

Sustainability

Based on the Three Corporate Principles, which have served as MC's core philosophy since its inception, MC has pursued 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.

Midterm Corporate Strategy 2024 further introduces the concept of "Creating MC Shared Value", which builds upon the vision of continuing to grow as a company by addressing the challenges facing society and industry.









By continuously creating MC Shared Value, MC seeks to achieve sustainable growth together with society.

Materiality

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.

Since the Key Sustainability Issues were identified, the societal issues that should be solved have changed along with the external environment. In light of those changes, we

reviewed the Key Sustainability Issues when we formulated Midterm Corporate Strategy 2024 in order to further raise our corporate value over the medium- to long-term. In order to continuously create MC Shared Value, which is the goal of Midterm Corporate Strategy 2024, we have redefined "Materiality" as a set of crucial societal issues that we will solve through our business activities, and have established "Action Plans," which serve as medium-term plans related to the relevant material issues for each business and initiative of each Division and Business Group.

	Issues	Overview
Realizing a Carbon Neutral Society and Striving to Enrich Society Both Materially and Spiritually	 Contributing to Decarbonized Societies	Contribute to the realization of decarbonized societies by striving to reduce greenhouse gas (GHG) emissions, while providing products and services that support decarbonization during the transition period.
	 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.
	 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.
	 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.
	 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.
	 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.
Striving to Serve as a Platform for Generating Triple-value Growth*	 Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce	Recognizing that our human resources are the great assets of our businesses, foster a diverse and versatile talent pool that drives efforts to generate triple-value growth throughout our organization, and also seek to develop an organization where diverse human resources share common values and grow together while furthering their connections and inspiring one another to excel.
	 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.

*Triple-value growth: the simultaneous generation of economic value, societal value, and environmental value

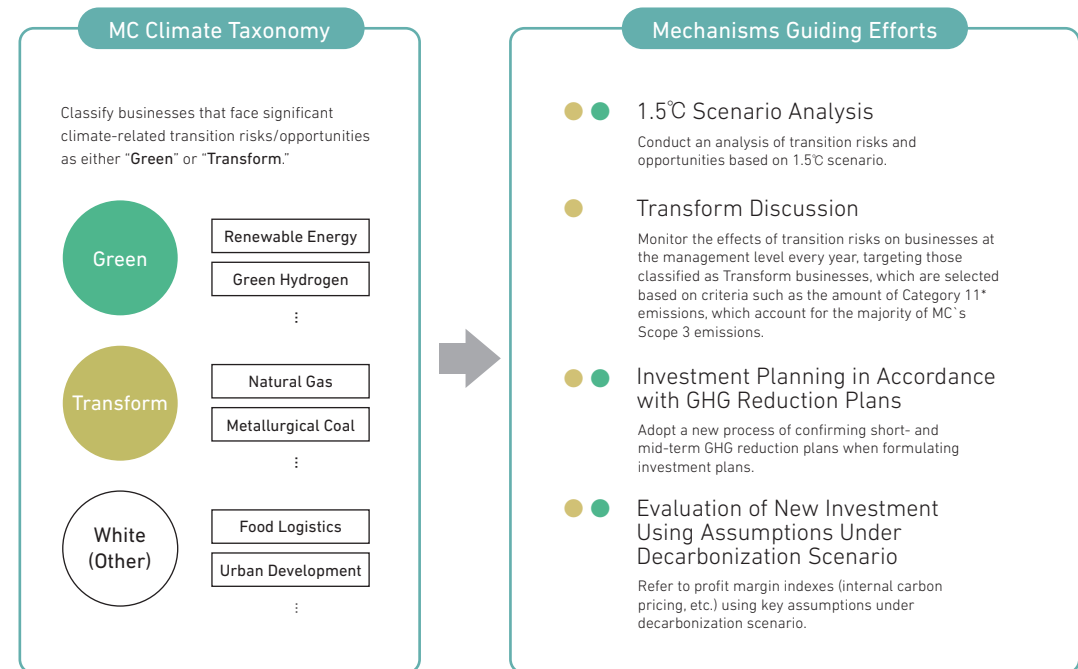
Initiatives for Realizing a Carbon Neutral Society

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 and MC Group companies, we work with a wide range of stakeholders around the world each day in developing our business. We utilize this network to accurately grasp individual issues and needs as we aim to realize a decarbonized society through the process of realizing solutions through businesses that connect internal and external know-how.

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. In order to achieve the GHG reduction targets (halve by FY2030 (FY2020 baseline), net zero by 2050) outlined in our "Roadmap to a Carbon Neutral Society," as sustainability policies to address climate change, we have introduced mechanisms for simultaneously decarbonizing and reinforcing our portfolio while also classifying each of our businesses according to climate change-related transition risks/opportunities. In addition to the "Scenario Analysis," which MC has been conducting for several years, MC has newly introduced the mechanisms of "Transform Discussions," "Investment Planning in Accordance with GHG Reduction Plans" and "Evaluation of New Investments Using Assumptions Under a Decarbonization Scenario," and has established an appropriate governance and risk management system to ensure that MC's businesses are aligned with a 2050 net zero scenario in terms of both individual projects and company-wide business strategy.

Mechanisms for Simultaneously Decarbonizing and Reinforcing our Portfolio



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

Roadmap to a Carbon Neutral Society
Click here for details

