

Environment Social Governance

MC Shared Value Creation Forum

ESG Dialogue

April 9, 2024

Environment Social Governance

Transition to a Company with an Audit & Supervisory Committee

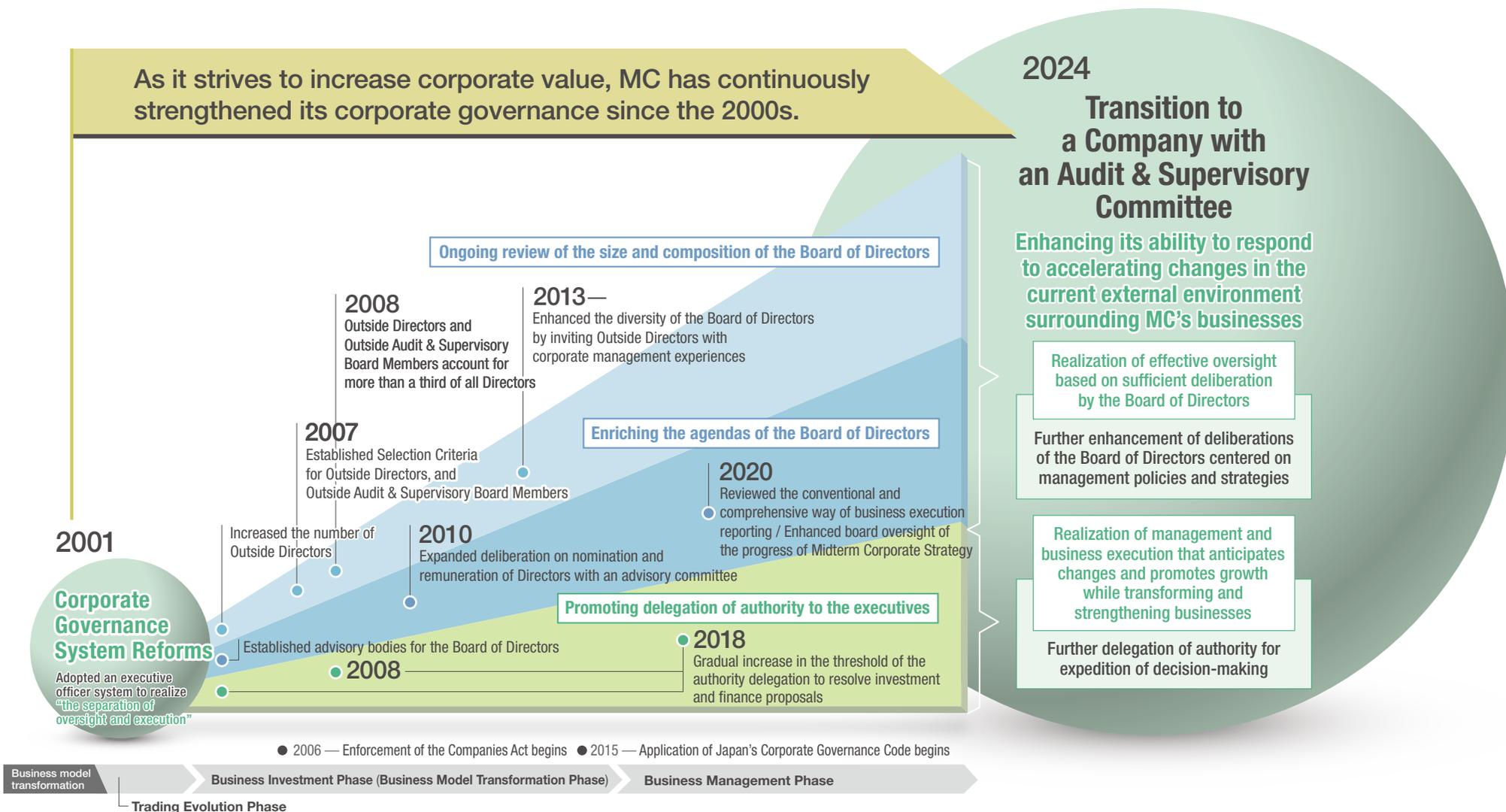
Executive Vice President

Yoshiyuki Nojima

Corporate Functional Officer,
Corporate Administration, Legal

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

Governance



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

■ 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**

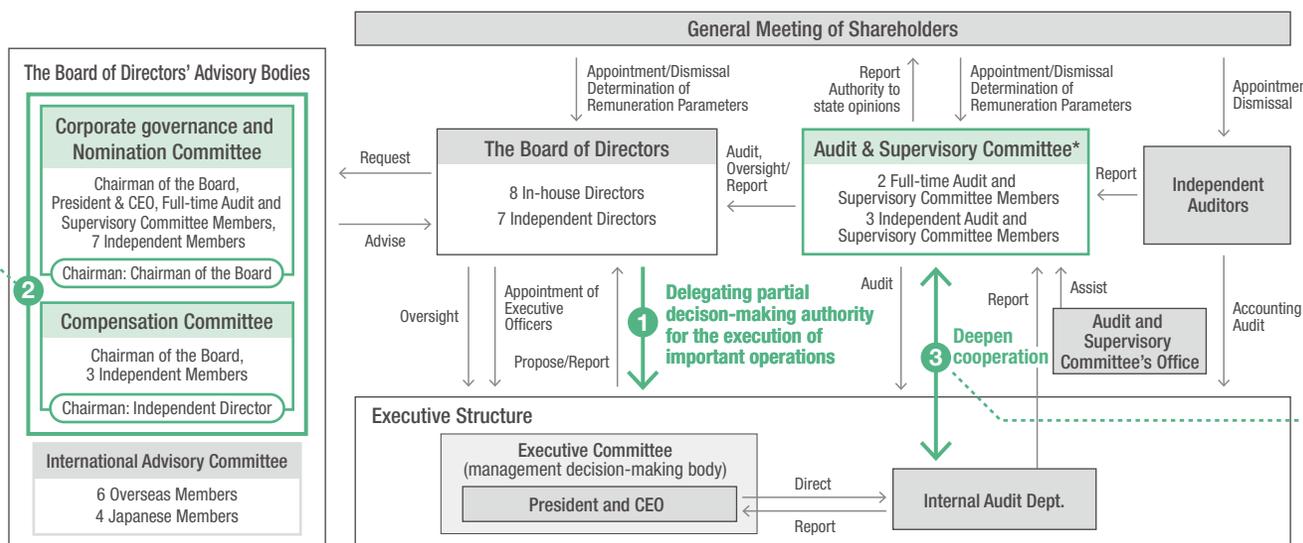
Changes to the Advisory Committees' system

Corporate Governance and Nomination Committee

This committee deliberates the basic policy of corporate governance serving as the foundation of management, and nomination serving as the source of all value creation for MC.

Compensation Committee

This committee will further enhance deliberations on policy for setting Directors' and Senior Vice Presidents' remuneration following its split from the Governance, Nomination and Compensation Committee.



Improvement of audit functions

As MC's management and business execution covers diverse businesses, the Audit and Supervisory Committee will continuously improve the effectiveness of the audit function by deepening its cooperation with the Internal Audit Department, which conducts the internal audit function of MC's businesses on a consolidated basis.

* It is composed of Directors who are Audit and Supervisory Committee Members.

Corporate Governance System after the Transition

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



Governance

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

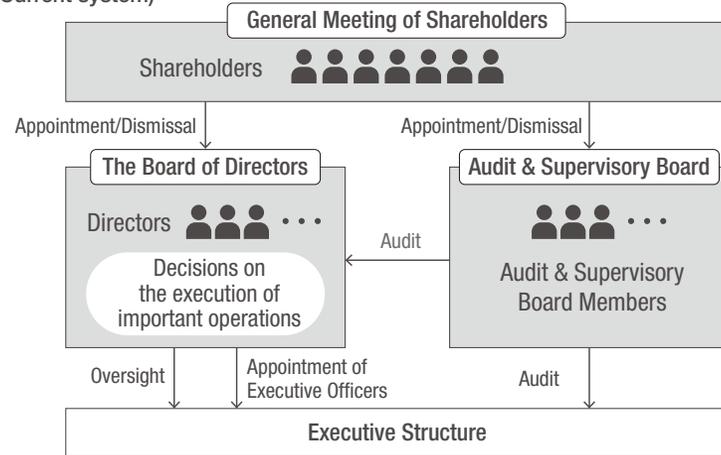
- We have established “Basic Items” as skill areas to be shared by all members.
- We also established “Management Strategy” items as areas of expertise needed to monitor progress on aspects of Midterm Corporate Strategy 2024, such as “Utilizing Integrated EX/DX Initiatives” and “Creating a New Future.”

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 (excluding Directors who are Audit & 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					

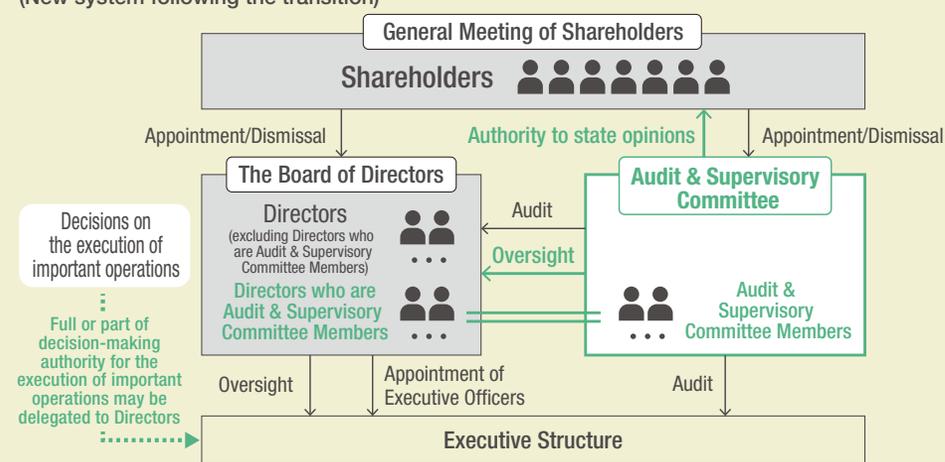
Outline of the Transition

- 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:

A Company with an Audit & Supervisory Board
(Current system)



A Company with an Audit & Supervisory Committee
(New system following the transition)



	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	
15 Directors (7 out of 15 are Outside Directors)	10 Directors (excluding 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)
Directors (excluding Directors who are Audit & Supervisory Committee Members) : 1 Year	
Directors who are Audit & Supervisory Committee Members : 2 Years	
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	

Governance

Environment Social Governance

MC Human Resource Vision DEAR

—Diversify, Energize, Accelerate and Reward—

Various human resource policies

Senior Vice President

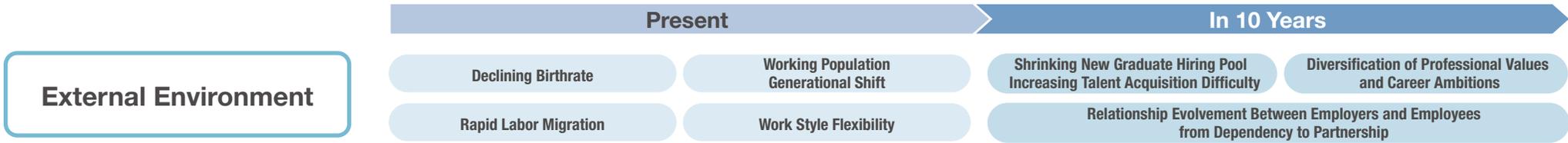
Reiko Kashiwabara

General Manager,

Global Human Resources Dept.

Changes in Internal and External Environments in the Human Resources Field

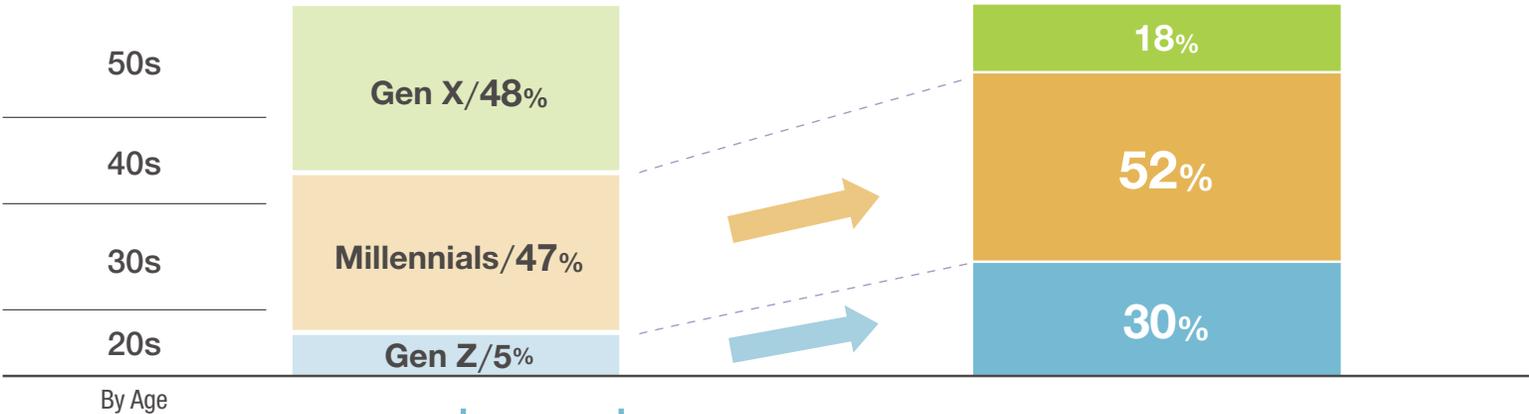
Through our Midterm Corporate Strategy, we aim to continue to create MC Shared Value (MCSV) while organically linking diverse businesses, even in a rapidly changing business environment. In addition, major changes are underway in HR as well.



External Environment

Internal Environment
(MC Employees by Generation)

As Millennials Become Leaders, Gen Z will Become the Core Workforce in 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.

Social

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.



Social

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

Social



Diversify

Restructure HR Portfolio To Take Greater Advantage of Diversity (gender, age, nationality, background, etc.)

- Hire and utilize talented people of all genders, ages, nationalities and career experience.
- Diversify hiring practices (ex; new graduation, mid-career professionals, students who may have graduated later than their original graduating classes.).
- Hire and utilize talent more broadly (at subsidiaries or group companies)



Energize

Create a Vibrant, Motivating and Challenging Corporate Climate

- Continue to encourage and engage the workforce.
- Inspire all employees, including young ones, to take on new challenges.
- Promote diversity, equity and inclusion to build working environments that welcome employees of all backgrounds.
- Promote health management, flexible working styles and work processes reforms to maximize each employee's capabilities and their organizations' productivity.
- Foster connectivity and unity that rely on diversity.

Focus on Execution, Appropriate Assignments, and Just Reward

- Ensure that compensation levels are high enough to secure and retain excellent talents.
- Assign the right people to challenging positions regardless of their genders, ages, nationalities, and so on.
- Observe and evaluate each employee fairly and appoint them to positions they are best suited to (more personalized approach).
- Be more accepting of flexible working styles and individuality but be certain to treat employees fairly and appropriately based on their job descriptions and performance.



Reward



Accelerate

Encourage Early-career and Self Growth Through Diverse Experience

- Equip employees with diverse, practical experience in a planned, stepwise fashion to stimulate their growth and engagement.
- Support each employee's individual career path and their self growth.
- Dynamically transfer and appoint employees in accordance with management strategies.
- Provide opportunities for employees to re-skill and boost their adaptability and strengthen their leadership skills in tune with the evolving business environment.



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.

Women's Careers—Initiative Policy

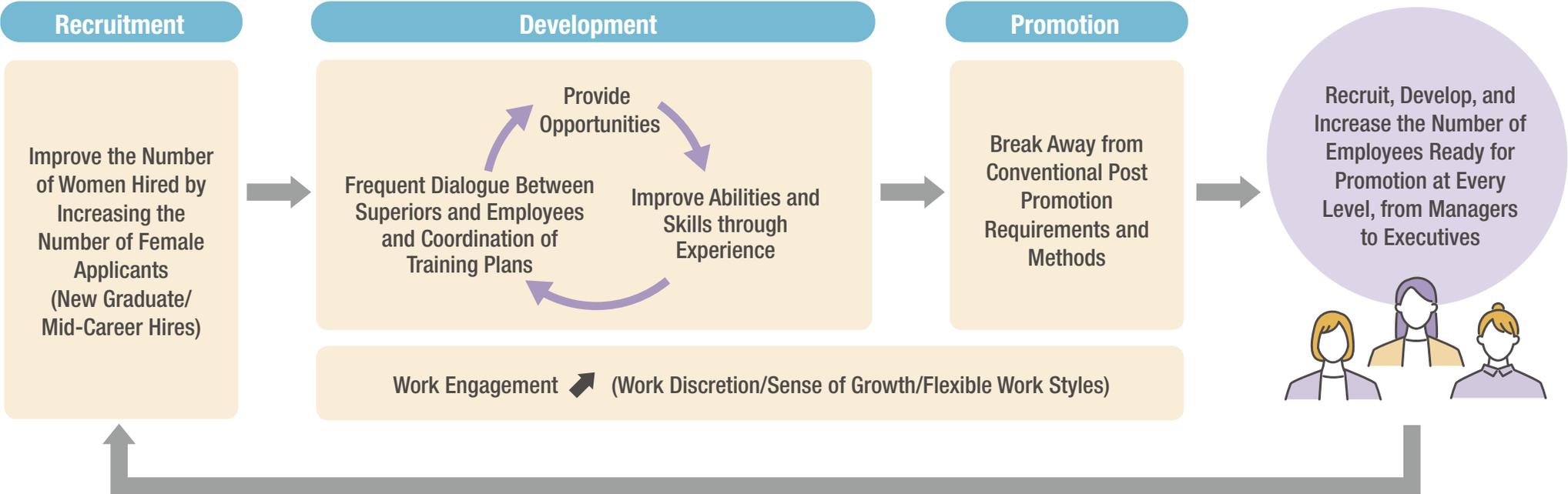


Diversify



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.



Having Women in Key Positions Attracts More Female Applicants for New Graduate and Mid-Career

Social

Women's Careers—Vision and Milestones



- 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.

Current Percentage of Women Employees

		Current*1
Pipeline	General Managers	2.5% (17 employees)
	General Manager Candidates*2	7.3% (112 employees)
	Management Level	12.0% (447 employees)
Recruitment	Mid-Career Hires	16% <small>Results from the Past 3 Years (Joined in FY2020–22)</small>
	New Graduate Hires	26% <small>Results from the Past 3 Years (Joined in FY2021–23)</small>

Milestones

FY2027	FY2030
Until End of FY2027 5%	Until End of FY2030 10%
Same as above 10%	Same as above 15%
Same as above 15%	To Be Set Based on Initiatives and Progress
Through FY2025–27 25–35%	
Same as above 30–40%	

Vision

Percentage of Women at All Levels
30% and above^{*3}



^{*3} Reference: 30% is the crucial level at which minorities cease to be minor and are able to influence organizational culture and decision-making.

^{*1} Data was taken on April 1, 2023, and the percentage of women executives under the Companies Act is 28.7%.
^{*2} The general manager candidate group includes those who will be in positions to lead people, organizations, and projects.

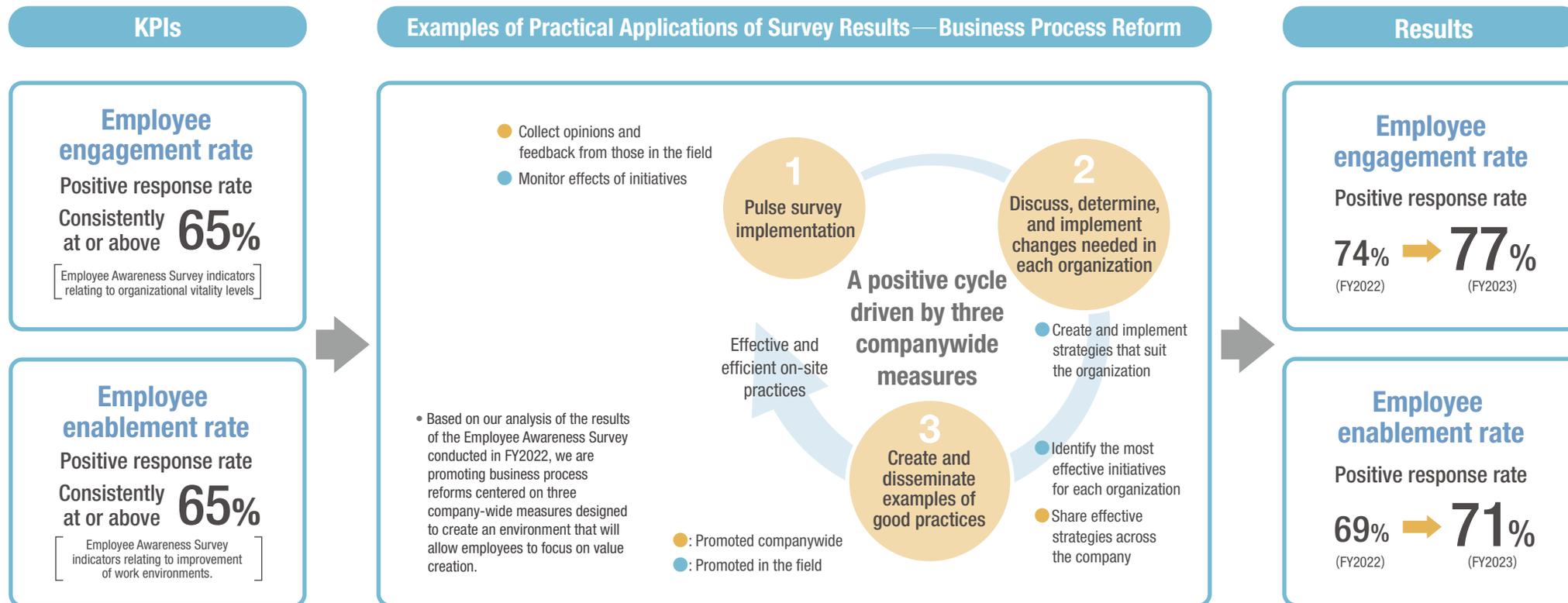
Direction of Measures

- Recruitment | Expand female applicant pool to increase the Proportion of Female New Graduates and Mid-Career Hires
- Development and Promotion | Strengthen Individual Follow-Up and Accelerate Career Development

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.

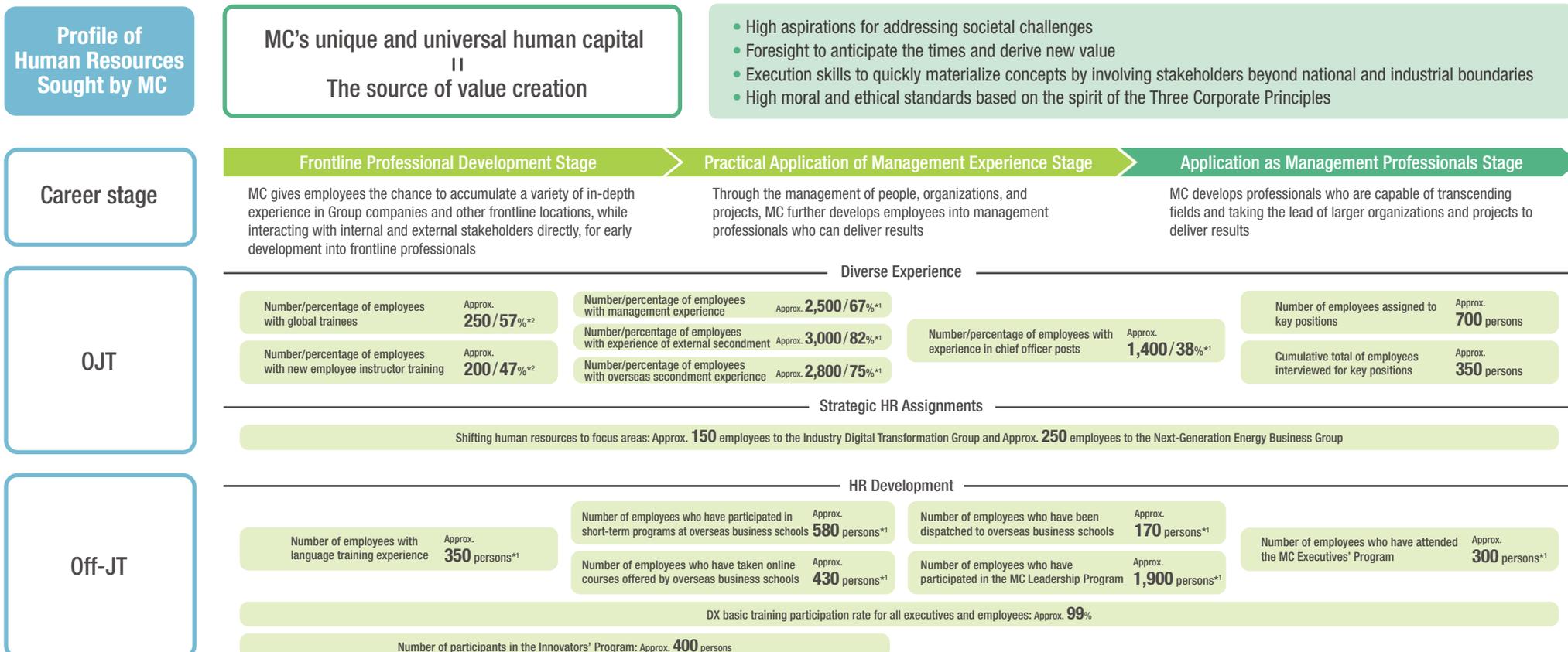
Social



Develop Human Resources by Providing Diverse Experiences and Opportunities



- 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.

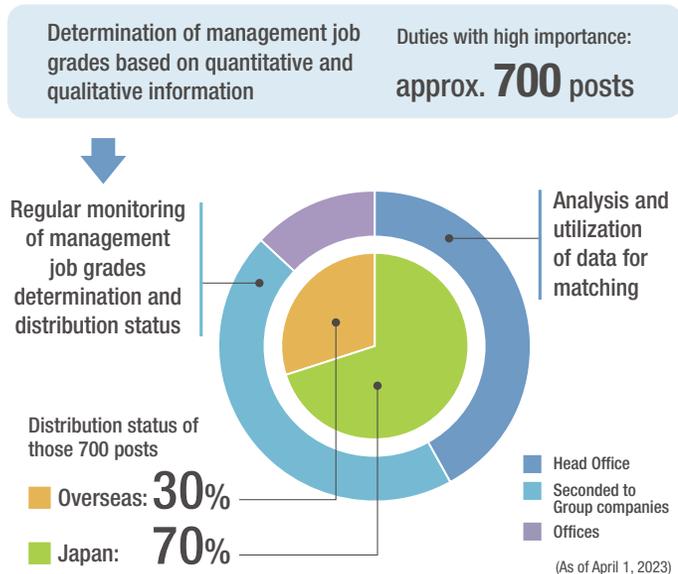
Optimizing Human Resources Placement through Talent Visualization



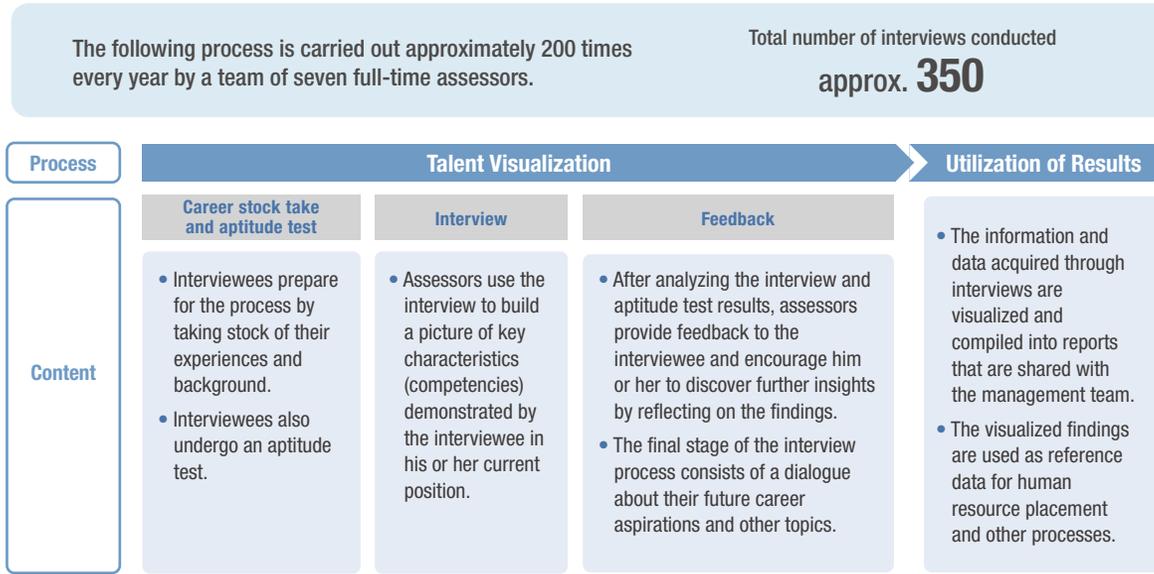
- We focused on visualizing these extremely important and challenging duties and the human resources who fill them, with about 700 eligible people who have gained important roles through various unique experiences at MC.
- We have equipped an HR subsidiary with the capacity to visualize the talent required for key positions and created a team of seven full-time assessors. The visualized findings are used as reference data for the human resources placement.

Status and Process for the Visualization of Duties and Talent

Visualization of Duties



Visualization of Talent



Environment Social Governance

Initiatives Focused on Protecting the Environment and Human Rights

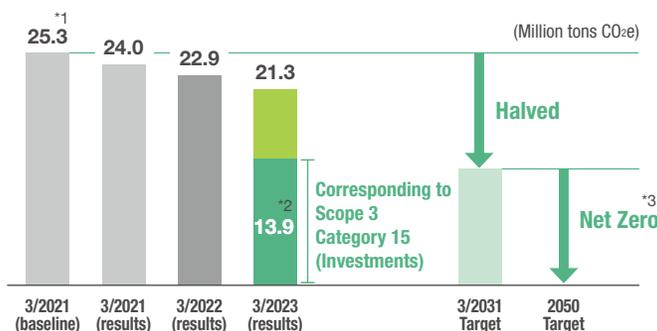
Kyoko Shoji

General Manager,
Sustainability Dept.

Initiatives Focused on “Realizing a Carbon Neutral Society”

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



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

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

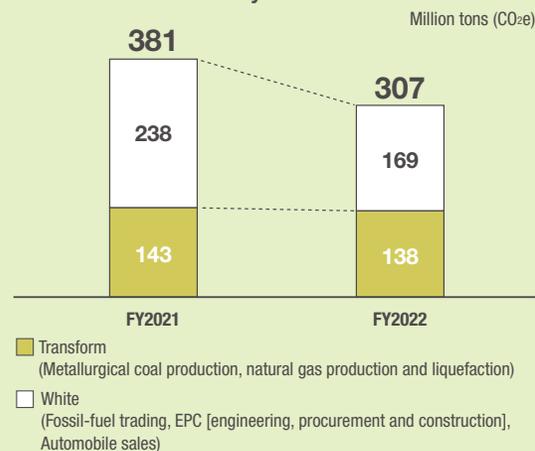
^{*3} Any residual emissions, after reduction efforts have been made, will be neutralized using internationally-accepted offsetting methods including carbon removal. The specific reduction plan and measures for the GHG emissions reduction targets will be adjusted as required in line with progress of 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

MC Climate Taxonomy



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.

Evaluation period: Lifetime

Copper Supply:



Approx. 50 Million Tons

Needle Coke:



Approx. 6 Million Tons

Reverse Osmosis Membrane:



Approx. 4 Million Tons

Aluminum Supply:



Approx. 4 Million Tons

Evaluation period: One year

Renewable Energy Business:



Approx. 3 Million Tons

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

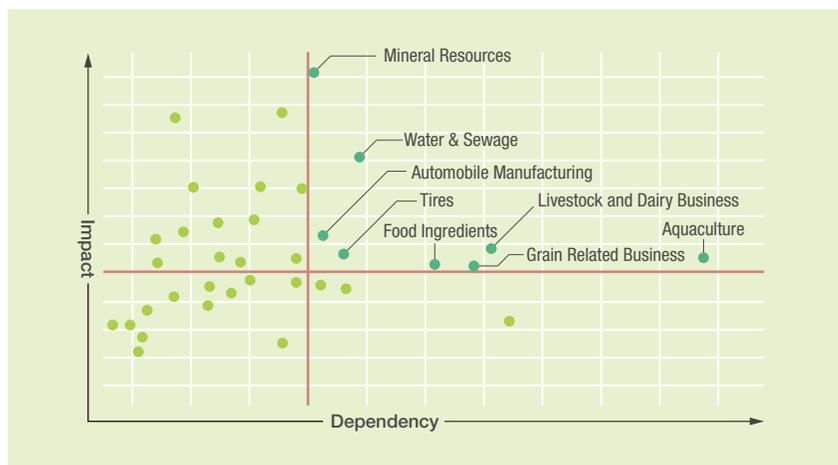
- Will explore ways to expand our avoided emissions disclosure.
- We do not use Avoided Emissions to offset Scope 1/2/3.

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.



— Average Impact and Dependency of all processed in ENCORE

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

Locate

Identified locations (priority locations) where Cermaq sites are at potential high risk of degrading biodiversity and reducing the quality of ecosystem services.

Evaluate

Compiled a long list of dependencies and impacts on nature for the priority locations identified in the “Locate” phase, and evaluated important dependencies and impacts.

Assess

Based on dependencies and impacts on nature, compiled a list of nature-related risks and opportunities for Cermaq, and conducted scenario analysis to evaluate their importance.

Prepare

Assessed Cermaq’s current countermeasures against nature-related risks and opportunities, and examined additional countermeasures and management metrics.

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.

Initiatives Regarding Human Rights and Supply Chain Management

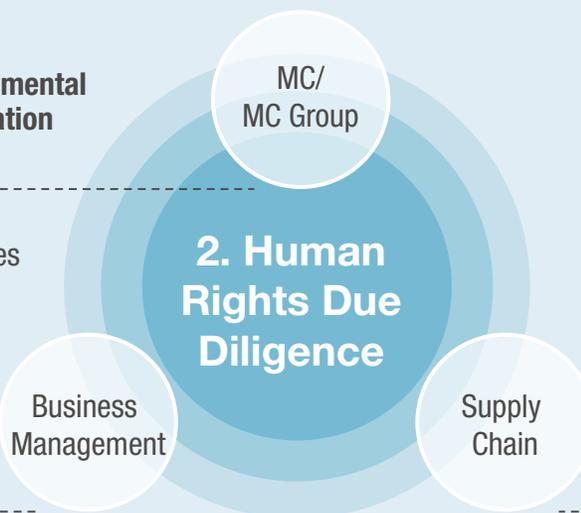
Social

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.



*Items in bold indicate key updates.

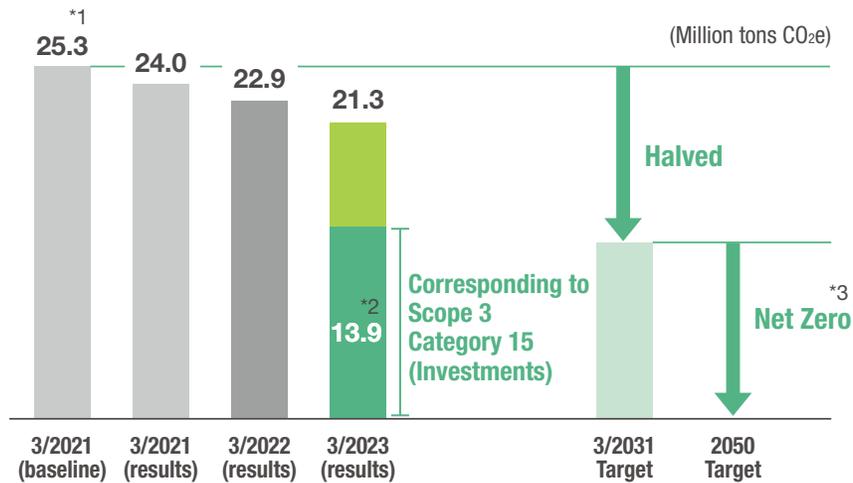
- Conducting Sustainable Supply Chain Surveys **(in FY2023, 850 responses received from supplier companies in approximately 50 countries and regions).**
- Expansion of tiers/products of Sustainable Supply Chain Survey **(Included paper and soybeans, and expanded shrimp, cacao and coffee to Tier 2 in FY2023).**
- **Establishment of Procurement Guidelines for Soybeans.**
- **Conducted on-site inspections of tea suppliers in Sri Lanka in FY2023.**

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.

FY2022 Scope 1/2 and Scope 3 Category 15 Results

Environment



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

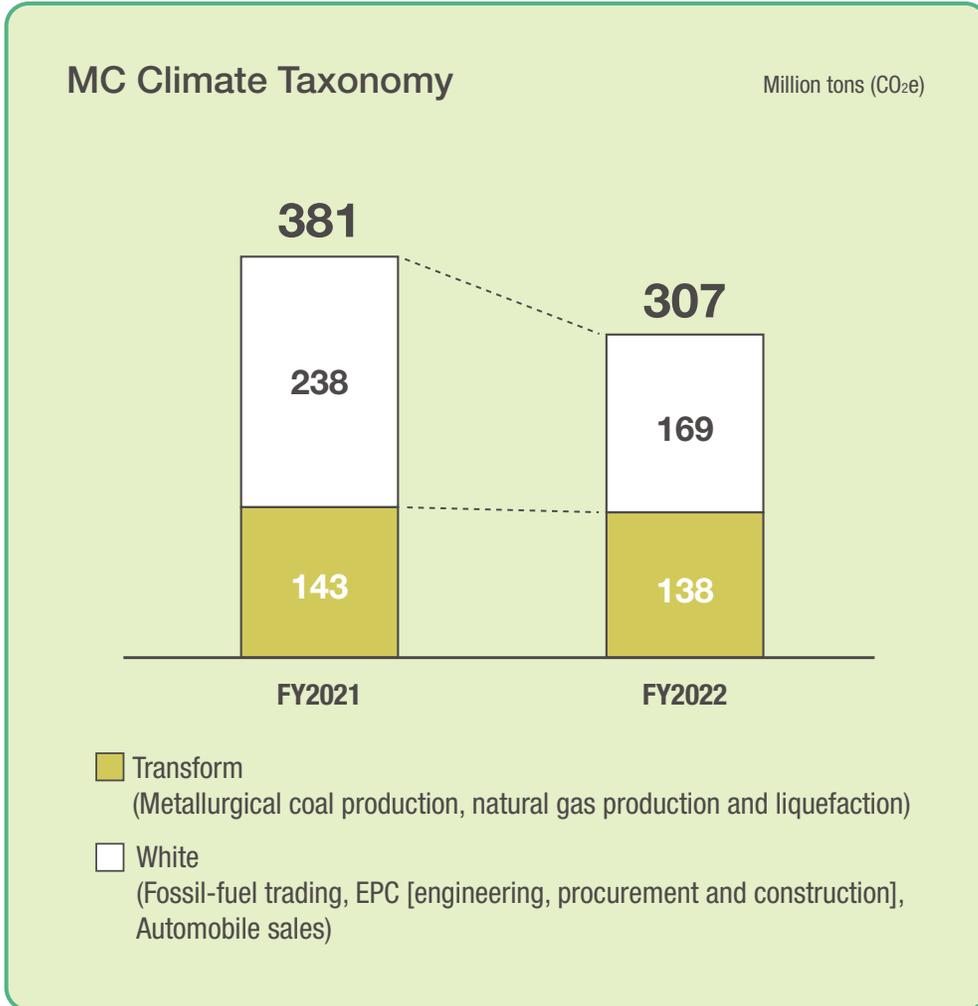
*2 13.9 million tons would be equivalent to Scope 3 Category 15 (Investments) under the GHG Protocol's financial control approach.

*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.

		(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

Environment



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.