

Environment
Social
Governance

 Mitsubishi Corporation

MC Shared Value Creation Forum

ESG Dialogue

April 9, 2024

Environment Social Governance

Transition to a Company with an Audit & Supervisory Committee

Executive Vice President

Yoshiyuki Nojima

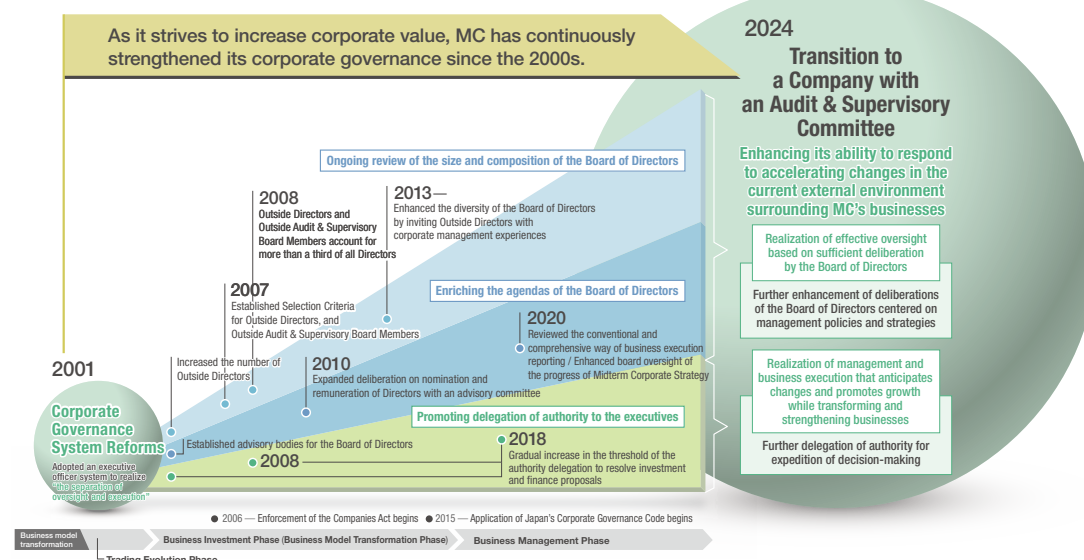
Corporate Functional Officer,
Corporate Administration, Legal

I will now explain our governance initiatives.

As publicly disclosed on March 15th, we plan to submit a proposal to change the Articles of Incorporation at this year's Ordinary General Meeting of Shareholders to transition from our current status as a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. Today, I would like to discuss the purpose and overview of these changes to MC's corporate governance structure, thereby furthering your understanding.

Basic Policy of and Evolution of Corporate Governance of Mitsubishi Corporation (MC)

Governance



First, I will give more insight into the background behind and purpose of this corporate governance structure.

Since the 2000s, MC has continuously strived to strengthen its corporate governance and increase corporate value.

As you can see on the bottom left, since 2001, MC has been promoting the separation of oversight and execution, and within the Company with an Audit & Supervisory Board structure, we continuously strengthen corporate governance on three major points:

1. Ongoing review of the size and composition of the Board of Directors
2. Enriching the agenda of the Board of Directors
3. Promoting delegation of authority to the executives

As a result, the Board of Directors has shifted from the conventional role of decision-making on individual investment and finance proposals to a supervisory body that monitors management policies and strategies. Also, recent evaluations of the effectiveness of the Board of Directors have confirmed that MC has a matured corporate governance system as a Company with an Audit & Supervisory Board.

MC's Governance, Nomination & Compensation Committee has been continuously deliberating over what the best governance structure is for the company, while also hearing opinions from Independent Members of the Board. Recently, we have decided to transition into a Company with an Audit & Supervisory Committee, which is the structure with a stronger focus on monitoring.

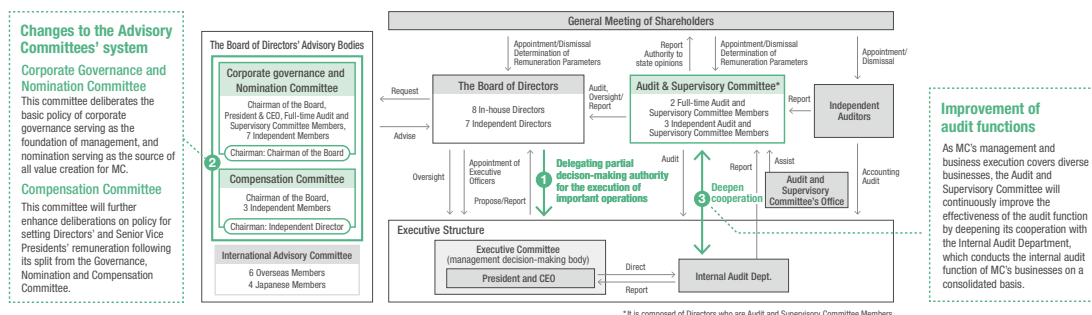
As a result, we will enhance and improve the monitoring functions of the Board of Directors, strengthen its ability to respond to accelerating changes in the current external environment, and achieve further development and increase corporate value by 1) further enhancing deliberations centered on management policies and strategies at the Board of Directors, and 2) further expediting decision-making through the delegation of authority.

The Key Points of MC's Corporate Governance System Following the Transition to a Company with an Audit and Supervisory Committee

Governance

■ MC continuously strives for the realization of “effective oversight based on sufficient deliberation by the Board of Directors” and “management and business execution that anticipates changes and promotes growth while transforming and strengthening businesses.” For the purpose of further pursuing these goals, MC will strengthen its entire corporate governance system as follows, through its transition to a Company with an Audit and Supervisory Committee.

- ① Strengthen MC's ability to respond to changes of current external environment surrounding MC's businesses by **delegating partial decision-making authority for the execution of important operations to the executives**, ensuring timely decision-making and flexibility of deliberation at the Board of Directors
- ② Enhance the deliberation by **splitting the Governance, Nomination and Compensation Committee into two committees**, comprised of the “Corporate Governance and Nomination Committee” and the “Compensation Committee”
- ③ Improve audit functions through **deepening cooperation between the Audit and Supervisory Committee and the Internal Audit Department**



I will explain three key points about MC's corporate governance system after the transition.

First, as stated in the material as ①, we will further delegate decision-making authority for the execution of important operations to the executives under the President, and strengthen supervision by having the Board of Directors focus more than ever on deliberating management policies and strategies. The current fiscal year is the final year of Midterm Corporate Strategy 2024. As such, we will work to ensure effective deliberations regarding management policies and strategies, including in the formulation of the next mid-term corporate strategy. However, it is also important to have a thorough understanding on the company's diverse business activities. Therefore, we will further enhance the quality and quantity of information provided to Independent Members of the Board outside of Board meetings, including about individual investment and finance proposals, thereby strengthening the foundation for appropriate monitoring functions.

Next, as stated in the material as ②, we will split the Governance, Nomination & Compensation Committee, an advisory body to the current Board of Directors, into two-committees comprised of the “Corporate Governance & Nomination Committee” and the “Compensation Committee.”

The Governance, Nomination & Compensation Committee's current scope of deliberation is expanding, and the content of discussions on topics such as compensation, including the sustainability-linked compensation introduced last year, will also expand. Through the previously mentioned two-committee structure, we will enhance deliberations and further improve transparency.

Our governance structure is summarized on page 4, and each committee is composed of a majority of Independent Directors, which ensures objectivity, transparency, and fairness. The Corporate Governance & Nomination Committee deliberates on such matters as choosing successors of President and the company's governance system, and its chair is responsible for appropriately getting information from the executives and the opinions of Independent Directors, thereby leading to lively discussions. Accordingly, the Committee

Chairman will be Mr. Kakiuchi, who has a thorough understanding of MC's businesses and other internal affairs and has built strong relationships of trust with each Independent Director through the Board and other forums. Ms. Akiyama, who is present today, will serve as chair of the Compensation Committee requiring higher objectivity and transparency.

Finally, as stated in the material as ③, we will improve audit functions by deepening cooperation between the Audit & Supervisory Committee and the Internal Audit Department. For MC, the current Audit & Supervisory Board and the Internal Audit Department are already working together closely, but after the transition, we will further deepen such cooperation to continue improving the effectiveness of audits.

Lastly, though my explanation will conclude here, I ask that you please see the attached reference materials with further details that summarize (1) the skills matrix of the Independent Directors, and (2) an overview of the current structure and the structure after the transition.

Corporate Governance System after the Transition

■ Structure after the transition to a Company with an Audit & Supervisory Committee is as follows.

Governance



《Comments by Sakie Akiyama, Independent Director》

Since June 2020, I've been involved with management at Mitsubishi Corporation (MC), serving as an Independent Director for approximately four years. During this period, I have also served as an independent director for several other listed companies with nominating committees. Based on my experience exchanging views with independent directors at other companies, particularly female directors, if I were to briefly sum up MC's governance, I would say that this is a company with an extremely high capacity for self-improvement.

With market interest increasing with each passing year, such as with the revision of Japan's Corporate Governance Code, every company has been making efforts toward self-improvement and raising the level of governance.

One of the most important and significant points that I feel makes MC superior is that in addition to the commitment of the Independent Directors, the executives work with enthusiasm, strong will, and a strong drive for self-improvement, including in its governance.

The role of Independent Directors is to appropriately supervise executives, and I feel that the most important function that should be expected of Independent Directors is how well they can function in times of emergency, rather than in times of normalcy.

What makes an Independent Director capable of functioning in times of emergency? I think it comes down to how well they understand the company's business activities and management's thinking during times of normalcy, as well as how frankly and candidly they are able to exchange opinions and engage in contentious discussions. The most difficult aspects of serving as an Independent Director of MC are the myriad opportunities for various dialogues and the extremely large time commitment. I understand, however, that this is necessary and indispensable preparation to function as an Independent Director. I believe this to be a characteristic unique to MC and its governance.

In addition, Independent Directors have also played a part in formulating the current Midterm Corporate Strategy, increasingly spending a great deal of time in Board discussions on what the future business portfolio should look like or how it should be appropriately transitioned. In this context, we understand that these changes to MC's corporate governance structure were one of the options toward further developing existing operation of the Board of Directors and having it evolve into a style of discussing topics that should originally have been taken up at Board meetings.

Furthermore, in conjunction with these changes to its corporate governance structure, MC has also decided to revamp its Board of Director's advisory bodies through the establishment of the Compensation Committee, making the compensation portion of the committee independent from the current Governance, Nomination & Compensation Committee, which was a single committee with the participation of all Independent Directors. I will chair the Compensation Committee which is in charge of the deliberation of the compensation related matters including the evaluation of the sustainability-linked compensation introduced last year and the President's performance, in order to improve independency and transparency.

The most important point is whether or not these corporate governance structure changes will function properly. And, in case of MC, its executives, its Independent Directors, and its current Members of Audit & Supervisory Board are united in this essential and substantial effort toward improving governance and this sincere attitude and enthusiasm has been consistent. We will continue to strive toward improving MC's governance through dialogue with its stakeholders.

Experience, Insight and Expertise Expected of Members of the Board of Directors

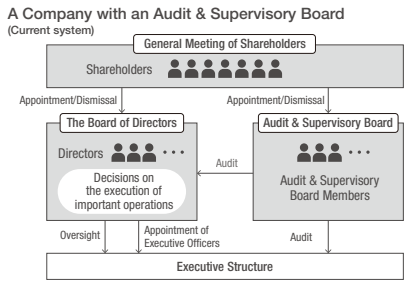
- We have established “Basic Items” as skill areas to be shared by all members.
- We also established “Management Strategy” items as areas of expertise needed to monitor progress on aspects of Midterm Corporate Strategy 2024, such as “Utilizing Integrated EX/DX Initiatives” and “Creating a New Future.”

Position	Name	Responsibilities/ Main Career Experience	Basic Items		Management Strategy				
			Business Management/ Organizational Management	Risk Management	Innovation		Global Intelligence	Human Resource Strategy	Environment and Society
					Energy	Digital			
Independent Directors (Supervisory Committee Members)	Shunichi Miyanaga	Chairman of the Board, Mitsubishi Heavy Industries, Ltd.	●	●	●		●		
	Sakie Akiyama	Founder, Saki Corporation	●	●		●		●	
	Mari Sagiya	Former Senior Vice President, IBM Japan, Ltd. Former Executive Vice President, Salesforce.com Co., Ltd.	●	●		●		●	
	Mari Kogiso	CEO, SDG Impact Japan Inc.	●	●				●	●
Directors who are Audit & Supervisory Committee Members	Tsuneyoshi Tatsuoka	Former Vice Minister, Ministry of Economy, Trade and Industry	●	●	●				●
	Rieko Sato	Partner, ISHII LAW OFFICE	●	● (Legal Attorney)					
	Takeshi Nakao	CEO, PARTNERS HOLDINGS, Co. Ltd.	●	● (Finance/Accounting) Certified public accountant					

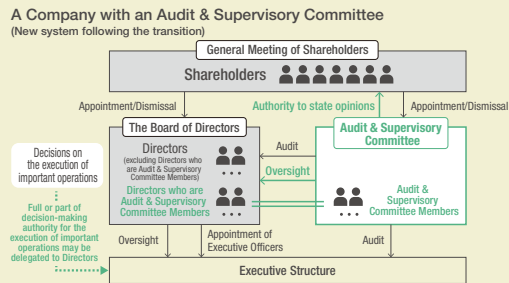
Outline of the Transition

- MC will transition from its current corporate governance system, a “Company with an Audit & Supervisory Board” to a “Company with an Audit & Supervisory Committee” following approval at the 2024 Ordinary General Meeting of Shareholders to be held in June 2024. The outline of the transition is as follows:

Governance



	A Company with an Audit & Supervisory Board (Present system)
Organization to be changed	Audit & Supervisory Board
Size and composition	9 Directors (4 out of 9 are Outside Directors) 5 Audit & Supervisory Board Members (3 out of 5 are Outside Audit & Supervisory Board Members)
Terms of Office	Directors : 1 Year Audit & Supervisory Board Members: 4 Years
Decisions on the execution of important operations	Decision-making authority for the execution of important operations may not be delegated from the Board of Directors
Authority to state opinions on matters such as appointments and remunerations of Directors	N/A



	A Company with an Audit & Supervisory Committee (New system following the transition)	
	Audit & Supervisory Committee	
Size and composition	15 Directors (7 out of 15 are Outside Directors)	10 Directors (including Directors who are Audit & Supervisory Committee Members) (4 out of 10 are Outside Directors)
	5 Directors who are Audit & Supervisory Committee Members (3 out of 5 are Outside Directors)	5 Directors who are Audit & Supervisory Committee Members (3 out of 5 are Outside Directors)
Terms of Office	Directors (excluding Directors who are Audit & Supervisory Committee Members) : 1 Year	Directors who are Audit & Supervisory Committee Members : 2 Years
Decisions on the execution of important operations	Full or part of decision-making authority for the execution of important operations may be delegated to Directors (excluding Directors who are Audit & Supervisory Committee Members) by the resolution of the Board of Directors	An Audit & Supervisory Committee Member appointed by the Audit & Supervisory Committee may state the opinions of the Audit & Supervisory Committee on matters such as appointments and remunerations of Directors (excluding Directors who are Audit & Supervisory Committee Members) at General Meeting of Shareholders

Environment Social Governance

MC Human Resource Vision DEAR

—Diversify, Energize, Accelerate and Reward—

Various human resource policies

Senior Vice President

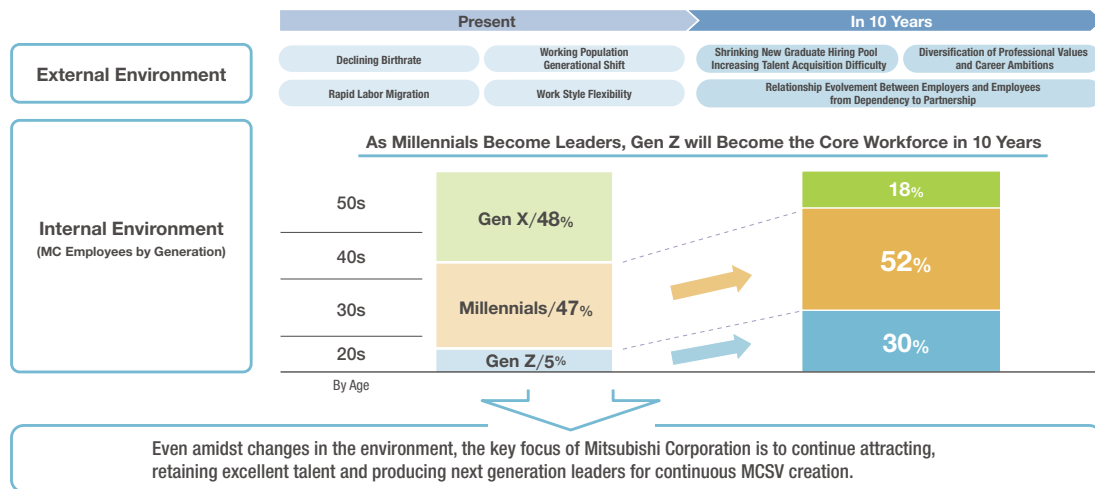
Reiko Kashiwabara

General Manager,
Global Human Resources Dept.

Our most powerful asset and the source of all value creation toward MCSV is human capital. To continue creating MCSV in a rapidly changing business environment, we have conceived “DEAR” as our HR vision for the next decade. Today, I would like to provide its overview with some related measures we are currently focusing on.

Changes in Internal and External Environments in the Human Resources Field

■ Through our Midterm Corporate Strategy, we aim to continue to create MC Shared Value (MCSV) while organically linking diverse businesses, even in a rapidly changing business environment. In addition, major changes are underway in HR as well.

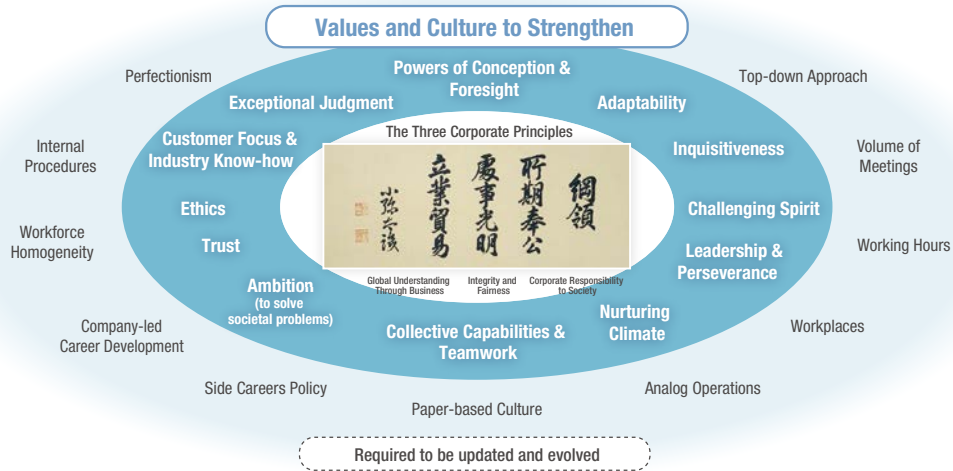


First, I would like to start by explaining the background led to its creation. This slide indicates major changes in HR both external and internal in the next 10 years. As is shown in the upper side, various changes are taking place within the external environment. These changes include increasing talent acquisition difficulty, the diversification of professional values. Also, no longer employees are thought to be dependent or subservient to their employers, but rather as partners on a quest for mutual growth. Mitsubishi Corporation is no exception. At the bottom of the slide, as the chart of our workforce projection by generation indicates, the millennials and the Gen Z will become the core workforce in just next 10 years.

Even amidst changes in the environment, the key focus of Mitsubishi Corporation is to continue attracting, retaining excellent talent and producing next generation leaders for continuous MCSV creation.

Values and Corporate Culture to Be Maintained and Strengthened

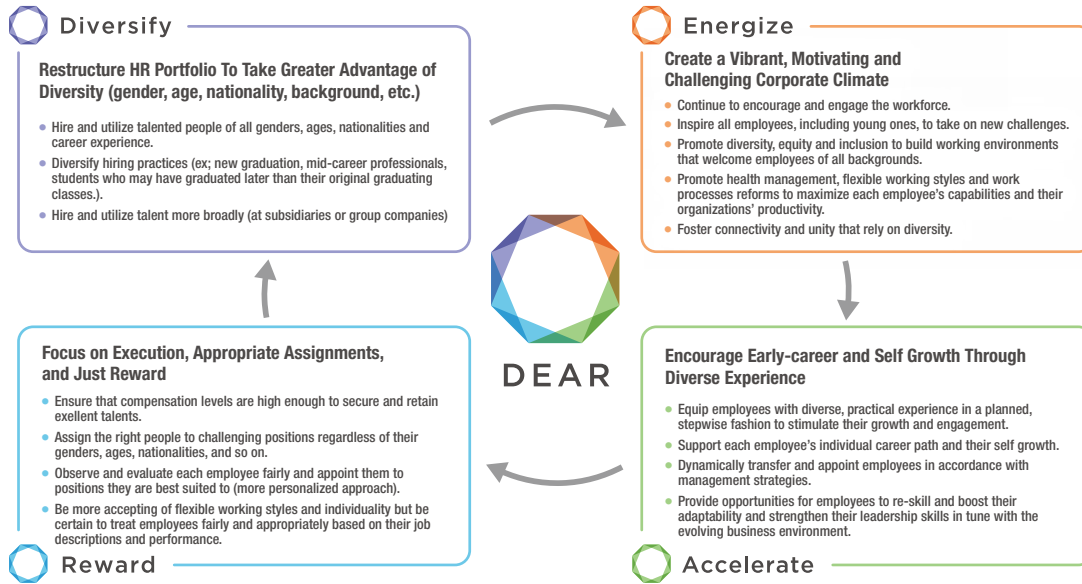
- We must continue to value everything worthy of preservation, but we must also recognize the need for reforms, because our further evolution will depend on them.



This slide summarizes our values and corporate culture as a part of the vision creation. Mitsubishi Corporation's values and cultural aspects that were born directly from the Three Corporate Principles are shown in the innermost oval. Inside the blue circles represent values and cultural aspects we should be maintained and strengthened, while the exteriors indicate those to be updated and evolved. While we will continue to uphold and strengthen the values and cultures we cherish, we also must promote reforms and evolution in our way in the environment I had addressed on the previous slide.

MC's 10-year HR Vision: “Diversify, Energize, Accelerate and Reward”

Social



These are the reasons why we conceived MC HR vision DEAR -Diversify, Energize, Accelerate and Reward-, which envisions MC's ideal workforce in ten years' time, and decided to share this vision both internal and external stakeholders. We chose the acronym DEAR because we consider each and every one of our employees to be a dear and valued asset of the company.

Promotion of Diversity, Equity and Inclusion (DE&I)



- A proposal of measures to address DE&I issues was made by the companywide DE&I Working Group (DWG) in November 2023, based on six months of intense discussions, directly to the President & CEO. Since then, the company has been considering the details for implementation of each measure. As part of the proposed measures, the awareness event "MC DE&I week" with various training and workshops, and seminar for executive officers were both taken place within FY2023.
- Starting in FY2024, "DE&I Ambassadors" nominated from each Groups are to proactively and intensely tackle on DE&I to further promote a diverse and inclusive workforce within the company, in addition to companywide measures to be taken place.

Based on the following perspectives, DE&I is necessary for Mitsubishi Corporation to achieve sustainable growth.

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



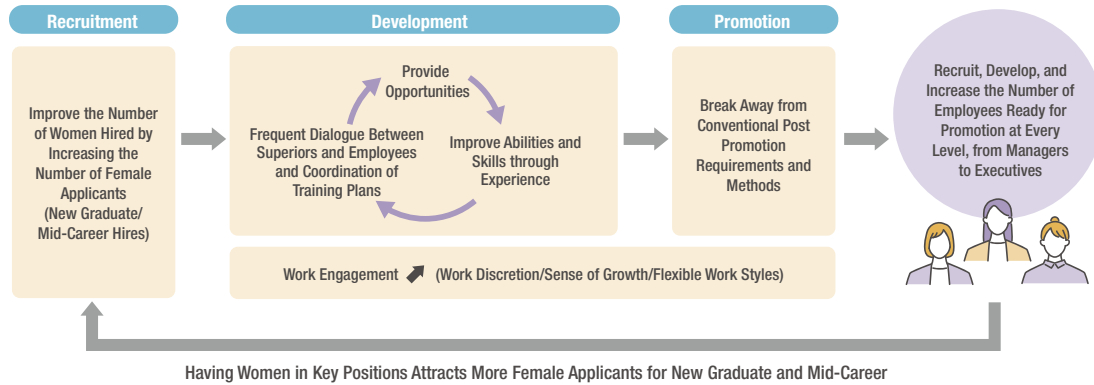
DE&I Ambassadors 10 departments/offices across the company are nominated as "DE&I Ambassadors" in FY2024 to take on the mission of leading DE&I implementation. MC will accelerate the promotion of DE&I by creating and horizontally implementing good practices through the specified departments/offices that can be conducted on a small and trial scale, in addition to companywide measures.

I will go into more detail about some of the measures being promoted under DEAR. Firstly, I would like to address Diversity, Equity & Inclusion (DE&I) related initiatives which are covering both “D” and “E” in our vision. MC has gradually expanded the scope and reasoning for DE&I related measures starting from the first hire of female professional staffs in 1987. To take our efforts to the next level, we established a DE&I working group(DWG) in 2023. Through DWG activity, DE&I was defined as an essential driver for our sustainable growth, and prioritized issues to be taken were proposed. We have already implemented various measures based on the proposal from DWG. To accelerate this momentum, we have nominated “DE&I ambassadors” across the company.

Women's Careers—Initiative Policy

Diversify Energize

- MC encourage employees to continue developing their abilities and skills, even after major life events, through a variety of work experiences, including overseas assignments and secondments. Additionally, MC will proactively promote women to responsible positions in order to develop women talents to executive level. Increasing the number of both female new-graduate and mid-career entrants is also vital.
- By putting more effort on hiring, training, and increasing the number of employees ready for promotion at every level, from managers to executives, MC will create a beneficial cycle that encourages the active participation of women.

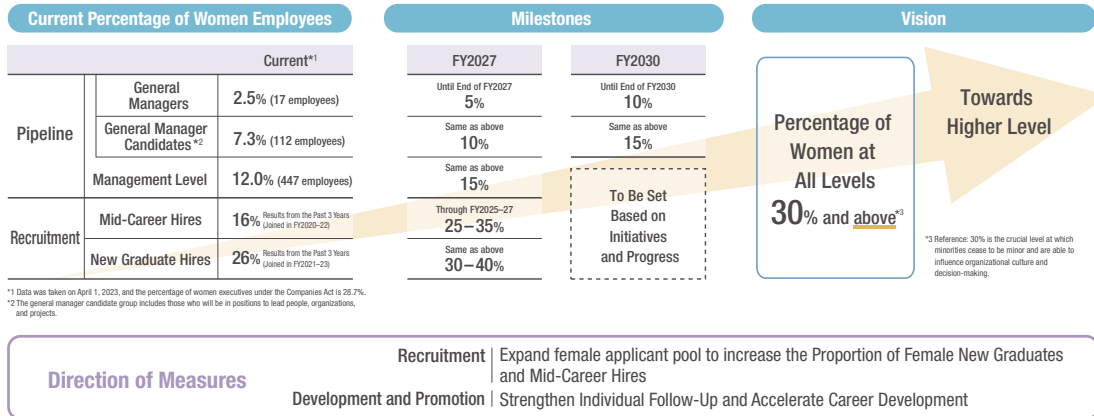


We will also focus on women empowerment. The most crucial theme going forward will be to build a robust female talent pipeline. We will encourage employees to continue developing their abilities and skills, even after major life events, through a variety of work experiences, including overseas assignments and secondments. Additionally, we will proactively promote women to responsible positions in order to develop women talents to executive level. Increasing the number of both female new-graduate and mid-career entrants is also vital. By putting more effort on hiring, training, and increasing the number of employees ready for promotion at every level, from managers to executives, we would like to create a beneficial cycle that encourages the active participation of women.

Women's Careers—Vision and Milestones

Diversify Energize

- 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.

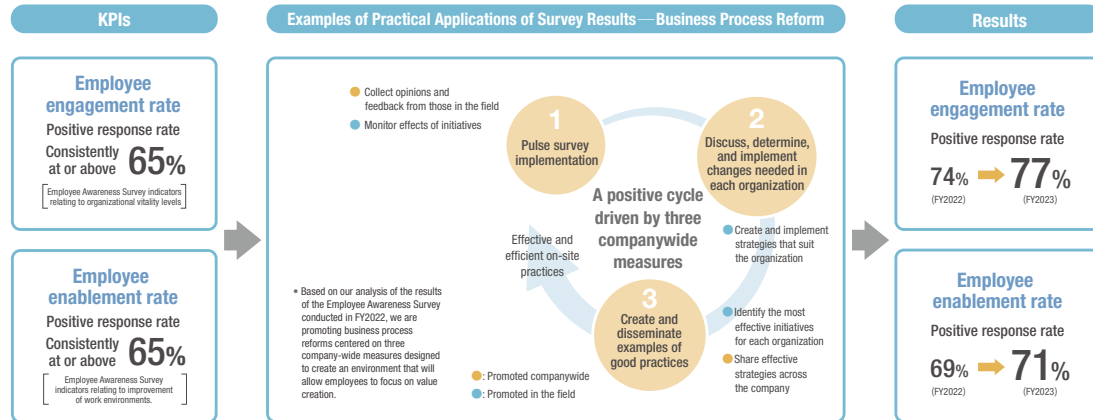


To accelerate these initiatives, we have set recruitment and pipeline targets for FY27 and FY30 as milestone to our vision. In terms of recruitment, we have set target range, since it will require gradual and continuous efforts, including increasement of female applicant percentage. In regards to the strengthening of our talent pipeline, we have additional set FY30 milestones for General Manager and General Manager Candidate levels, as it currently is at a very low percentage. To achieve these targets, we will swiftly enhance career development opportunities and support for flexible working environment. By setting our milestones and implementing new measures, we aim to achieve the target of women ratio of 30% or above at all levels.

Employee Awareness Survey and Business Process Reform

- To promote DEAR, we established quantitative KPIs based on our recognition of employee engagement as an important theme.
- We are implementing companywide measures for business process reforms, a long-standing challenge, to lead to stronger employee engagement and create an active and exciting corporate culture. As a result, every KPI improved in FY2023.

Social



Amid the continuing diversification of employees, we believe their engagement to be important for us. As such, from FY23 onward, we have defined quantitative KPIs and the employee awareness survey results are also analyzed and reviewed by executive managements. As an examples of related key initiatives, I would like to address “business process reforms” initiated by the results of the Employee Awareness Survey in this slide. Business processes were identified as an issue in a detailed analysis of the FY22 Employee Awareness Survey and in order to evolve the company, we have been promoting the three company-wide measures shown in the center of the diagram.

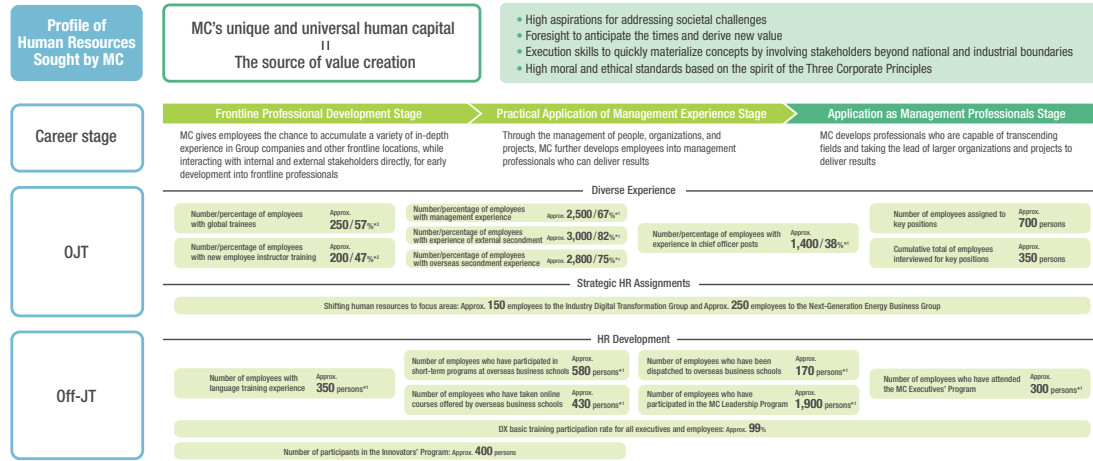
Since there is no cure-all methods to improve these rates and it is not our intention to overreact to slight gyration of a few percentages. Having said that, FY23 KPIs increased over the previous year. Going forward, we would like to continue to build on this momentum through actions such as sharing good practices.



Develop Human Resources by Providing Diverse Experiences and Opportunities

Social

- To continue developing human resources with a mindset towards management and a commitment to improving business value, who also have high aspirations, foresight, execution skills, and ethics, we provide a variety of experiences in different stages, with both on- and off-the-job training, depending on the individual's career phase.



Note: All figures are based on data that was current as of April 1, 2023.
^{**}1 All employees in managerial positions or higher as of April 1, 2023. ^{**2} General employees who have been promoted to managerial positions in the past three years as of April 1, 2023. ^{**3} As a result of reorganizations in April 2024, the Industry Digital Transformation Group and the Next-Generation Energy Business Group were each integrated into the newly established group.

There are related initiatives for A - "Accelerate" and R -Reward- on slide 15 and 16, but for the sake of time, I will briefly wrap up my presentation. We have long since held belief that human capital to be our greatest asset, and actively invested them. We will cultivate work environment that encourages their maximum performance by providing the continuous investment for the human capital, the appropriate assignments and performance based treatment, in order to prosper together, MC and its people.

《Comments by Mari Kogiso, Independent Audit & Supervisory Board Member》

My name is Mari Kogiso, and I am a member of Independent Audit & Supervisory Board. I would also like to add a few comments regarding Human Capital part.

I have had the opportunity to serve on the Independent Audit & Supervisory Board for about two years now, in that time, I am convinced that topics related to human capital were by far one of the most intensive discussions.

There were numerous opportunities to engage in discussions with the Independent Directors, Independent Audit & Supervisory Members and the management team. While also taking part in briefings, auditing dialogues, and even raising the Independent Director meeting's topic. In addition, I have participated in several discussions at DWG as an advisor. Within the past year, I have heard a wide variety of diverse opinions at each discussion.

In that sense, our activities from over the past year are gradually initiating all initiatives. I have been participating in many meetings, and from an outside perspective, I feel that the executives under the president have a strong will to promote these activities as part of the MC's management strategy. I am looking forward to the seeing DEAR promoted more in the future.

The concept of DEAR is a comprehensive, well-balanced approach from my point of view as an Independent Auditor. From improving diversity and engagement, to career development.

Since MC is a general trading company, I feel that the concept of human capital has been deeply embedded for quite some time. In terms of individual growth, opportunities are available even for young employees to work overseas, and even to serve on the management team of consolidated subsidiaries. Importance of providing such opportunities is something MC management team had been already aware of. In line with recent trends for shift and diversification of professional values and career ambitions and the major movements we are seeing with DX and EX, the company will redefine its desired human resources and incorporate them into its strategy. This thought process has led to major human capital initiatives.

Business process reform has been a long-standing issue and has been a focus of our discussions for several years. From my perspective, this business process reform is not just an administrative reform—it is a truly broad organizational culture evolvement. I am assuming that this is a very ambitious attempt to take the data from engagement surveys and convert them into actual business processes, put them into practice, and connect them to organizational reform.

In fact, when I asked the opinions from young employees, there was more perfectionism than I expected, as well as a culture of condescension. Now, the question is how to take this feedback seriously and improve it in the reforms. I felt that it was very meaningful to be able to participate in these discussions.

Lastly, I would like to address women empowerment. A diversity working group was organized directly under the President to promote DE&I including career advancement for women and beginning with an honest exchange of opinions in the absence of superiors. Personally, I feel that this was a very effective approach, because ambassadors volunteer for the role from each department, there are actually many companies that are too ambitious in terms of numbers when it comes to promoting women's career advancement. This leaves them unable to achieve their targets. I believe that the fact that MC took the opposite approach and started with cumulative discussions was an exemplary approach for MC to take.

The overall discussion is not just a matter of numbers, but rather is embedded within the human resources and human capital strategies. The common use case of target numbers is to achieve certain percentages by a

certain year, but our approach is fundamentally differentiated. We would rather focus on what kind of human resources strategy the company has, what diversity strategy is being implemented, and what are women's roles in that strategy. As a result of these discussions, we can share hereby our goals and target with its concepts today.

Having said that, when we do look at the numbers, there are still some areas to be improved of and still have a long way to go. I think that this debate will continue to evolve in the future, including over whether these numbers make for an appropriate approach. I would like to participate actively to discussions as an Independent Director.

Environment Social Governance

 Mitsubishi Corporation

Initiatives Focused on Protecting the Environment and Human Rights

Kyoko Shoji

General Manager,
Sustainability Dept.

© Copyright 2024 Mitsubishi Corporation

Good morning. My name is Kyoko Shoji and I am newly appointed General Manager of the Sustainability Department. I would like to explain our company's initiatives towards a carbon neutral society and human rights.

Initiatives Focused on “Realizing a Carbon Neutral Society”

Environment

Scope 1/2 & Scope 3 Category 15

“Roadmap to a Carbon Neutral Society”
Formulated in October 2021

Halve by FY2030
(FY2020 Baseline)

Net Zero by 2050

Year	Results
3/2021 (baseline)	25.3
3/2021 (results)	24.0
3/2022 (results)	22.9
3/2023 (results)	21.3
3/2023 (results)	13.9
3/2031 Target	13.9
2050 Target	0

Corresponding to Scope 3 Category 15 (Investments)

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 peak emissions from pre-operational committed projects and natural gas projects, which comprise (i) assumed peak emissions from pre-operational committed projects and (ii) projected full-capacity emissions for partially operational projects.

² 13.9 million tons would be equivalent to Scope 3 Category 15 (Investments) under the GHG Protocol's financial control approach.

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.

Scope 3 Category 11

FY2022 Results: **307 Million Tons**
(▲ 74 Million Tons from FY2021)

*“Transform” Businesses: 138 Million Tons,
*“White” Businesses: 169 Million Tons

Year	Transform	White	Total
FY2021	143	238	381
FY2022	138	169	307

Legend:
■ Transform (Metallurgical coal production, natural gas production and liquefaction)
■ White (Fossil-fuel trading, EPC (engineering, procurement and construction), Automobile sales)

Avoided Emissions

FY2023 Results

- Copper Supply: Approx. 50 Million Tons
- Aluminum Supply: Approx. 4 Million Tons
- Renewable Energy Business: Approx. 3 Million Tons

FY2023 Newly Added Products

- Reverse Osmosis Membrane, Needle Coke, etc.

Initiatives for FY2023 and Beyond

Scope 1/2 and Scope 3 Category 15 Scope 3 Category 11

- FY2023 results to be updated in summer 2024.
- Continue dialogue with stakeholders and review our disclosure for further improvement.

Avoided Emissions

- Will explore ways to expand our avoided emissions disclosure.
- We do not use Avoided Emissions to offset Scope 1/2/3.

At the “MC Shared Value Creation Forum” held last year, we explained our initiatives focused on Realizing a Carbon Neutral Society from Midterm Corporate Strategy 2024, including Scope 3 Category 11 emissions and “avoided emissions” which we newly disclosed in February 2023.

We are making steady progress on our journey toward a carbon-neutral society. Our Scope 1 and Scope 2 emissions for fiscal year 2022 were significantly reduced through portfolio optimization and on-the-ground reduction efforts. We will continue our reduction efforts toward our goal of halving these emissions by 2030. Scope 3 Category 11 emissions in fiscal year 2022 decreased by 74 million tons from the previous year, mainly due to an absence of EPC project deliveries. Performance data for fiscal year 2023 is currently being compiled with disclosure planned for this summer.

In terms of avoided emissions, we have updated the figures for the products disclosed last year and also added new products. Details on avoided emissions from new products are provided in the Appendix. These products include needle coke (which is essential for electric furnaces and lithium-ion batteries) and RO membranes (needed for low-emission desalination). Last year, we disclosed only avoided emissions of products we already supply and projects already in operation. This year, in addition to those, we also disclosed avoided emissions from projects that are in the planning stages or that have recently started operation. We plan to expand these disclosures as a quantitative indicator of our incorporation of climate change-related opportunities.

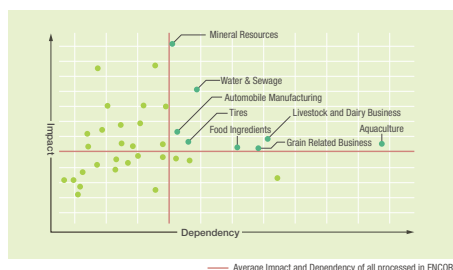
As we move toward the realization of a carbon-neutral society, we will continue to pursue EX businesses in order to reduce our own emissions and contribute to societal decarbonization as well. Concurrently, we aim to refine our communication and disclosure strategies to ensure our stakeholders are well-informed of our activities and progress.

Natural Capital and Biodiversity

- We conducted an analysis of MC group's nature-related issues from FY2022 to FY2023 using the TNFD framework as a reference.
- This analysis was conducted in two phases: Phase 1 (Portfolio Analysis), mapping out the overall dependence and impact on nature for each of our businesses, and Phase 2 (Individual Business Analysis), deeply analyzing the business with higher dependence and impact on nature.
- We will utilize the knowledge gained through this analysis in the management of individual businesses, and continue to utilize the TNFD framework to analyze and respond to nature-related issues, thereby improving MC group's sustainability and corporate value.

Phase 1 (Portfolio Analysis)

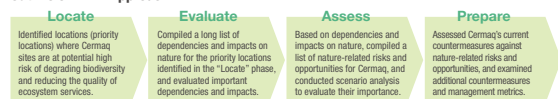
We used ENCORE, a tool recommended by the TNFD, to map the overall levels of dependence and impact on nature for each business. We identified 8 businesses with higher scores of dependence and impact than the average of all ENCORE processes.



Phase 2 (Individual Business Analysis)

Of the businesses identified in Phase 1, we chose to analyze the aquaculture business (Cermaq, a salmon farming business) which has the highest level of dependence on nature, based on the TNFD's Locate, Evaluate, Assess, and Prepare (LEAP) process.

Outline of LEAP Approach



Examples of Nature-Related Risks and Opportunities in the Aquaculture Business

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.

Examples of Important Indicators in the Aquaculture Business

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

Next, I will explain our initiatives related to natural capital and biodiversity. We recognize that maintaining, conserving, and restoring natural capital, including biodiversity, is a critical issue for our company's sustainable growth. Following the release of the first beta version of the TNFD framework in March 2022, we conducted an analysis of nature-related issues the MC Group's business activities from fiscal year 2022 to 2023, referring to the TNFD framework.

Our approach for analysis involved two phases. In Phase 1, we used ENCORE, a tool recommended by the TNFD, to map the overall levels of dependency and impact on nature for each business. In Phase 2, we conducted a detailed analysis on a specific business identified to have high levels of dependency and impact on nature. Based on the results of Phase 1, we decided to choose Cermaq, a subsidiary company engaged in salmon farming and which was found to have a particularly high dependency on nature, for the analysis in Phase 2, which we conducted according to the TNFD's LEAP approach.

Based on the insights gained from this analysis, we are planning to conduct follow-ups for individual businesses and consider how to incorporate these insights into actual business operations. We will also continue to refine our approach to analyzing and disclosing nature-related issues in the most appropriate way for our company while referring to the TNFD framework, conducting research on best practices, and engaging in dialogue with our stakeholders.

Initiatives Regarding Human Rights and Supply Chain Management

1. Policy Regarding Respect for Human Rights and Supply Chain Management

We disclosed our human rights policy in January 2024 to clarify the company's approach to respecting human rights and its initiatives.

- Training for employees.
 - **Conducted human rights and environmental audits of group companies in association with MC's internal Audit Department.**
 - Establishment of due diligence guidelines for environmental and societal matters when executing new investments and acquisition of fixed assets.
 - Monitoring of activities through audits of environmental and societal matters on a consolidated basis.
-
- **Conducting Sustainable Supply Chain Surveys (in FY2023, 850 responses received from supplier companies in approximately 50 countries and regions).**
 - Expansion of tiers/products of Sustainable Supply Chain Survey (**Included paper and soybeans, and expanded shrimp, cacao and coffee to Tier 2 in FY2023.**)
 - **Establishment of Procurement Guidelines for Soybeans.**
 - **Conducted on-site inspections of tea suppliers in Sri Lanka in FY2023.**
- *Items in bold indicate key updates.

3. Remediation

Implemented a grievance mechanism to handle grievance from external stakeholders regarding cases of adverse human rights and environmental impacts of the MC Group's business activities, including within its supply chain.

Lastly, I will explain our initiatives related to human rights and supply chain management. We believe that respect for human rights is fundamental to conducting a diverse range of businesses globally.

Firstly regarding our human rights policy, we had been articulating our approach to respecting human rights across several documents, including our corporate philosophy “The Three Corporate Principles,” our Corporate Standards of Conduct, Social Charter, and the Mitsubishi Corporation Code of Conduct. In fiscal year 2023, we have organized and clarified the points in these separate documents into a single “Human Rights Policy.” We will share the approach outlined in this policy with our group companies, suppliers and other business partners, and continue to promote efforts to respect the human rights of our stakeholders.

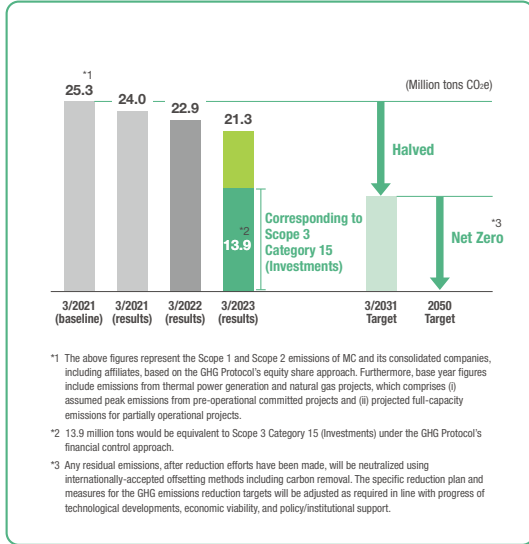
Secondly regarding human rights due diligence, we conduct human rights due diligence to identify, prevent, and mitigate negative impacts on human rights and the environment in our group’s business activities and supply chain. Our supply chain surveys, which form a part of our human rights due diligence, are conducted through questionnaires and on-site inspections of suppliers. In fiscal year 2023, we added paper and soybeans to our survey commodities and expanded our survey scope to include Tier 2 (secondary suppliers that supply directly to primary suppliers) suppliers of shrimp, cacao and coffee.

Also, last month we conducted an on-site inspection of a tea supplier in Sri Lanka, details of which are provided in the Appendix. Through this inspection, we were able to see firsthand the supplier’s efforts to provide a decent environment where employees can work with peace of mind, including securing a living wage, appointing female field managers, and providing hospital facilities and nurseries. We also took the opportunity to hear directly from plantation field workers.

Thirdly regarding grievance mechanisms, since last year, we have started operating a grievance mechanism to accept consultations from external stakeholders. In order to prevent and mitigate negative impacts on human rights and the environment within our business and supply chain, we will continue to strive for remedies

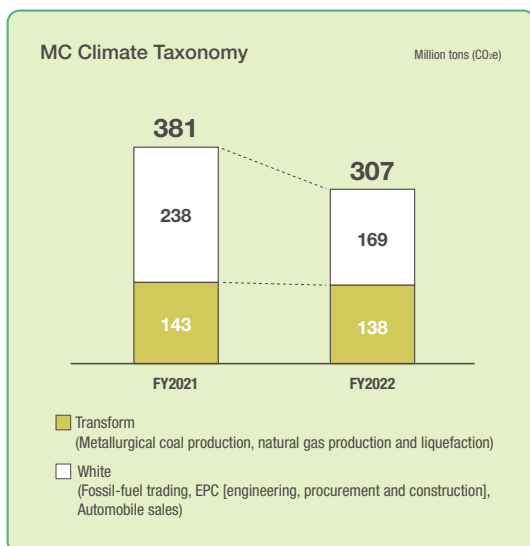
using various channels such as consultation services via our website and direct dialogues during on-site visits. Going forward, we will continue to strengthen our efforts to respect human rights by timely and appropriately identifying changes in the business environment and by placing importance on direct opportunities for engagement with our suppliers and other stakeholders.

FY2022 Scope 1/2 and Scope 3 Category 15 Results



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

FY2022 Scope 3 Category 11 Results



Business Group Thousand tons (CO₂e)

Business Group	FY2021	FY2022	Main businesses responsible for Scope 3 category 11 emissions
Natural Gas	111,410	116,006	Natural gas production and liquefaction Natural gas and LNG trading
Industrial Materials	896	993	
Petroleum & Chemicals Solution Group	41,299	46,403	Petrochemical products trading
Mineral Resources	94,072	96,593	Metallurgical coal production Mineral resources trading
Industrial Infrastructure	88,470	2,436	
Automotive & Mobility	30,093	32,747	Automobile sales
Food Industry	1,431	1,617	
Consumer Industry	4,360	4,065	
Power Solution	8,982	5,729	
Urban Development	241	350	
Total	381,254	306,939	

FY2023 Avoided Emissions Results

[Evaluation period: Flow basis (Lifetime)]

Assessed Product	Avoided Emissions (Unit: thousand t-CO ₂)	Details	Final Product	Baseline	Calculation Formula
Aluminum	46	Contribution by supplying aluminum which is essential for EV chassis, etc.	Battery electric vehicle	Internal combustion engine vehicles	(Lifetime emissions of ICEVs [tCO ₂] - Lifetime emissions of EVs [tCO ₂]) × Number of EVs that incorporate our aluminum
	3,800	Contribution by supplying aluminum which is essential for solar power generation frames, panels, wind power blades, towers, connectors, etc.	Solar and wind power generation facilities	Average energy mix in each country	Power generation capacity [MW] × 24 hour × 365 days × Capacity factor × Emission factor [tCO ₂ /MWh] × Number of solar and wind power facilities that incorporate our aluminum × Economic life [years] (Only the avoided emission at the operational stage, which accounts for the majority of emissions, is calculated)
Copper	1,346	Contribution by supplying copper which is essential for EV batteries, motors, wires, etc.	Battery electric vehicle	Internal combustion engine vehicles	(Lifetime emissions of ICEVs [tCO ₂] - Lifetime emissions of EVs [tCO ₂]) × Number of EVs that incorporate our copper
	52,035	Contribution by supplying copper which is essential for solar power generation wiring, solar thermal collectors, wind power generators, wiring, etc.	Solar and wind power generation facilities	Average energy mix in each country	Power generation capacity [MW] × 24 hour × 365 days × Capacity factor × Emission factor [tCO ₂ /MWh] × Number of solar and wind power facilities that incorporate our copper × Economic life [years] (Only the avoided emission at the operational stage, which accounts for the majority of emissions, is calculated)
RO Membranes	4,438	Contribution by using RO membrane products to avoid the use of heat in seawater desalination	Seawater desalination using RO membranes	Desalination by evaporation method	(Lifetime emissions of Seawater desalination using RO membranes [tCO ₂] - Lifetime emissions of Desalination by evaporation method [tCO ₂]) × Sales quantity (unit) × Equity ratio of the company
Trunk line DX	7	Contribution by providing a timetable visualization and optimization system for trucking companies to reduce the number of truck operations	—	Situation before project implementation	CO ₂ emissions per truck (average annual mileage [km]) ÷ Fuel consumption [km/l] × Emission Factor [tCO ₂ /l] × Reduced number of units [unit] × the assumption of Economic life [years]
Needle coke	6,355	Contribution by supplying needle coke, which is essential for graphite electrodes in electric furnaces that produce steel with low greenhouse gas emissions	Electric furnace steel (Graphite electrodes for electric furnaces)	Blast furnace steel	(Lifetime emissions of blast furnace steel [tCO ₂] - Lifetime emissions of electric furnace steel [tCO ₂]) × Number of Graphite electrode for electric furnace steel that incorporate our Needle coke × Coefficient of steel production that can be produced from 1 ton of graphite electrode
	13	Contribution by supplying needle coke used for the anode material of EV lithium-ion batteries	Battery Electric Vehicle (anode material for lithium-ion batteries)	Internal combustion engine vehicle	(Lifetime emissions of ICEVs [tCO ₂] - Lifetime emissions of EVs [tCO ₂]) × Number of anode material for lithium batteries in EVs that incorporate our Needle coke from MC

FY2023 Avoided Emissions Results

[Evaluation period: Stock basis (One year)]

Assessed Product	Avoided Emissions (Unit: thousand t-CO ₂)	Details	Final Product	Baseline	Calculation Formula
Solar	474	Contribution by the creation of renewable energy	—	Average energy mix in each country	Power generation capacity [MW] × 24 hour × 365 days × Emission factor [tCO ₂ /MWh] × Capacity factor × Equity ratio of the company (Only the avoided emissions at the operational stage, which accounts for the majority of emissions, is calculated)
Onshore Wind	1,227				
Geothermal	289				
Hydroelectric	110				
Biomass	339				
Offshore Wind	652				
Carbon Credits (Revegetation)	28	Contribution by capture and storage of CO ₂ from new land-management practices to facilitate the regeneration of native woodlands that have been lost over the past few centuries due to clearing and overgrazing <small>* Carbon credits generated by projects in which we have been involved, not including credits purchased by us from other companies</small>	—	—	Carbon credits generated by regrowth of native forests × Equity ratio of the company

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

Visiting Suppliers (Sri Lanka Tea Plantation)

- In February 2024, as part of supplier engagement in supply chain management, we visited a tea plantation in Sri Lanka operated by group company of Mabroc Teas (Pvt) Ltd, a tea producer based in Sri Lanka, to observe on-site operations. Mabroc Teas (Pvt) Ltd supplies tea to our group company, MC FOODS LIMITED.

In Sri Lanka, tea leaves are hand-picked by skilled workers who visually identifies and picks the best leaves to ensure the quality.

At Mabroc group's tea plantation, we confirmed that the company actively takes measures such as ensuring the safety of the workers, managing worker's work hours, providing appropriate care for pregnant workers, providing education for the worker's children, ensuring a worker's living wage, appointing female field managers, and encouraging participation in labor unions.



Tea leaves being hand-picked

In Sri Lanka, tea plantation workers traditionally live on site.

During our visit at the Mabroc group's tea plantation, we confirmed that the company takes various measures to co-exist with its workers such as providing housing support (the company pays half of the housing costs,) providing medical facilities, and providing nursery school where workers can leave their children while harvesting.



Nursery for farmers

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