long-term perspective as they participate in appropriate decision-making within the Board of Directors, with the aim of ensuring MC's sound and sustainable growth and continuous increase of corporate value.	In addition to the roles and responsibilities of Outside Directors described on the left, Outside Audit & Supervisory Committee Members will audit and oversee MC from a neutral and objective standpoint based on their diverse and abundant knowledge and experience in corporate management as well as their own expertise, aiming for MC's sound and sustainable growth and continuous enhancement of corporate value and social credibility.	
<b>Appointment Policy</b>	<b>Directors (excluding Directors who are Audit &amp; Supervisory Committee members)</b>	<b>Directors who are Audit &amp; Supervisory Committee Members</b>
	Based on the roles and responsibilities set forth above, and in accordance with the following policy, overall character will be considered during the appointment process.	
	<b>In-house Directors</b>	<b>Full-time Audit &amp; Supervisory Committee Members</b>
	In addition to the Chairman of the Board of Directors and the President, who serves as the Chief Executive Officer in charge of business execution, In-house Directors are appointed from among the Executive Officers (Senior Executive Vice Presidents and Executive Vice Presidents) in charge of companywide management.	Appointed from among persons with knowledge and experience in companywide management, finance, accounting, legal affairs, risk management, and other areas.
	<b>Outside Directors</b>	<b>Outside Audit &amp; Supervisory Committee Members</b>
	1. Outside Directors are appointed from those who possess a practical perspective based on experience as a corporate executive and those who possess an objective and professional perspective with a deep insight on global dynamics and socio-economic trends.	1. Appointed from among persons with diverse and abundant knowledge and experience in corporate management and expertise that contribute to auditing and oversight.
2. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independency*; individuals not ensuring this independency will not be appointed 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 appointed as an Outside Director. MC appropriately copes with this potential issue by preserving a variety of viewpoints through the appointment of numerous Outside Directors.		

	Directors (excluding Directors who are Audit & Supervisory Committee members)	Directors who are Audit & Supervisory Committee Members
<b>Appointment Process</b>	Based on the above appointment policy, the President & CEO shall prepare a proposal for the election of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members), which shall be deliberated by the Corporate Governance and Nomination Committee, and shall be submitted to the General Meeting of Shareholders after being resolved by the Board of Directors as a proposal for the election of Directors (excluding Directors who are Audit & Supervisory Committee Members).	The President & CEO, in consultation with Full-time Audit & Supervisory Committee Members, based on the above appointment policy, prepares a proposal for the appointment of candidates for Directors who are Audit & Supervisory Committee Members. After deliberation by the Corporate Governance and Nomination Committee, and with the consent of the Audit & Supervisory Committee, a proposal for the election of candidates for Directors who are Audit & Supervisory Committee Members shall be resolved by the Board of Directors and submitted to the General Meeting of Shareholders.

(Note)

\*MC's Standards for Independent Directors

To make a judgment of independence, Mitsubishi Corporation (MC) checks if the person concerned meets the conditions for Independence Criteria prescribed 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 3 fiscal years.

If a person is still judged by MC to be effectively independent despite one or more of the below items (1) to (7) applying, MC will explain and disclose the reason for their appointment as an Independent Director.

- (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\*<sup>1</sup> of such shareholder.
- (2) A Member of Business Personnel of a creditor of MC exceeding the threshold set by Mitsubishi Corporation\*<sup>2</sup>.
- (3) A Member of Business Personnel of a supplier or a customer of MC exceeding the threshold set by MC\*<sup>3</sup>.
- (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' 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\*<sup>4</sup> from MC.
- (7) A person who has been served as an Outside Director and/or an Outside Audit & Supervisory Board Member of MC for more than 8 years.

\*1 A "Member of Business Personnel" in this MC's Standards for Independent Directors 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.



## Board Skills Matrix (As of July 1, 2024)

Board Skills Matrix is shown on page 33,34 of MC's Integrated Report.

Reference [Integrated Report](#) 

## Composition of the Board of Directors (As of July 1, 2024)

Please check page 34 of MC's Integrated Report and the link below for data on Composition of the Board of Directors.

Reference [Integrated Report](#)   
[ESG Data](#) 

## Matters Deliberated by the Board of Directors

The Board of Directors deliberates on important management issues, and supervises business execution through reports on major items in Midterm Corporate Strategy 2024, the business strategy of Business Groups, and so on.

The results of the deliberations in FY2023 are as follows.

<Agenda of the Board of Directors FY2023>

- Management Strategy and Sustainability-related items

Business Strategy Committee report/ Management Strategy Meeting report/ EX progress report/ Business Execution reports (risk management, human resources strategy, regional strategy, stakeholder engagement 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/ Appointments of the Board and Audit & Supervisory Board Members, Appointments of the Chairman and President, Appointments of Executive Officers/ Remuneration for Directors and Audit & Supervisory Board Members/ Organizational structure/ Rules and regulations/ Financial Statements/ Share Repurchase and Cancellation Policy/ Fundraising policy/ Verification of holding policy for listed share/ 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

- Investment and finance proposals

Chiyoda Corporation/ Iron Ore Company of Canada/ Mitsubishi Development Pty Ltd/ Anglo American Sur/ Mitsubishi HC Capital Inc/ Cermaq Norway Salmon/ Mitsubishi Motors Corporation/ GAC Mitsubishi Motors Co., Ltd./ Lithium Energy Japan/ Integrated Coal Gasification Combined Business/ Nexamp/ HERE Technologies/ Princes Limited/ Lawson, Inc/ Diamond Realty Investments/ Onahama Petroleum Co., Ltd. Distribution Terminal etc.

## Advisory Bodies to the Board of Directors (after 2024 Ordinary General Meeting of Shareholders held in June 2024)

Since the scope and content of matters to be deliberated at the Governance, Nomination & Compensation Committee have expanded and deepened over the years, the Governance, Nomination & Compensation Committee will be split into two committees, the Corporate Governance and Nomination Committee and the Compensation Committee, in order to enhance deliberations.

## Corporate Governance and Nomination Committee

For the purpose of strengthening corporate governance on an ongoing basis, enhancing the objectivity and transparency of the nomination process undertaken by the Board of Directors, and ensuring the fairness of this process, the Corporate Governance and Nomination Committee shall deliberate and monitor the matters below with the participation of all Independent Directors.

### Main Discussion Themes (Plan)

- Basic framework and fundamental policy of corporate governance
- Matters about the appointment and dismissal of the Board of Directors
- Matters about the nomination etc.

### Composition of the Committee (As of July 1, 2024)

- Independent Members(7):  
Shunichi Miyanaga, Independent Director  
Sakie Akiyama, Independent Director

Mari Sagiya, Independent Director

Mari Kogiso, Independent Director

Tsuneyoshi Tatsuoka, Independent Audit & Supervisory Committee Members

Rieko Sato, Independent Audit & Supervisory Committee Members

Takeshi Nakao, Independent Audit & Supervisory Committee Members

- In-house members (3):

Takehiko Kakiuchi, \* Chairman of the Board

Katsuya Nakanishi, Director, President & Chief Executive Officer

Mitsumasa Icho, Full-time Audit & Supervisory Committee Member

\* The Committee Chair

(notes)

\* Percentage of Independent Outside Directors among Corporate Governance and Nomination Committee : 70% (7/10)

## Compensation Committee

For the purpose of enhancing the objectivity and transparency of the policy for setting Directors' and Executive Officers' remuneration and the remuneration amount, both determined by the Board of Directors, and ensuring fairness throughout the determination process, the Compensation Committee shall deliberate, monitor and/or determine the matters below.

### Main Discussion Themes (Plan)

- Fundamental policy for the remuneration for Directors and Executive Officers: the policy for setting Directors' and Executive Officers' remuneration, the appropriateness of remuneration levels and composition, and the operation status of remuneration system
- The evaluation of sustainability factors tied into Executive Officers' remuneration
- The evaluation of President's performance

### Composition of the Committee (As of July 1, 2024)

- Independent members (3):

Sakie Akiyama, \* Independent Director

Mari Kogiso, Independent Director

Tsuneyoshi Tatsuoka, Independent Audit & Supervisory Committee Members

- In-house members (1):

Takehiko Kakiuchi, Chairman of the Board

\* The Committee Chair

(notes)

\* Percentage of Independent Outside Directors among Compensation Committee : 75% (3/4)

## International Advisory Committee

The Committee comprises overseas experts from various backgrounds, including industry, government, and academia, and provides recommendations and advice from an international perspective through exchange of opinions and discussions on the external environment with a focus on world affairs.

### Main Discussion Themes (FY2024)

- Geopolitical Situation



- Interventionism
- Climate / Energy

### International Advisory Committee

Please check the link below for data on International Advisory Committee.

Reference

[ESG Data](#)



### Overseas Members(5) (As of September 30, 2024)

Member	Origin	Title	Principal area of specialization and background
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.
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.
Mr. Victor L.L. Chu	Hong Kong	Chairman, Hong Kong-USA Business Council	Based in Hong Kong, Mr. Chu is implementing many investment projects in various fields with a focus on China, and has vast experience in the East Asian region. He is also familiar with Japan, having been appointed as external director of Peach Aviation and Nomura Holdings, and has also served as chairman of the Hong Kong-USA and Hong Kong/Europe Business Council, and therefore has outstanding knowledge of industries in China and around the world.

### Domestic members(4) (As of September 30, 2024)

Takehiko Kakiuchi\* (Chairman of the Board),  
 Katsuya Nakanishi (Director, President & Chief Executive Officer),  
 Kotaro Tsukamoto (Director, Senior Executive Vice President),  
 Tsuneyoshi Tatsuoka (Independent Director)

\* The Committee Chair



## Advisory Bodies to the Board of Directors (before 2024 Ordinary General Meeting of Shareholders held in June 2024)

### Governance, Nomination and Compensation Committee

Since its establishment in 2001, the Governance Committee has evolved in form and the matters it deliberates in response to changes in the internal and external environment. Since 2015, it has collectively deliberated on the three themes of governance, nomination, and compensation.

#### Main Discussion Themes (FY2023)

- Consideration of Transition to a Company with an Audit & Supervisory Committee
- 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 remuneration package after the transition to a Company with an Audit & Supervisory Committee, the policy for setting remuneration, the appropriateness of remuneration levels and composition, and linkage to sustainability factors.

#### Composition of the Committee

- 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 & Chief Executive Officer  
Mitsumasa Icho, Full-time Audit & Supervisory Board Member

\* The Committee Chair

(notes)

\* Positions listed above are for FY2023.

\* Percentage of Independent Outside Directors among Governance, Nomination and Compensation Committee : 57% (4/7)

### International Advisory Committee

#### 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

#### Composition of the Committee

- Overseas members(6):  
Mr. Jaime Augusto Zobel de Ayala  
Professor Joseph S. Nye

Mr. Niall Fitz Gerald, KBE  
 Mr. Natarajan Chandrasekaran  
 Sir Rod Eddington  
 Ambassador Bilahari Kausikan

- Domestic members(4):

Takehiko Kakiuchi, \* Chairman of the Board  
 Katsuya Nakanishi, Director, President & Chief Executive Officer  
 Norikazu Tanaka, Director, Senior Executive Vice President  
 Tsuneyoshi Tatsuoka, Independent Director

\* The Committee Chair

(notes)

\* Positions listed above are for FY2023.

## Initiatives to Enhance the Effectiveness of the Board of Directors

To ensure that Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members are able to perform their monitoring function and audit functions adequately, the Board of Directors' Office and the Audit & Supervisory Committee's Office (herein referred to collectively as the "Support Offices") have been established, and have been providing necessary information and support appropriately and in a timely manner for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members to perform their own duties.

For Independent Directors, the Support 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 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 the session (FY2023)

- Times of sessions :13 times
- Length of sessions : 2.5 to 3 hours for a meeting (total : 33 hours)

### Meetings of Independent Directors

Meetings are held regularly to provide a forum for free discussion amongst Independent Directors on a wide range of topics.

#### Main discussion themes (FY2023\*)

- Items Discussed at the Business Strategy Committee
- Human Capital and Work Styles
- Audit and Activities of the Audit & Supervisory Board Members
- Initiatives for Next-Generation Energy

\* All of Independent Directors and Independent Audit & Supervisory Board Members attended meetings in FY 2023.

## Discussion between Independent Members of the Board and Officers and Employees

MC has set up dialogues with the 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 Directors and officers and employees.

## Dialogues and Site-Visits to Business Subsidiaries and Affiliates

For further understanding of MC's wide-ranging businesses, every year, the Independent Directors visit business sites of subsidiaries and affiliates and hold dialogues with their management and executives. In the fiscal year ended March 31, 2024, Independent Members of the Board visited Quellaveco copper mine in Peru, which develops copper as a key to the transition to a decarbonized society and salmon farming sites of Cermaq, which is one of the major growth drivers of Food Industry Group. Through dialogues with the top managements of those companies, the visitors confirmed the business strategies and progresses, including initiatives aimed at harmony with local communities, environmental considerations and status of operational digitalization. Dialogues were also held with mid-career and younger employees stationed in the countries.



Site visit to Quellaveco copper mine(October, 2023)



Site visit to salmon farming sites of Cermaq Chile S.A.  
(October, 2023)

## Orientation upon Assumption of Office

In order to deepen the understanding regarding the Company of new Independent Directors, orientation sessions are held by each division and group.

## Evaluation of the Effectiveness of the Board of Directors

### FY2023 Evaluation Approach

Since the fiscal year ended March 31, 2016, MC has evaluated the effectiveness of the Board of Directors every year. Since the fiscal year ended March 31, 2019, this has been carried out through a self-evaluation process led by Independent Directors and Independent Audit & Supervisory Board Members.

In the fiscal year ended March 31, 2024, an independent third-party expert, Board Advisors Japan, Inc., conducted an evaluation with the aim of further enhancing the effectiveness of the Board of Directors, in anticipation of the transition into a Company with an Audit & Supervisory Committee. From a neutral perspective of the third-party, the effectiveness of MC's Board of Directors was confirmed and MC also received recommendations for the future operations, leading MC to consider how the Board of Directors should develop the deliberation in the fiscal year ending March 31, 2025 and the process for formulating the next Midterm Corporate Strategy.

### FY2023 Third-Party Evaluation Process

- STEP 1** The Governance, Nomination, and Compensation Committee discussed the evaluation's implementation methods and process, then confirmed to conduct Third-Party Evaluation.
- STEP 2** A third-party expert formulated survey and interview items based on the operation and deliberation status of the Company's Board of Directors and past evaluations. The third-party expert conducted surveys (multiple-choice and written) for Directors and Audit & Supervisory Board Members, interviewed them using the survey results as a basis, and analyzed and evaluated the results.
- STEP 3** The third-party expert reported the results of the evaluation to the Governance, Nomination and Compensation Committee. Using the evaluation results as a basis, the Board of Directors then deliberated.

### FY2023 Questionnaire

- ✓ Monitoring progress of major items of Midterm Corporate Strategy 2024
- ✓ Overall evaluation, agenda, size and composition of the Board of Directors; roles and functions of Directors and Audit & Supervisory Board Members; composition and operation of the Governance, Nomination and Compensation Committee; composition and operations of the Meetings of Independent Directors; other measures such as dialogue with stakeholders, the management and the executive teams and employees and operations; the expectations for the Board of Directors after the transition into a Company with an Audit & Supervisory Committee etc.
- ✓ Gap analysis of the perception of "the level of importance" and "the level of fulfillment of the discussion" for each agenda item

### Third-Party Evaluation Results for FY2023

Third-Party Evaluation Overall Summary	<ul style="list-style-type: none"> <li>• It is confirmed that <b>the Board of Directors has an extremely high level of effectiveness</b>, underpinned by MC's characteristics and strengths.</li> </ul> <div style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px 0;"> <b>Four Strengths Underpinning MC's Board Effectiveness</b> </div> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 22%;"> <p style="text-align: center; font-weight: bold;">1</p> <p style="font-size: small;">Strong will and efforts of Chairman of the Board and the executives to strengthen its corporate governance</p> </div> <div style="border: 1px solid black; padding: 5px; width: 22%;"> <p style="text-align: center; font-weight: bold;">2</p> <p style="font-size: small;">Mutual trust fostered and maintained through close communication between the Board Members who are in oversight roles and the executives</p> </div> <div style="border: 1px solid black; padding: 5px; width: 22%;"> <p style="text-align: center; font-weight: bold;">3</p> <p style="font-size: small;">High level of commitment to MC by Independent Directors and Independent Audit &amp; Supervisory Board Members (They spend a long time for MC with strong responsibilities.)</p> </div> <div style="border: 1px solid black; padding: 5px; width: 22%;"> <p style="text-align: center; font-weight: bold;">4</p> <p style="font-size: small;">Thorough efforts, support system, and PDCA management by the Board of Directors' Office.</p> </div> </div> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p style="font-weight: bold; font-size: small;">Factors Underpinning the Four Strengths</p> <ul style="list-style-type: none"> <li>• A board culture that sincerely pursues the best way of being for the Company while taking the external environment into account</li> <li>• "People-related elements" such as mutual trust between the Board Members who are in oversight roles and the executives and among Directors, and their commitment</li> </ul> </div> <ul style="list-style-type: none"> <li>• In order to maintain a high level of effectiveness and further evolve as a monitoring board, it is desirable to continuously review <u>the expected roles and responsibilities of the Board of Directors and its monitoring function</u> as well as <u>its composition</u>.</li> </ul>
Quantitative Evaluation Results	<ul style="list-style-type: none"> <li>• In the multiple-choice questions of quantitative evaluation, the overall average for all question items was 4.0 or higher out of 5 points, an extremely high self-rating. Of these, 32 out of 48 questions had a particularly high rating of 4.5 or higher.</li> <li>• The perception of the level of importance and the level of fulfillment of the discussion on each agenda item is rated on a 10-point scale. The gap between the perception of the level of importance and the level of fulfillment was small, less than 1.0 for all items discussed.</li> </ul>



### Other Review Initiatives Concerning Board Effectiveness

In addition to the third-party evaluation, Chairman of the Board and President interviews were conducted by Independent Director, Mari Sagiya, and Independent Audit & Supervisory Board Member, Mari Kogiso, based on the results of the third-party evaluation. Moreover, the Business Group CEO and Head of Business Group were also surveyed to secure opinions from outside of the Board of Directors and Audit & Supervisory Board Members and to ensure multi-faceted analysis.

#### Results of Interview with Chairman of the Board and President conducted by Independent Director and Independent Audit & Supervisory Board Member



Mari Sagiya  
Independent  
Director

Mari Kogiso  
Independent  
Audit & Supervisory  
Board Member

- ✓ Using the results of the third-party evaluation as a basis, interviews were conducted and opinions were exchanged with Chairman of the Board and President regarding the effectiveness of MC's Board of Directors, expectations for Independent Directors, and the process for formulating the next Midterm Corporate Strategy.
- ✓ Through extensive information sharing and open discussions, it was confirmed through the interviews that the Board of Directors' monitoring is operated effectively, and the Board of Directors determined to maintain and improve it going forward.

### Policy for Future Initiatives Based on the FY2023 Evaluation – Toward Further Deepening Deliberations

Based on the results of the Third-Party Evaluation and other reviews, the Governance, Nomination and Compensation Committee and the Board of Directors deliberated and confirmed that in the fiscal year ending March 31, 2025, they will further evolve the discussion on the major deliberation of MC and exchange opinions and other issues to formulate the next Midterm Corporate Strategy. The policy for future initiatives based on the evaluation is as follows.

	FY2023 Consideration and Policy	Major Initiatives in FY2023	The Third-Party Evaluation Results	FY2024 Policy
Agenda Items	<p><b>Midterm Corporate Strategy 2024</b></p> <ul style="list-style-type: none"> <li>Continue to report to the Board of Directors and monitor the progress of major items in Midterm Corporate Strategy 2024, while keeping abreast of changes in the assumptions made at the time of its formulation.</li> <li>Proactively provide opportunities to exchange opinions on the major directions of the Company.</li> <li>Further deepen the content of information provision and reporting to contribute to the above exchange of opinions.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor the progress of Midterm Corporate Strategy 2024, focusing on the major items, while keeping abreast of changes in the external environment.</li> <li>Reporting the content of discussions at meetings of the Executive Committee to the Board of Directors was expanded.</li> </ul>	<ul style="list-style-type: none"> <li>The monitoring of the Midterm Corporate Strategy 2024 has been properly implemented with sufficient information provided by the executives.</li> <li><u>More time has been spent on exchanging opinions on corporate strategy and other major directions of the Company, rather than on individual issues, and the quality of these discussions has improved.</u></li> <li>In general, the gap between the perception of the level of importance and the level of fulfillment of the discussion on individual items for deliberation was small. On this basis, growth strategies, value-added cyclical growth models, and human resource strategies were identified as items with room for continued deepening of deliberations.</li> </ul>	<p><b>Further enhance deliberations on corporate strategy</b></p> <ul style="list-style-type: none"> <li>As was the case when Midterm Corporate Strategy 2024 was formulated, <u>exchange of opinions, etc. will be conducted for the formulation of the next Midterm Corporate Strategy</u> to deepen <u>mutual understanding</u> between the Board Members who are in oversight roles and the executives.</li> </ul> <p><b>Reliable and smooth operation of the new corporate governance structure</b></p> <ul style="list-style-type: none"> <li>To properly manage the new structure after the transition into a Company with an Audit &amp; Supervisory Committee and to further develop the function and effectiveness of the Board of Directors as a monitoring board.</li> </ul>

## Initiatives on Corporate Governance

Based on the Basic Policy of Corporate Governance, MC is working to strengthen corporate governance on an ongoing basis, thus it is implementing all the principles of the Japan's Corporate Governance Code.

(For more information, please see the Corporate Governance Report on MC's website.)

Reference: MC Corporate Governance Report  
[Corporate Governance Report | Mitsubishi Corporation](#)

## MC's Stance on Acquisition, Holding, and Reduction in Listed Stocks

MC may hold shares, acquired for purposes 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 reason and economic rationale of the purchase in accordance with internal rules. Also, MC annually reviews the rationality of continuing to hold these shares at the Board of Directors and aims to reduce holdings of shares with decreased reason.

### [Verification policy for holding individual shares]

The Board of Directors verifies all of the listed shares held by MC from the perspectives of both economic rationale and qualitative reason of continuing to hold them every year.

The economic rationale is confirmed by whether or not the related earnings from each share 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 share, etc.

### [Reduction in holdings of listed stocks]

Based on the results of the verification process described above, In the Fiscal Year ended March 31, 2024, MC sold approximately 66 billion yen of its shareholdings (including 19.6 billion yen in deemed holding shares), a decrease of approximately 10% from the previous fiscal year.

FY2021	FY2022	FY2023
¥ 85.2 billion	¥ 39.6 billion	¥ 66.0 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, 2024 (market price was approximately 0.7 trillion yen). As a result of verification from the perspectives of both economic rationale and qualitative reason of holding them, numerous shares were identified as candidates for reduction due to a decreased importance of the expected purpose and reason 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 businesses and partner relationships, and from the perspective of continuous increase of corporate value of MC and these companies. MC considers exercising voting rights to be one of the important approaches for the dialogue and communications with its investment destinations. 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 rules. These rules 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 rules 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 Mitsubishi Corporation 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.



## Board Policies and Procedures in the Appointment/Dismissal of the Management Executive and the Nomination of Directors and Audit & Supervisory Committee Members Candidates

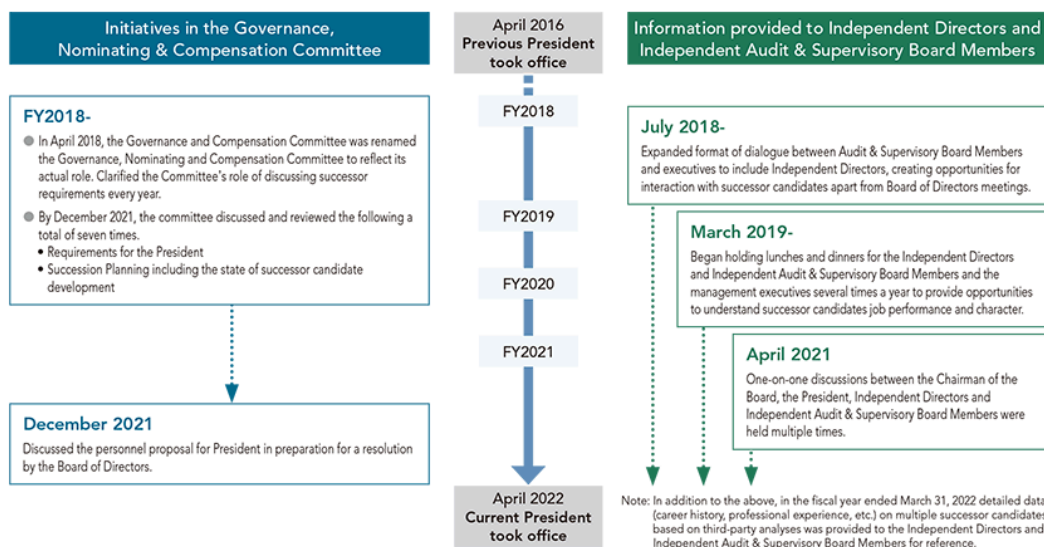
For the appointment of the President and CEO, the Corporate Governance and Nomination Committee, where Independent Directors have a majority (7 Independent Directors out of 10 Committee Members), shall deliberate and review the requirements for the roles associated with this position and the basic policy on appointment, as well as candidates, then the Corporate Governance and Nomination Committee shall propose appointments to the Board of Directors, which shall finally be resolved by the Board of Directors. The Board of Directors shall also deliberate and determine appointments of Executive Officers and their respective duties.

Based on the appointment policy, the President and CEO shall prepare a proposal for the election of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members), which shall be deliberated by the Corporate Governance and Nomination Committee, and shall be submitted to the general meeting of shareholders after being resolved by the Board of Directors as a proposal for the election of Directors (excluding Directors who are Audit & Supervisory Committee Members).

The President and CEO, in consultation with Full-time Audit & Supervisory Committee Members, based on the appointment policy, shall prepare a proposal for the appointment of candidates for Directors who are Audit & Supervisory Committee Members. After deliberation by the Corporate Governance and Nomination Committee, and with the consent of the Audit & Supervisory Committee, a proposal for the election of candidates for Directors who are Audit & Supervisory Committee Members shall be resolved by the Board of Directors and submitted to the general meeting of shareholders.

### [President and CEO selection process in April, 2022]

Since Former President Kakiuchi took office in April 2016, the Governance, Nomination & Compensation Committee, an advisory committee to the Board of Directors, carefully implemented a successor selection process, including the discussion of the requirements for the President. In addition, Independent Directors and Independent Audit & Supervisory Board Members and successor candidates engaged in thoroughgoing dialogue and discussion outside of committee meetings. This process led to the selection of President Nakanishi.



### Status of Persons who have retired as Representative Directors and President, etc

Name	Job title/position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/CEO ended <sup>*</sup>	Term
Ken Kobayashi	Corporate Advisor	External affairs	Part-time, no remuneration	March 31, 2022	March 2028

Number of Persons Holding Advisory Positions (Sodanyaku, Komon, etc.) After Retiring as Representative Director and President, etc.	1
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MC appoints, as necessary, retired executives (President and CEO) to the position of Corporate Advisory. Currently, one Corporate Advisory is appointed. The Corporate Advisory 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 for Dialogue with Shareholders

### (a) Basic Policy

In addition to the ordinary general meeting of shareholders, MC establishes various types of informational meetings and interactive forums, to actively engages in dialogue with shareholders and investors for the purpose of deepening their understanding of MC's corporate philosophy and principles, fundamental management policies, targets and strategies, and others.

### (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 growing needs of stakeholders in an integrated manner. The Investor & Shareholder Relations Department is responsible for dialogue with shareholders and investors, and serves as a link between the Business Groups and the Corporate Staff Section.

With respect to information disclosure, MC prepares documents in line with the Financial Instruments and Exchange Act and Companies Act, among 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 a sub-committee of the Executive Committee called the Disclosure Committee that deliberates and confirms the appropriateness of the content included in the Annual Securities Report and related disclosure documents.

### (c) Policy of Dialogue with Shareholders and Investors and Results of Activities

To continually increase corporate value over the medium to long-term, MC promotes constructive communication with shareholders and investors as follows.

#### i. Ordinary General Meeting of Shareholders

MC shall position the general meeting of shareholders as MC's highest decision-making body and the place to communicate with shareholders constructively. In addition to proactively disclosing information via the notice of general meeting of shareholders (issued in both Japanese and English), MC shall fulfill its accountability to MC's shareholders by respectfully responding to the questions they raise at the general meeting of shareholders.

#### ii. Communication with Individual Investors

MC holds regular meetings for individual investors.

#### <Activities Conducted in the Fiscal Year Ended March 31, 2024>

Individual investor briefing sessions: 2 times (of these, 1 included the participation of the President, CFO, etc.)

In addition to the above, short explanatory videos are created for individual investors and made available on MC's website as well as the websites of securities firms.

### iii. Dialogue with Institutional Investors

In addition to quarterly financial results briefings, MC hosts briefing sessions and meetings for domestic and foreign institutional investors. In addition, one-off briefings and investor days called “MCSV Creation Forum”.

#### <Activities Conducted in the Fiscal Year Ended March 31, 2024>

Financial results briefings\*: 4 meetings

MCSV Creation Forum\*: 5 meetings (4 business briefing sessions, 1 ESG Briefing)

Interviews with domestic and foreign institutional investors and analysts: approximately 600 meetings (of these, approximately 30 included the participation of the President and CEO, CSEO, etc.)

Interviews with domestic and foreign institutional investors: approximately 40 meetings (of these, 3 included the participation of the CSEO, Independent Directors, etc.)

\* Depending on the purpose and content, Independent Directors, the President and CEO, CSEO, CFO, CAO, and Business Group CEOs participated.

### (d) Feedback to the Management and Control of Insider Information

If MC maintains double-digit ROE, one of the quantitative targets of Midterm Corporate Strategy 2024, then ROE will exceed the cost of equity. MC believes that recent stock prices reflect the expectation that medium to long-term ROE will exceed 10%. In order to achieve the quantitative targets in Midterm Corporate Strategy 2024, MC steadily operate the initiatives based on the business management systems and enhance disclosure and dialogue with shareholders and investors for generating positive market expectations for sustainable earning growth and creation of shared values. Furthermore, MC aims to increase corporate value over the medium to long-term by reflecting the feedback obtained through these IR/SR activities in our management approach.

**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

### (e) Action to Implement Management that is Conscious of Cost of Capital and Stock Price

If MC maintains double-digit ROE, one of the quantitative targets of Midterm Corporate Strategy 2024, then ROE will exceed the cost of equity. MC believes that recent stock prices reflect the expectation that medium to long-term ROE will exceed 10%. In order to achieve the quantitative targets in Midterm Corporate Strategy 2024, MC steadily operate the initiatives based on the business management systems and enhance disclosure and dialogue with shareholders and investors for generating positive market expectations for sustainable earning growth and creation of shared values. Furthermore, MC aims to increase corporate value over the medium to long-term by reflecting the feedback obtained through these IR/SR activities in our management approach.

<Reference>

The progress of the quantitative targets set forth in the Midterm Corporate Strategy 2024 are disclosed on MC's investor relations website (Results of FY2023 and Forecast for FY2024 Presentation Materials) under the heading “(Reference) Progress of Quantitative Targets”.

<https://www.mitsubishicorp.com/jp/en/ir/>

Governance

# Audit & Supervisory Board / Audit & Supervisory Committee and Audit

Audit & Supervisory Board /Audit & Supervisory Committee ✓ Audit ✓

## Audit & Supervisory Board/Audit & Supervisory Committee

Since June 21 2024, MC transitioned to a Company with an Audit & Supervisory Committee. Therefore, the status of activities in FY2023 (ended March 31, 2024) is based on the status of a company with an Audit & Supervisory Board prior to the transition.

The Audit & Supervisory Committee comprises all of the Audit & Supervisory Committee 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.

In-house Audit & Supervisory Committee Members and Independent Audit & Supervisory Committee 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 Committee 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 Committee

Please check the link below for data on Structure of the Audit & Supervisory Committee.

Reference: [ESG Data](#) 

### Percentage of Independent Audit & Supervisory Committee Members among Total Audit & Supervisory Board Members\*



\* Based on the status as of June 21, 2024

<The following description relates to the status of activities in FY 2023, so it is based on a company with an Audit & Supervisory Board before the transition to an Audit & Supervisory Committee.>

## Audit Plans

Prior to each fiscal year, the Audit & Supervisory Board formulates audit plans with key areas. In FY2023 (ended March 31, 2024), the following three key audit areas were selected for the monitoring of specific progress in management and execution.

### 1. Following-up Execution Status of Midterm Corporate Strategy 2024:

- Progress of growth strategy implementation
- Effects and issues of business management system
- Progress of human resources and sustainability measures
- Operation status of new department

### 2. Enhancing MC Group Risk Management:

- Personnel structure on the execution side for risk management on a consolidated basis.
- Efforts to strengthen IT infrastructure and information security systems
- Status of three-way audits at consolidated companies

### 3. Initiatives to Strengthen Group Corporate Governance:

- Status of discussions regarding our company's governance
- Further enhancement of deliberations at the Board of Directors

## Audits of Management Performance

### 1 Dialogue with Executive Officers

Opportunities were 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, Senior Executive Vice President, 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.

\* Numbers for FY2023

Number of dialogues  
with CEOs and other  
Executive Officers\*

70



### 2 Attendance at Important Meetings

Besides the Audit & Supervisory Board, Full-time Audit & Supervisory Board Members attended meetings of major internal management bodies, including Board of Directors; Governance, Nomination and Compensation Committee; Executive Committee and Business Strategy Committee; and provided opinions as necessary. Besides the Audit & Supervisory Board, the Independent Audit & Supervisory Board Members attended meetings of the Board of Directors after being briefed on discussions in the Executive Committee and lower conference bodies, and provided opinions as necessary.

\* Numbers for FY2023

Number of major  
meetings\*

129



### 3 On-site Audits and Observations

Audit & Supervisory Board Members proactively conducted 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 were also taken into account.

In FY2023 (ended March 31, 2024), the Audit & Supervisory Board Members met with the CEOs and executive officers of 12 MC Group companies in three locations overseas and 16 domestic MC Group companies, as well as the regional chiefs of 7 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 6 companies in 2 countries overseas and 8 domestic MC Group companies, as well as 2 overseas and domestic offices.

Number of on-site audits and visits\*

**35** companies/  
locations



\* Numbers for FY2023

### 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 34 major MC 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 conducted 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.

#### 1. Strengthening collaboration among the Independent Directors and Audit & Supervisory Board Members

For matters to be submitted for approval or reported to the Board of Directors, preliminary briefings were 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 received explanations from the Audit & Supervisory Board Member's Office staff related to Board of Directors matters of especially high importance as well as matters that were not quantitatively applicable to the Board of Directors but that were still qualitatively important. The Audit & Supervisory Board Members then exchanged their opinions and awareness.

#### 2. 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 of the Board, President and CEO, Senior Executive

Vice President, Corporate Functional Officers and Group CEOs. As in the previous fiscal year, Independent Directors also actively participated in them in FY2023 (ended March 31, 2024). 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 participated in dialogues with the Division Chief Operating Officer to ensure opportunities to hear the opinions of employees on the ground.

### 3. 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 FY2023 (ended March 31, 2024), 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 deliberate matters to be followed up in the audit activities for coming fiscal year. The evaluation found that the audits performed by the Audit & Supervisory Board functioned adequately as well as effectively, 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 strived 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.

### 1. Collaboration with Independent Auditors / Evaluation of Independent Auditors

We worked with Independent Auditors through their outline briefings on accounting audit plans, audit reports for quarterly results and monthly meetings. We also exchanged opinions with the Independent Auditors of MC Group companies in Japan and overseas.

With regard to performance evaluations of Independent Auditors, we kept track of evaluation data during the fiscal year from regular audit reports and other sources, and held an Independent Auditor evaluation conference at the end of FY2023 (ended March 31, 2024). As a result, we had 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.

### 2. Collaboration with the Internal Audit Department

The Internal Audit Department and Full-time Audit & Supervisory Board Members held monthly meetings where exchange of opinions are made concerning reports on internal audit results. Also at Audit & Supervisory Board meetings, the Internal Audit Department shared their quarterly audit results.

In addition, Audit & Supervisory Board Members attended 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 attended 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 collected audit information and exchanged opinions.

## Audit

### Audit & Supervisory Board Member/Audit & Supervisory Committee Audits

The Audit & Supervisory Committee has five Members. Of the 2 In-house Audit & Supervisory Committee Members, Mitsumasa Icho has experience in the corporate management, and finance and accounting departments, and Akira Murakoshi has experience in the corporate management. Of the 3 Independent Audit & Supervisory Committee Members, Tsuneyoshi Tatsuoka possesses the deep



knowledge of the industry as a whole as well as the deep insight into sustainability, including environmental and energy policies. Rieko Sato and Takeshi Nakao have extensive experience as an attorney (corporate law) and a certified public accountant respectively. Of the 5 Audit & Supervisory Committee Members, Mitsumasa Icho, In-house Audit & Supervisory Committee Member, and Takeshi Nakao, Independent Audit & Supervisory Committee Member, have a considerable degree of knowledge and experience concerning finance and accounting. One of the Full-time Audit & Supervisory Committee Members heads the Audit & Supervisory Committee and is also the specified Audit & Supervisory Committee Member stipulated by the law. Audit & Supervisory Committee Members are assisted as needed by the 12-members of Audit & Supervisory Committee Member's Office (as of April 1, 2024), which is an independent organizational body.

<The following description relates to the status of activities in FY 2023, so it is based on a company with an Audit & Supervisory Board before the transition to an Audit & Supervisory Committee.>

In FY2023 (ended March 31, 2024), as part of their activities based on the audit plan, Audit & Supervisory Board Members attended important meetings of major internal management bodies (129 meetings including Executive Committee and Business Strategy Meeting, etc.) and held discussions with internal departments, including important offices in Japan and overseas (70 dialogues with executive officers (Chairman of the Board, etc.), dialogues with CEOs and other executive officers at 12 overseas business subsidiaries/affiliates and 16 domestic ones, as well as with the regional chiefs of 7 overseas and domestic offices). At the same time, Audit & Supervisory Board Members held 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 provided a forum for lively discussion, where the Audit & Supervisory Board Members reported and shared their audit activities as well as making decisions on statutory matters and so forth. In FY2023 (ended March 31, 2024), Audit & Supervisory Board were held 12 times, and all Audit & Supervisory Board Members were in attendance at every meetings. 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 was carried out. These matters were 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 discussed 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 83 members as of April 1, 2024) 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 (which was converted to the Audit & Supervisory Committee on June 21, 2024) 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. In FY2023 (ended March 31, 2024), we focused on the status of audit function at major subsidiaries.

## Accounting Audits

The three certified public accountants who carried out the accounting audit of MC were Yuki Higashikawa, Hirofumi Otani and Sogo Ito of Deloitte Touche Tohmatsu LLC. They were assisted by 30 certified public accountants, 22 junior accountants and 121 other staff.

## Mutual Cooperation among Tripartite Audits, and Relationship with Internal Control Departments

Continuing from the previous year, the Audit & Supervisory Board Members, Corporate Accounting Department, and independent auditors held regular meetings at the time of quarterly financial results, and provided opportunities for exchanging opinions.

In addition, the Internal Audit Department makes regular audit reports to the Audit & Supervisory Board, the Audit & Supervisory Board Members had monthly meetings with the Internal Audit Department, and the Audit & Supervisory Board Member and the Internal Audit Department held liaison meetings with the Audit & Supervisory Board Members and internal audit departments of MC's subsidiaries and affiliates, and so forth. In addition, the Audit Department also participated in the regular meetings for exchanging information and opinions with Audit & Supervisory Board Members and Independent Auditors in FY2023 (ended March 31, 2024).

After the transition to the Audit & Supervisory Committee, this cooperation has been continued to strengthen the linkages supporting tripartite audits (Audit & Supervisory Committee Audits, Internal Audits and Accounting Audits).

Fees paid to MC's independent auditors Deloitte Touche Tohmatsu LLC for FY2023 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) <sup>\*1</sup> ¥914 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 <sup>\*2</sup> ¥34 million
- c. Total amount of fees to be paid by Mitsubishi Corporation and consolidated subsidiaries <sup>\*3</sup> ¥2,860 million

<sup>\*1</sup> 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.

<sup>\*2</sup> 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.

<sup>\*3</sup> 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

# Remuneration for Directors, etc.

## Remuneration for Directors, etc.

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 Executive Directors (excluding Directors who are Audit & Supervisory Committee Members) 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 (excluding Directors who are Audit & Supervisory Committee Members), who undertake functions of management oversight, and Directors who are Audit & Supervisory Committee Members, who undertake audits, MC only pays them fixed monthly remuneration.

#### Governance of Remuneration

- The Compensation Committee, where a majority of the members are Independent Directors and which is chaired by an Independent Director, 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: [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

The 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, 2024. 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 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 qualitative assessment, are determined and paid on an individual basis, reflecting the President's yearly assessment of performance in both financial and non-financial terms of each Director for the relevant fiscal year (it is appropriate that yearly assessment is conducted by the President who is the Chief Executive Officer of the Company and therefore 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 initiatives related to value creation that leads to sustainability.

The annual assessment on the President's performance is decided by the Compensation Committee (in addition to four members of the Compensation Committee, all Independent Directors (including Independent Audit and Supervisory Committee Members) participate in deliberations and decisions).

Results of the performance assessment are reported to the Board of Directors and the 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 extraordinary meeting of the Board of Directors held on June 21, 2024, each year, the 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 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 (excluding Directors who are Audit & Supervisory Committee Members), who undertake functions of management oversight, and Audit & Supervisory Committee Members, who undertake audits and functions of management oversight, MC only pays them fixed monthly remuneration.

Total and individual amounts of remuneration paid to Audit & Supervisory Committee Members are determined following deliberations by the Audit & Supervisory Committee within the scope of remuneration for Audit & Supervisory Committee Members approved at the Ordinary General Meeting of Shareholders, held on June 21, 2024.

\* 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 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 (excluding Directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members (from FY2024)

Remuneration Type / Portion of Total	Payment Form	Key Performance Indicator (KPI)	Performance Period	Remuneration Details	Limit				
					Directors (excluding Audit & Supervisory Committee Members)			Directors who are Audit & Supervisory Committee Members	
					Executive Directors	Chairman of the Board	Outside Directors		
Base salary	Fixed; About 20-50%			<ul style="list-style-type: none"> <li>An amount determined by the Board of Directors according to position, paid monthly.</li> </ul>	1			5	
Annual deferral for retirement remuneration									<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
Individual performance-linked remuneration*	Variable (single year); About 25-30%	Individual Performance (single year)	Year 1	<ul style="list-style-type: none"> <li>Payment amount determined for each Executive 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.</li> <li>The assessment on the President's performance is determined by the Compensation Committee.</li> <li>Performance assessment results are reported to the Board of Directors and the Compensation Committee.</li> </ul>	2				
Performance-linked bonus (short term)*			Year 1						<ul style="list-style-type: none"> <li>The amount paid is determined in line with profit for the relevant fiscal year based on formulas resolved by the Board of Directors following deliberation by the Compensation Committee.</li> <li>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.</li> </ul>
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	<ul style="list-style-type: none"> <li>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 Compensation Committee.</li> <li>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.</li> </ul>	3			-	
									Sustainability factors (medium to long term)
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	<ul style="list-style-type: none"> <li>The Board of Directors determines the number of shares allocated to each person.</li> <li>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 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].</li> <li>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% (500% for President and CEO) of the base salary of each position.</li> </ul>	4				
			Year 2						
			Year 3						

Note:

1) to 5) in the table indicate the number of limits on remuneration that correspond to each remuneration item.

Remuneration limits for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members are approved at the 2024 Ordinary General Meeting of Shareholders for FY2023 held on June 21, 2024, 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 10 (including 4 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 5; and the number of Audit & Supervisory Committee Members to whom the above amount of Audit & Supervisory Committee 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 ¥250 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 1,200,000 shares per year).
- 5) The annual amount for base salary paid to Directors who are Audit & Supervisory Committee Members shall be up to ¥400 million per year.

## Calculation Method for Performance-Linked Remuneration

### ● Performance-linked bonus (FY2024)

#### 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 (¥680billion).

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President and CEO:

$(\text{profit in FY2024} - \text{¥520 billion}) \times 0.025\% + 0.35$  (¥100 million)

Senior Executive Vice President:

$(\text{profit in FY2024} - \text{¥520 billion}) \times 0.01\% + 0.14$  (¥100 million)

Executive Vice President:

$(\text{profit in FY2024} - \text{¥520 billion}) \times 0.0075\% + 0.105$  (¥100 million)

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Please check the link below for data on the maximum payment amount and its total for each position as Executive Officers of eligible Executive Directors.

Reference: [ESG Data](#) 

#### 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<sup>\*</sup>) [80%~120%]

- “Profit in FY2024”  
→ Replace with “the average of the profit for the three fiscal years, FY2024, FY2025, and FY2026.”
- “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 (¥680billion).”  
→ 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, FY2024, FY2025, and FY2026.”

The upper limit will be the lower of i) ¥648 million or ii) the maximum total of individual payment amounts prescribed below.

Please check the link below for data on the maximum payment amount and its total for each position as Executive Officers of eligible Executive Directors.

Reference: [ESG Data](#) 

\* Sustainability factors over three fiscal years of the performance period in both quantitative and qualitative terms evaluated at a newly established subcommittee of the Compensation Committee (the members of the committee are the Chairman of the Board and all Independent Directors (including Directors who are Audit & Supervisory Committee Members), 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 1,200,000 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 300.

#### (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

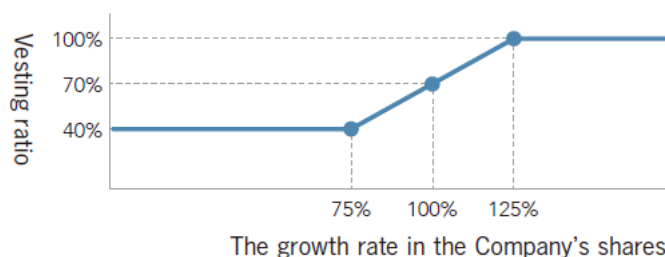
a) The number of stock acquisition rights that can be exercised by each position will be determined by the following formula.

- Initial number of allocated stock acquisition rights for the position (based on position as of April 1, 2024) × 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)

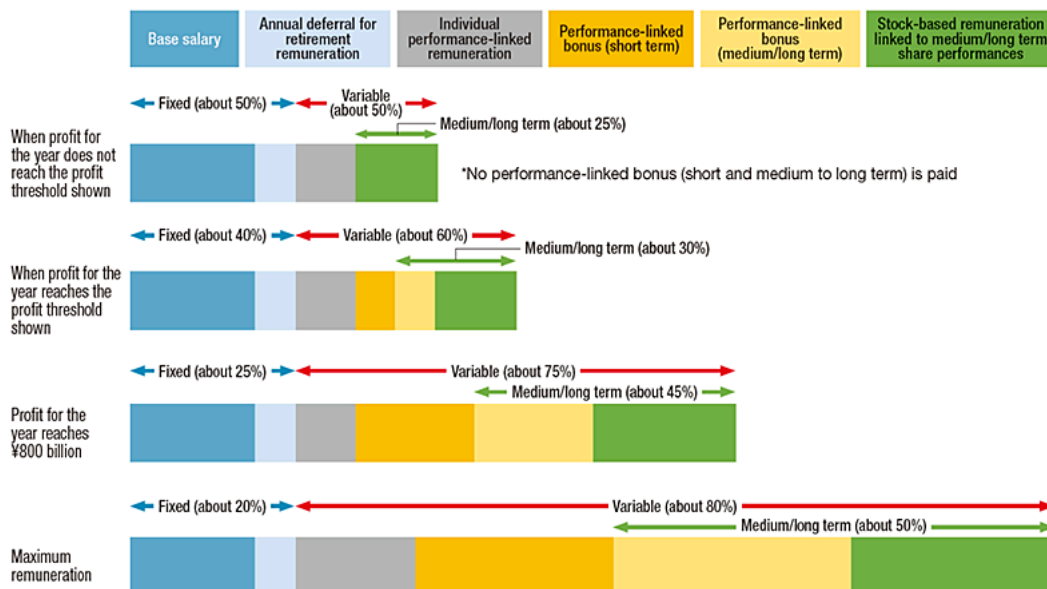
$$\text{MC's TSR} = (A + B)/C$$

- 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)

$$\text{TOPIX growth rate} = D/E$$

- 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 approximately 300% (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.

### **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.

### **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.

### February 2024 Governance, Nomination and Compensation Committee

- The amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members in response to the transition into a Company with an Audit & Supervisory Committee were deliberated.

### March 2024 Board of Directors' Meeting

- The amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members in response to the transition into a Company with an Audit & Supervisory Committee were approved.

### June 2024 Board of Directors' Meeting

- The policy for determining remuneration packages in this fiscal year was approved.

## Directors' and Audit & Supervisory Board Members' Remuneration: Total Amounts and Number of Eligible Persons in the Fiscal

Please check the link below for data on Directors' and Audit & Supervisory Board Members' Remuneration: Total Amounts and Number of Eligible Persons in the Fiscal.

Reference: [ESG Data](#) 

## Names, Titles, Total Amounts of Consolidated Remuneration and Amount by Type of Remuneration for Each Director and Audit & Supervisory Board Member

Please check the link below for data on Names, Titles, Total Amounts of Consolidated Remuneration and Amount by Type of Remuneration for Each Director and Audit & Supervisory Board Member.

Reference: [ESG Data](#) 

## 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.

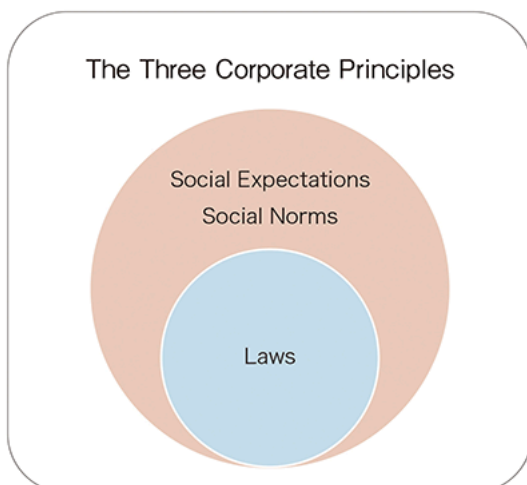
Governance

# 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

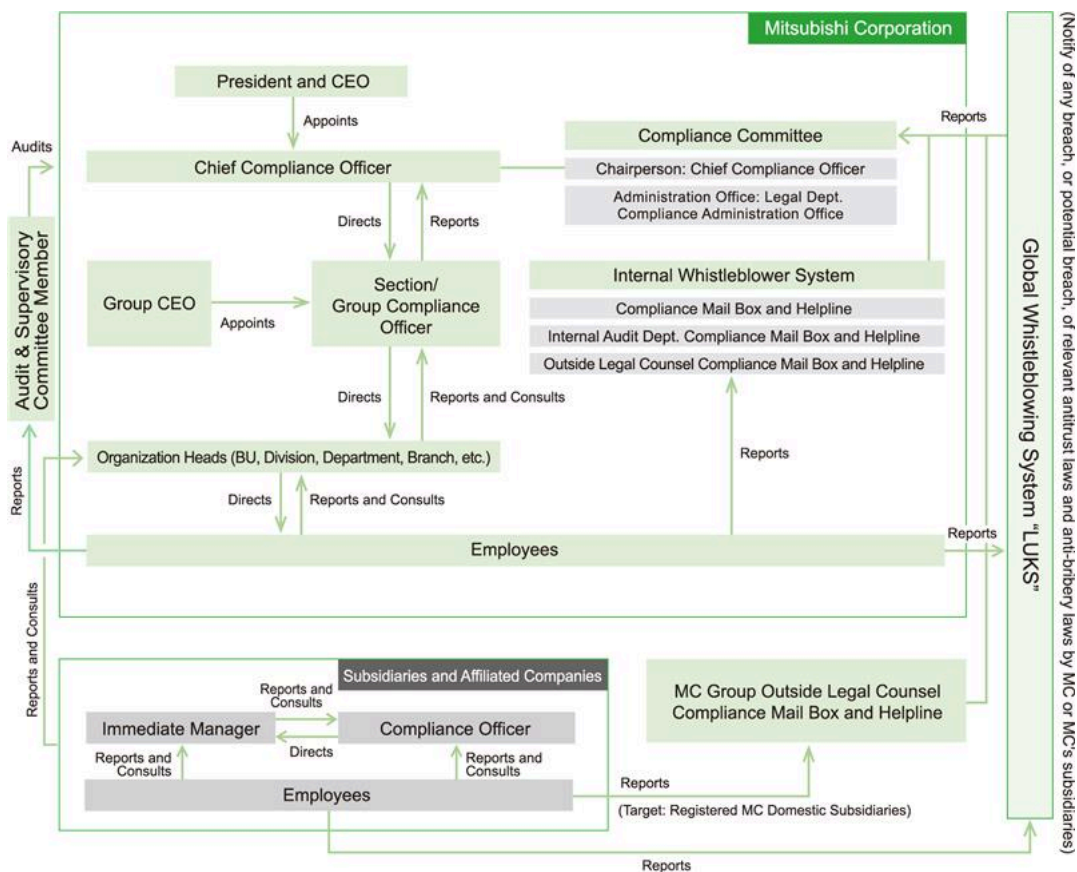
### Investigations of Compliance Violations and Response Systems

#### 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 Committee 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.

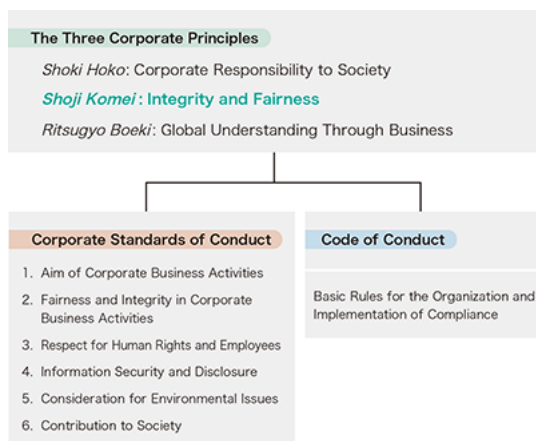
In addition, MC has a dedicated organization within the Legal Department called the "Administration Office for the Compliance Committee" which supports the Chief Compliance Officer in handling compliance cases, and both plans and implements MC Group compliance programs in cooperation with each Compliance 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, and published it for officers and employees' reference. 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 so that officers and employees may look it up whenever necessary. 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 Subcontracting 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

We see employee engagement as the most important factor in our efforts to develop a dynamic spirited, and vibrant talent pool and organization through human resource policies linked to our management strategies. In line with this philosophy, we began to conduct a yearly Employee Awareness Survey in FY2022 with the aim of regularly monitoring and enhancing our organizational culture, including the culture of compliance. One of the Group's KPIs is the maintenance of positive response rates of at least 65% for both the employee engagement rate and employee enablement rate in the Employee Awareness Survey. 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. For example, in FY2023 we took steps to raise productivity by improving business process efficiency through Groupwide business process reforms based on our analysis of the results of the Employee Awareness Survey. The aim of these reforms is to create business environments in which our human resources can focus on value creation activities.

### 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 for provision of entertainment or gifts to public officials, appointment of agents/intermediaries, acceptance of internships for relatives of public officials, and donation to governments and their enterprises. 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 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. 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 FY 2023, 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. In FY2023, MC further reviewed application forms as well as the approval procedure itself. These procedures are reviewed annually as described in the above.

- Agents are categorized into three 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.
- 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 FY 2023, 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)”. 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. and the Audit & Supervisory Committee Members. 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)”) 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. In addition to these internal whistleblowing systems, MC has another whistleblowing reporting route called the “MC Group Legal Counsel Compliance Mail Box and Helpline” for officers and employees of MC Group companies. Furthermore, MC operates 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.).

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. While we have set up multiple whistleblowing reporting routes as briefly described in the above, 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. MC’s whistleblowing reporting systems are reviewed continually as described in the above. 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 FY 2023, there were no whistleblowing reports which had a significant impact on the management of the MC Group.

Reference: [Compliance Framework](#)

## Number of reports received through Whistleblowing Systems

In FY2023, MC received a total of 60 reports, including Whistleblowing Reports to MC Group companies, of which 31 were related to harassment and 29 were related to other issues (occupational health and safety, labor management, etc.).

In FY 2023, no reported cases had a significant impact on the management of the MC Group.

Please check the link below for data on Number of reports received through Whistleblowing Systems.

Reference: [ESG Data](#) 

## 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 Committee Members receive reports twice a year regarding compliance activities, so that they can provide more effective supervision from their external perspectives.

## pdf booklet “Mitsubishi Corporation Compliance Report”

Please also refer to our pdf booklet “Mitsubishi Corporation Compliance Report” for our compliance activities.

Reference: [Mitsubishi Corporation Compliance Report](#) 

## 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 as well such as antitrust laws, the Subcontract Act, prevention of bribery and corruption including anti-bribery laws, and labor management. 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 published the booklet to all officers and employees for their easy reference.

## 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 FY2023 was 136. 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 FY2023, 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 ✓ Integrated Risk Management and Monitoring ✓

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 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 with companywide 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, country 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, Human Resources, Global Planning & Coordination, IT
Environmental risk	Kenji Kobayashi	Corporate Functional Officer, CSEO

### 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)
Finance Department	Credit risk, Market risk (foreign exchange, interest rate, stock price,foreign exchange mikoshi*, etc.) , Country risk
Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	Credit risk (rating systems, conclusion of contracts, trade credits, bailment, payment extension, etc.)

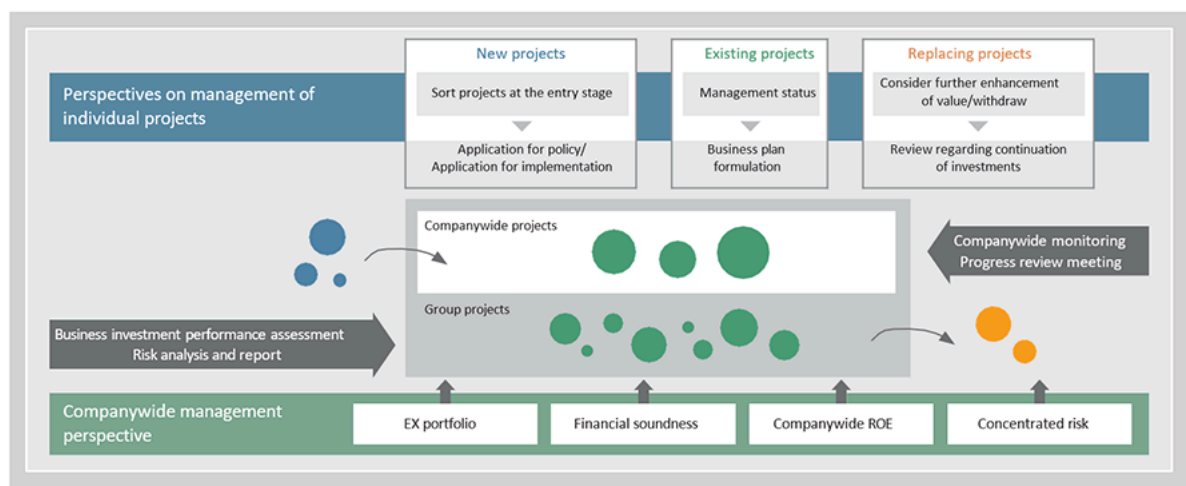
\* The Structured Finance, M&A Advisory Dept. also manages foreign exchange mikoshi.

(notes)\* The above list excludes those items that are related to major risks.

### 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.

<b>New projects</b>	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
<b>Existing projects</b>	Business plan formulation	Once a year, review subsidiaries and affiliates' management issues and initiatives as well as MC's functions and business life cycle
<b>Replacement projects</b>	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



# Integrated Risk Management and Monitoring

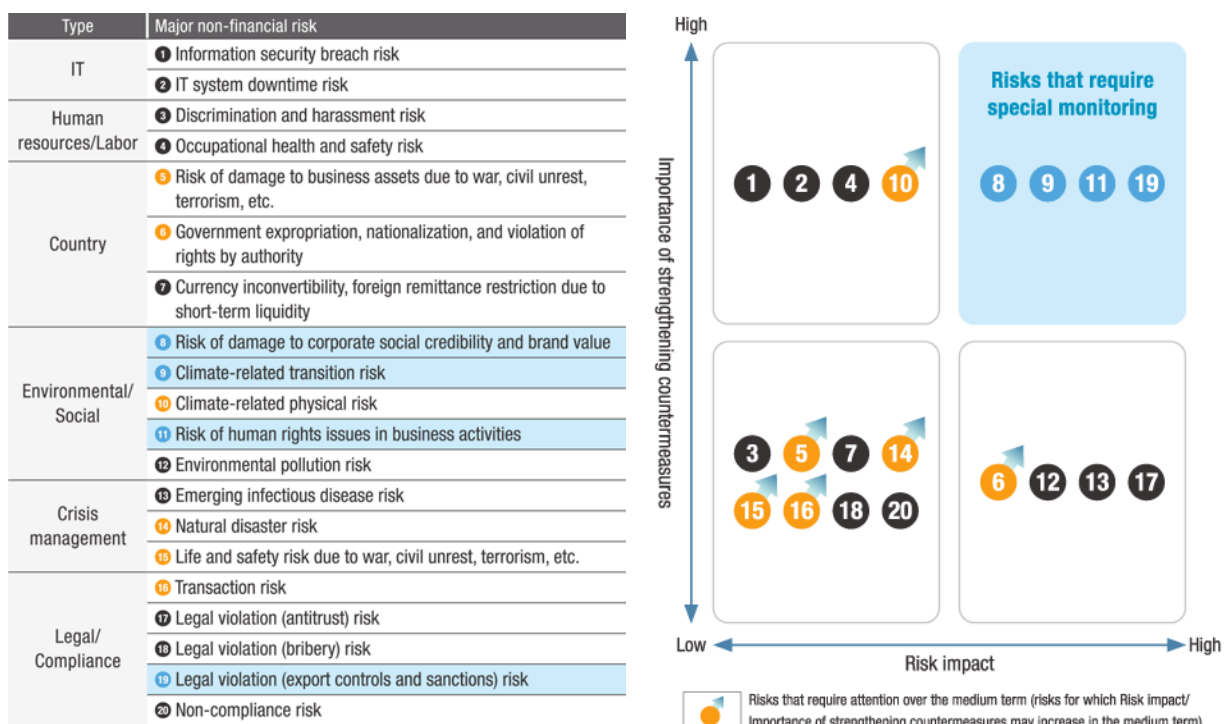
MC implements integrated risk management and monitoring in addition to responding to risks individually. As an example, we identify operational risks, which have become increasingly important in recent years. Every year, we report our evaluation of these risks to the Board of Directors, which is based on unified standards, as well as on the establishment and operation of risk management systems, taking into account future changes in the external environment. In the fiscal year ended March 31, 2024, we conducted the following three-step evaluation and reported the results to the Board of Directors.

## STEP1 Evaluation of the current situation by developing a risk map

MC identifies the major operational risks in the Company and then evaluates the risks on a consolidated basis in accordance with unified standards, before listing them as a risk map as follows. We identify “Risks that require special monitoring” (located in the upper right hand corner of the risk map), and the Board of Directors monitors the countermeasures.

## STEP2 Medium-term evaluation taking into account the external environment

In addition to evaluating the current situation (Step 1), MC identifies external environmental factors (geopolitics, economics, the environment, etc.) that may affect major operational risks in order to take into account changes in the external environment over the medium-term. We identify operational risks that are particularly susceptible to such factors as “Risks that require attention over the medium term” since they may shift to “Risks that require special monitoring” in the future (see 5, 6, 10, 14, 15, and 16 below).



## STEP3 Addressing risks that require attention over the medium term

In addition to “Risks that require special monitoring,” MC also positions “Risks that require attention over the medium term” as risks for which we should especially strengthen our responses in the future. We arrange the countermeasures for these risks as follows, and the Board of Directors monitors them.

- ⑤ Risk of damage to business assets due to war, civil unrest, terrorism, etc.
- ⑥ Government expropriation, nationalization, and violation of rights by authority

Responding to geopolitical uncertainties, we conducted the Global Intelligence Committee based on information gathered from the global network. In addition, we have developed a country risk countermeasure system on a company-wide basis to cope with the deterioration of national financial discipline, particularly in emerging countries.



#### ⑩ Climate-related physical risk

For the two assets (metallurgical coal and copper) determined to have a high level of exposure to physical risks in the physical risk assessment (metallurgical coal and copper; see [the Climate Change](#) section for additional details), we check annually whether there are any updates to the current measures and future adaptation strategies already disclosed.

#### ⑭ Natural disaster risk

We have prepared initial response and BCP on a consolidated basis both in Japan and overseas\*.

#### ⑮ Life and safety risk due to war, civil unrest, terrorism, etc.

We have built up a structure for securing the lives and safety of our employees on a consolidated basis both in Japan and overseas\*.

#### ⑯ Transaction risk

We are preventing negative impacts come from the transaction risk by clarifying the contractual relationship and to mitigate the loss with the support of the legal department when we expose to the risk.

\* See [the Crisis Management on a Consolidated Basis/Business Continuity Management \(BCM\)](#) for additional details.

## [TOPICS] Risk Management Policy

In the fiscal year ended March 31, 2024, MC determined the risk management policy for each risk and classified them into two categories described below. Among the risk items that is classified to (i), we identified the risk items for which quantitative assessment is to be strengthened and promoted.

i) Loss mitigation in the event of a risk occurrence	ii) Preventing the risk occurrence
<p>We focus on damage control when it occurs because these types of risks are difficult to prevent from materializing.</p> <p><b>Risk items utilizing quantitative assessment</b></p> <ul style="list-style-type: none"> <li>⑤ Risk of damage to business assets due to war, civil unrest, terrorism, etc.</li> <li>⑥ Government expropriation, nationalization, and violation of rights by authority <b>A</b></li> <li>⑦ Currency inconvertibility, foreign remittance restriction due to short-term liquidity</li> <li>⑨ Climate-related transition risk <b>B</b></li> </ul> <ul style="list-style-type: none"> <li>⑬ Emerging infectious disease risk</li> <li>⑭ Natural disaster risk <b>C</b></li> <li>⑮ Life and safety risk due to war, civil unrest, terrorism, etc.</li> </ul>	<p>We can control the likelihood of the negative events come from the risks and the risk occurrence should be prevented.</p> <ul style="list-style-type: none"> <li>① Information security breach risk</li> <li>② IT system downtime risk</li> <li>③ Discrimination and harassment risk</li> <li>④ Occupational health and safety risk</li> <li>⑧ Risk of damage to corporate social credibility and brand value</li> <li>⑩ Climate-related physical risk</li> <li>⑪ Risk of human rights issues in business activities</li> <li>⑫ Environmental pollution risk</li> <li>⑬ Transaction risk</li> <li>⑯ Legal violation (antitrust) risk</li> <li>⑰ Legal violation (bribery) risk</li> <li>⑱ Legal violation (export controls and sanctions) risk</li> <li>⑲ Non-compliance risk</li> </ul>

- ⑤ Risks of damage to business assets due to war, civil unrest, terrorism, etc.
- A** ⑥ Government expropriation, nationalization, and violation of rights by authority
- ⑦ Currency inconvertibility, foreign remittance restriction due to short-term liquidity

Based on the various risk factors of each country, we set ceilings of acceptable risk (Company-wide Management Framework) for each country and conducts a semi-annual survey to control the accumulation of risk.

#### **B** ⑨ Climate-related transition risk

We have already set GHG emissions reduction targets and have disclosed Scope 1, 2, and Scope 3 Category 11 emissions as well as avoided emissions (See [Key GHG Metrics and Disclosure Highlights](#) for additional details). Based on these initiatives, in order to comply with sustainability disclosure standards, we are continuously considering and reviewing internally how best to quantify the financial impact of climate-related transition risk and the appropriate disclosure methods.

- ⑬ Emerging infectious disease risk
- C** ⑭ Natural disaster risk
- ⑮ Life and safety risk due to war, civil unrest, terrorism, etc.

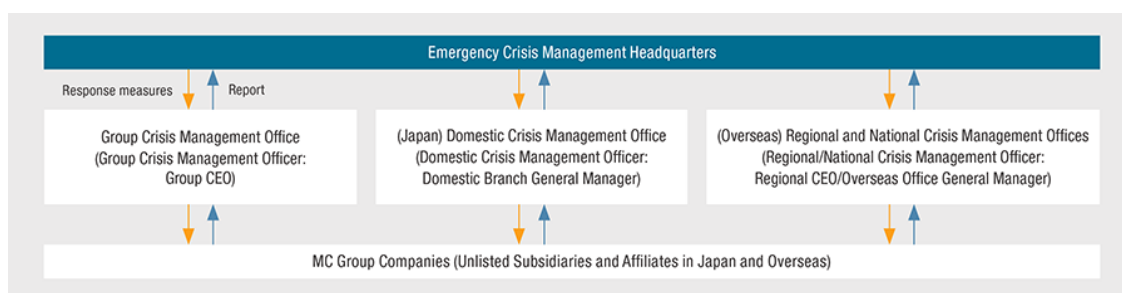
We are focused on building a system to mitigate loss in the event of a risk appeared.

# 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 Group/Regional and National Crisis Management Offices under the management and supervision of the Emergency Crisis Management Officer (Representative Director and Executive Vice President Yoshiyuki Nojima).

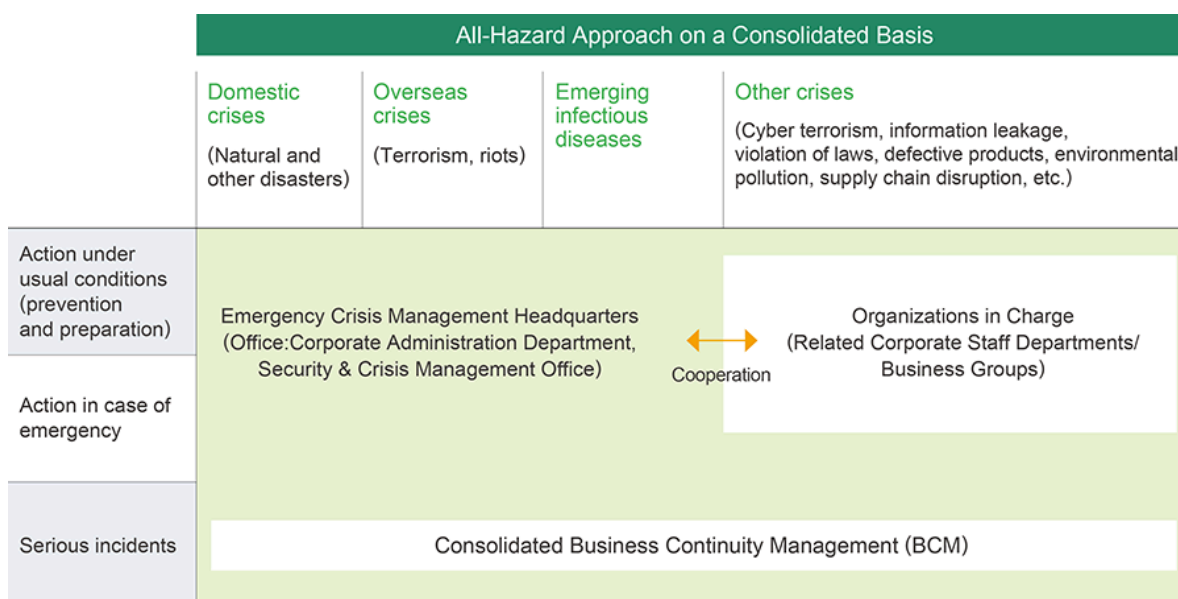


\* As of November 1, 2024

### 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 Business 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.
<b>Common</b>	<ul style="list-style-type: none"> <li>Crisis Management Policy</li> <li>MC Group Crisis Management Guidelines</li> </ul>			
<b>Japan</b>	<ul style="list-style-type: none"> <li>Standard for Japan Crisis Management</li> </ul>	<ul style="list-style-type: none"> <li>Emergency Crisis Response Headquarters Manual</li> </ul>	<ul style="list-style-type: none"> <li>Development of IT systems to implement various responses in case of emergencies               <ul style="list-style-type: none"> <li>— Safety confirmation for officers and employees</li> <li>— Emergency communication tools</li> <li>— Safety confirmation of officers and employees / facility damage at MC Group companies</li> </ul> </li> <li>Maintenance of stockpiles (food, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Earthquake simulation training</li> <li>EOC drills</li> <li>Safety confirmation training (consolidated basis)</li> <li>Desktop exercises (consolidated basis)</li> <li>Crisis Management Orientation for Employees</li> </ul>
<b>Overseas</b>	<ul style="list-style-type: none"> <li>Standard for Overseas Crisis Management</li> </ul>	<ul style="list-style-type: none"> <li>EOC/EOC Support Headquarters Manual</li> <li>BCP (head office, domestic/overseas offices)</li> <li>Emerging Infectious Disease Response Manual</li> </ul>	<ul style="list-style-type: none"> <li>Individual alerts/travel restrictions for overseas business trips</li> <li>Overseas safety surveys</li> <li>Establishment of a safety confirmation IT system for overseas workers and overseas business travelers (including some MC Group companies)</li> </ul>	<ul style="list-style-type: none"> <li>Overseas Crisis Management Orientation for Employees</li> <li>Desktop exercises (consolidated basis)</li> </ul>
<b>Emerging infectious diseases</b>	<ul style="list-style-type: none"> <li>Standard for Emerging Infectious Diseases</li> </ul>		<ul style="list-style-type: none"> <li>Working from Home (WFH)</li> <li>Provision of stockpiles (masks, disinfectant, etc.)</li> <li>Various measures to be taken in the office and during commuting/work</li> </ul>	<ul style="list-style-type: none"> <li>Various warning notices</li> <li>Display of in-house awareness-raising materials</li> </ul>

\* MC also provides individual support to Group companies

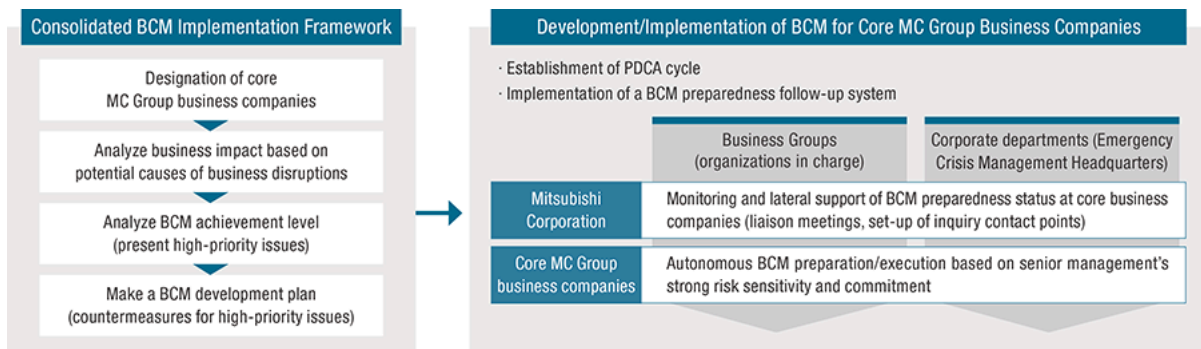
\* EOC stands for Emergency Operation Center. In the event of a major disruption to the functions of the head office, the EOC, which is responsible for first response operations, has been established at a location separate from the head office to act in place of the Emergency Crisis Management Headquarters.

## 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
<ul style="list-style-type: none"> <li>• Business Continuity Management Policy</li> <li>• Standard for the Business Continuity Management</li> </ul>	<ul style="list-style-type: none"> <li>• MC Group BCM Guidebook</li> </ul>	<ul style="list-style-type: none"> <li>• BCM development status self-assessment tools (heat maps, checklists)</li> <li>• BCM development plans</li> <li>• BCM development tools (first response manual / BCP samples, etc.)</li> <li>• BCM Re-examination / BCM Dialogue, etc.</li> </ul>

## 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).

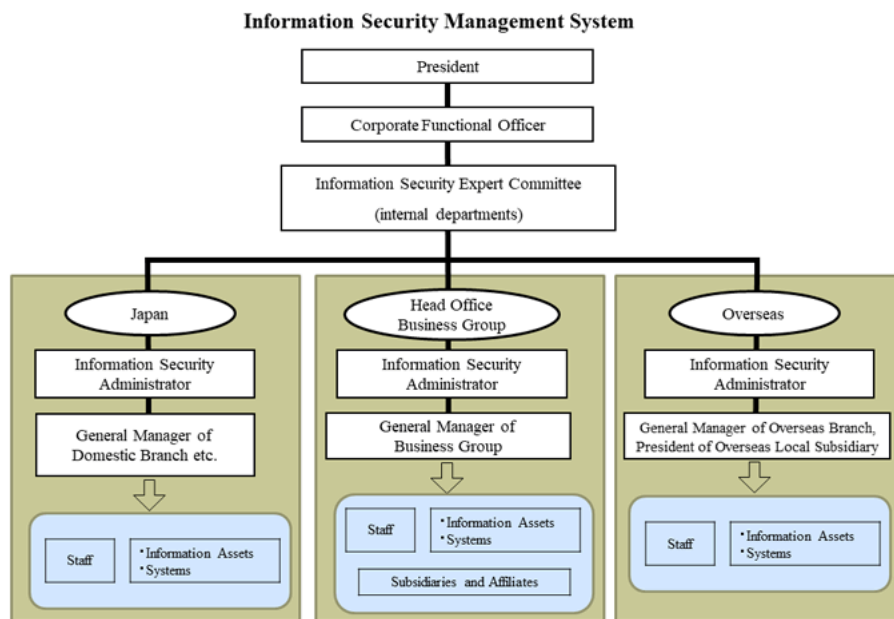
## Preparations for Large-Scale Natural Disasters

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

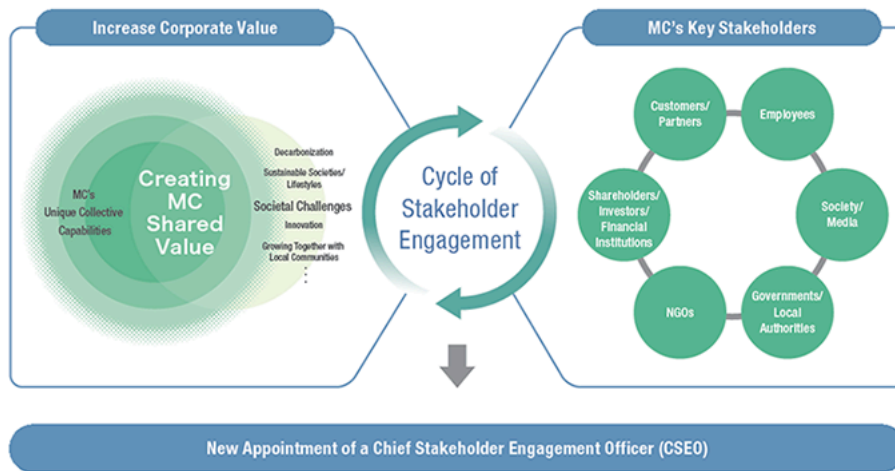
The MC Audit & Supervisory Committee deliberates on appointments, dismissals, reappointments and non-reappointments of MC's Independent Auditors, and each year assesses appropriateness of the audit methods and the audit results. If the Audit & Supervisory Committee deems it fit to dismiss or to not reappoint 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., Olam Group Limited, Mitsubishi Corporation Packaging 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 versatile group 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](#)

### MC Staff Union

Please refer to the links below for information on MC Staff Union.



## 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
- Communication with shareholders at the Ordinary General Meeting of Shareholders
- Publication of business reports, integrated reports, sustainability reports, investors' notes
- Quarterly financial results briefings
- Business briefing sessions
- Online seminars with individual investors

Reference: [Corporate Governance Report, Principle 5.1 Policy for Constructive Dialogue with Shareholders](#) 



## Society and the Media

We believe that building relationships with society and the media is important for the promotion of our business. Through communication, we strive to receive their opinions and requests, and to gain their understanding and support for our management philosophy and strategies, as well as our stance on social issues.

### Examples of Engagement

- Ensure timely and accurate disclosure regarding projects and events that could significantly affect society or people's livelihoods
- Sharing views from a business perspective that may influence the formation of public opinion

e.g. Corporate Website, News Release, Official SNS, Sponsored Events

## 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 (5); Europe (29); the Americas (48)
- 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.

### FTSE4Good Index Series • FTSE Blossom Japan Index • FTSE Blossom Japan Sector Relative Index



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

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.

### MSCI Nihonkabu ESG Select Leaders Index

#### 2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

We have been selected for the MSCI Nihonkabu ESG Select Leaders Index. The MSCI Nihonkabu ESG Select Leaders Index is a free float-adjusted market capitalization-weighted index designed to represent the performance of companies that are selected from the MSCI Nihonkabu Investable Market Index (Parent Index) based on Environmental, Social and Governance (ESG) criteria. These criteria exclude constituents based on involvement in specific business activities, as well as ESG ratings and exposure to ESG controversies. The Index construction has a target coverage of 50% by number of securities in each Global Industry Classification Standard (GICS®) sector of the Parent Index by selecting constituents primarily based on criteria including the ESG rating and the company's industry adjusted ESG score.

The MSCI Japan ESG Select Leaders Index was adopted by GPIF as its latest passive ESG investment management benchmark, and Mitsui has met the selection criteria for the index and is selected as a stock.

\*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).

[Download 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.



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.



健康経営優良法人  
Health and productivity  
ホワイト500

MC's initiatives on Safety and Health continue to be recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program's "White 500".

Reference: [Well-being\\_\(Health & Productivity Management, Occupational Safety and Health\)](#)

## 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–FY2023)
- Selected as one of the "Most Improved Integrated Reports" by GPIF's external asset managers (FY2019–FY2023)
- 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)
- Selected for SOMPO Sustainability Index

## Externally Disclosed Information/Reporting Scope/Reference Guidelines

MC discloses information externally through the following media in accordance with its Corporate Disclosure Policy.

- **Integrated Report 2024**  
[https://www.mitsubishicorp.com/jp/en/ir/library/ar/assets\\_r24/pdf/areport/2024/all.pdf](https://www.mitsubishicorp.com/jp/en/ir/library/ar/assets_r24/pdf/areport/2024/all.pdf)
- **Annual Financial Report 2024**  
[https://www.mitsubishicorp.com/jp/en/ir/library/afr/assets\\_r24/pdf/afr2024.pdf](https://www.mitsubishicorp.com/jp/en/ir/library/afr/assets_r24/pdf/afr2024.pdf)
- **Voting Results of 2024 Ordinary General Meeting of Shareholders**  
[https://www.mitsubishicorp.com/jp/en/ir/sh\\_meeting/pdf/result\\_2024.pdf](https://www.mitsubishicorp.com/jp/en/ir/sh_meeting/pdf/result_2024.pdf)
- **Notice of 2023 Ordinary General Meeting of Shareholders**  
[https://www.mitsubishicorp.com/jp/en/ir/sh\\_meeting/pdf/shoshu\\_2024.pdf](https://www.mitsubishicorp.com/jp/en/ir/sh_meeting/pdf/shoshu_2024.pdf)
- **Corporate Brochure 2024**  
<https://www.mitsubishicorp.com/jp/en/about/cguide/>
- **Corporate Governance Report**  
<https://www.mitsubishicorp.com/jp/en/ir/library/governance/>
- **Mitsubishi Corporation Compliance Report**  
[https://mitsubishicorp.disclosure.site/pdf/en/Compliance\\_Report\\_2022.pdf](https://mitsubishicorp.disclosure.site/pdf/en/Compliance_Report_2022.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 issued 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, financial products and resources, etc. However, elements that may affect business performance are not limited to these factors.