

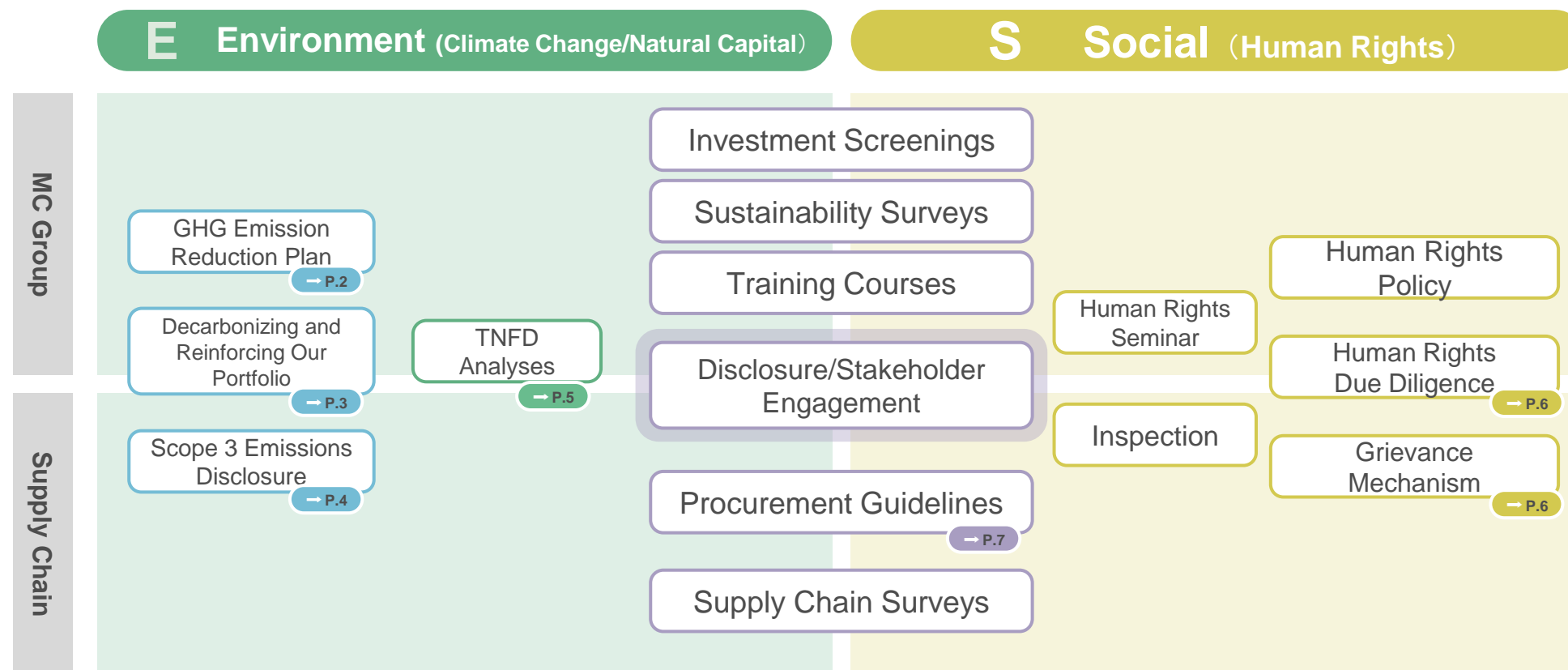
Environment Social Governance

Sustainability Initiatives for Sustainable Growth

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Overview of Sustainability Initiatives

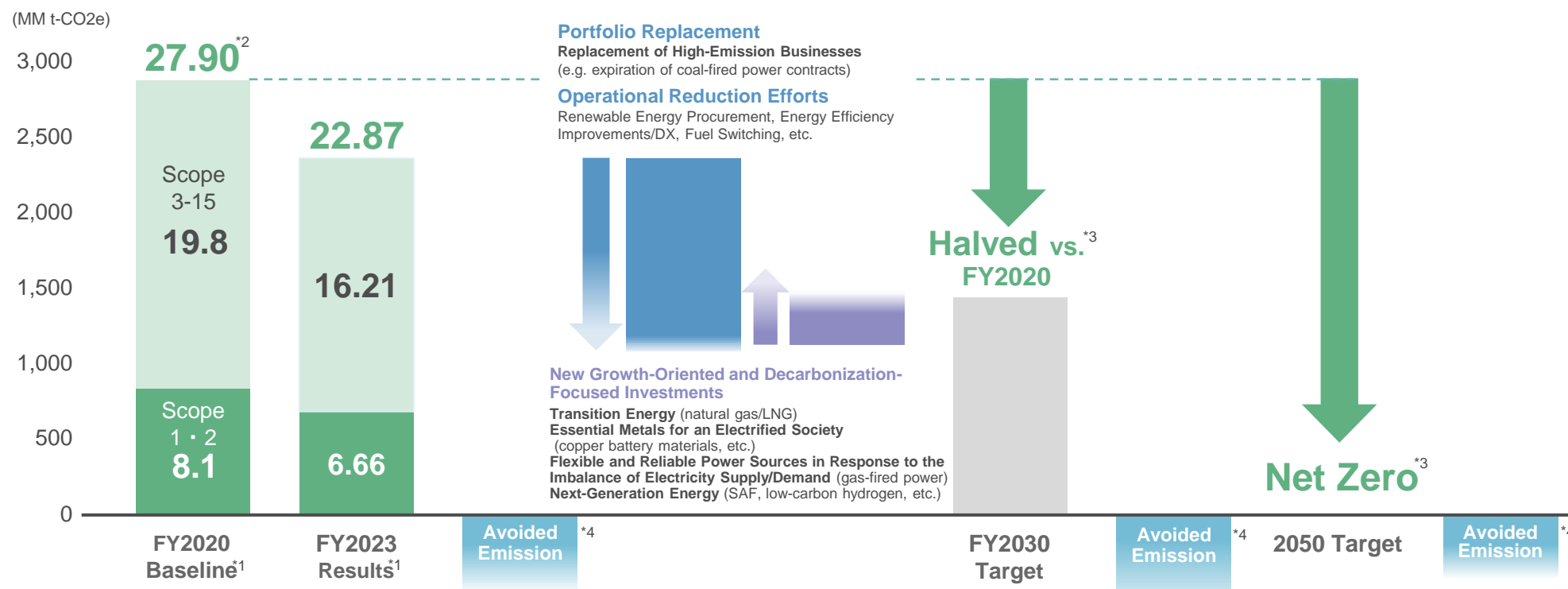
- We are developing various policies to achieve sustainable growth for society, including both the MC Group and its supply chains, centered on environmental initiatives focused on climate change and natural capital, as well as human rights-related social initiatives.
- In addition to these policies, we have established an effective sustainability system by screening investments from an environmental and societal perspective, implementing annual sustainability surveys, and reporting these results in a timely manner to management bodies.



Initiatives for Realizing a Carbon-Neutral Society

GHG Emission Reduction Plan and Achievements to Date

- As it appears increasingly probable that the transition toward a decarbonized society will take longer than expected, balancing the pursuit of decarbonization and ensuring a stable supply of energy and resources will become an even more important societal issue.
- MC's GHG emissions in FY2023 amounted to 22.87 million tons, which is 18% lower than the baseline figure of 27.9 million tons recorded in FY2020. This indicates steady progress toward the FY2030 target.
- Continue working toward achieving GHG emission reduction targets, ensuring a stable supply of energy and mineral resources, and engage in decarbonization projects to contribute to the reduction of emissions in society as a whole (the creation of avoided emissions).



^{*1}Restated due to changes including the shift in GHG calculation standards from the equity share approach to the financial control approach.

^{*2}The base year figures include emissions from thermal power generation 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.

^{*3}In the event that emissions reduction targets are not able to be achieved despite active reduction efforts, we will consider offsetting residual emissions through internationally recognized methods including carbon removal (e.g., carbon credits). Furthermore, plans and measures related to GHG emissions reduction targets may be revised flexibly in accordance with developments related to technology, economic feasibility, policy/regulatory support, etc.

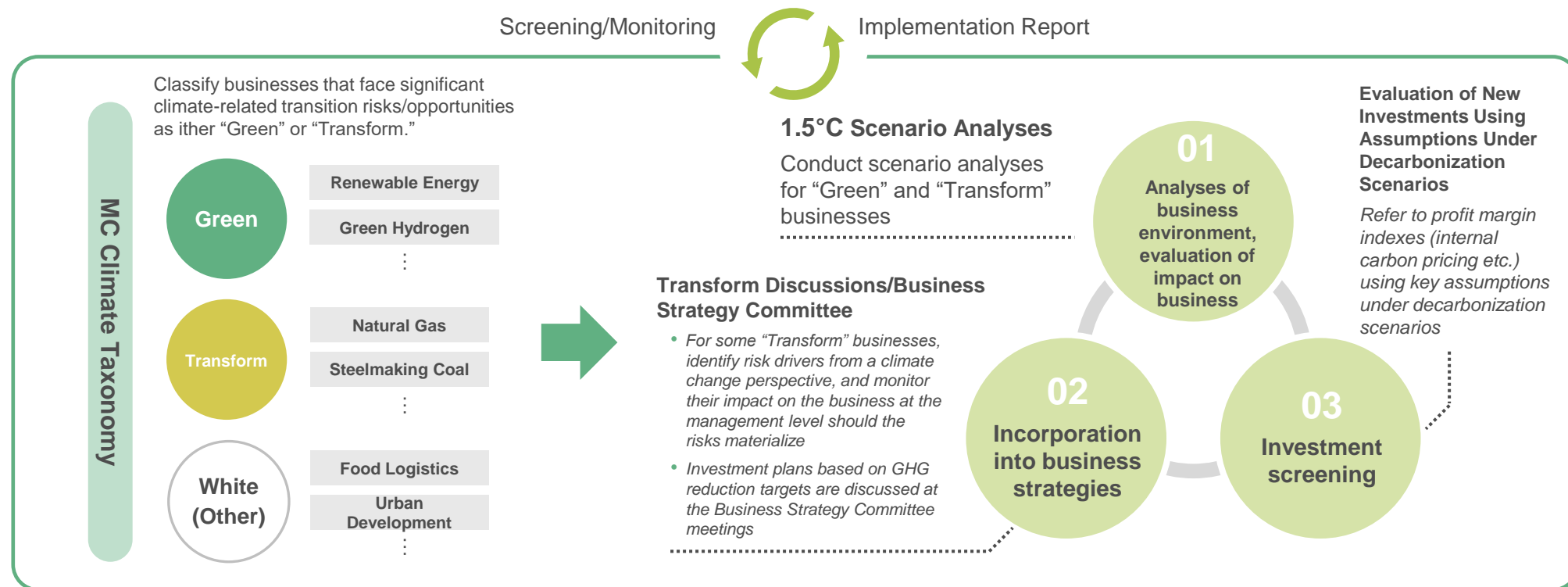
^{*4}Offsets will not be made using avoided emissions. Graphs for avoided emissions in the diagram are for illustrative purposes only. For actual figures, please refer to the ESG data disclosed separately.

Initiatives for Realizing a Carbon-Neutral Society

Mechanism for Simultaneously Decarbonizing and Reinforcing Our Portfolio

- To achieve the GHG reduction targets (halve by FY2030, net zero by 2050), we are promoting mechanisms for simultaneously decarbonizing and reinforcing our portfolio, classifying all businesses based on climate change transition risks and opportunities.
- While continuing to operate the existing mechanisms, we will also work to enhance its effectiveness.

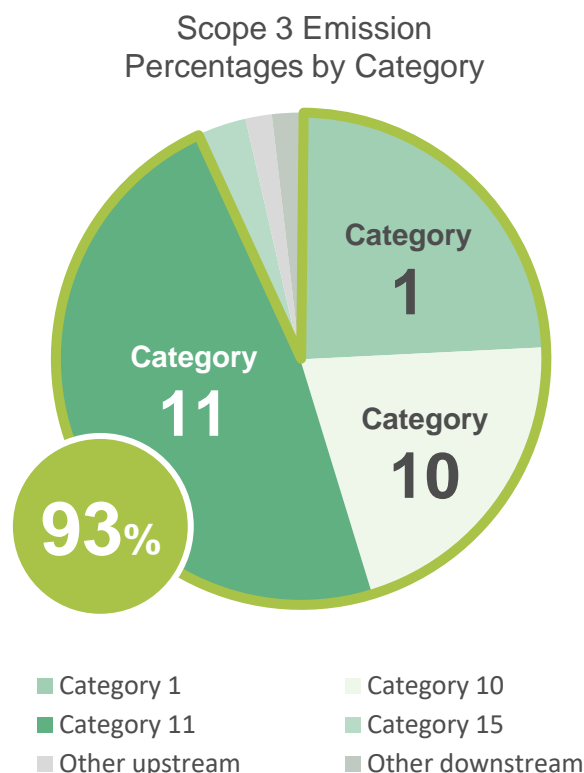
Sustainability Committee, Executive Committee, Board of Directors, Others



Initiatives for Realizing a Carbon-Neutral Society

Enhanced Disclosure of Scope 3 Emissions

- In addition to Category 11 (Use of sold products), which we have been disclosing up to now, we have calculated emissions for all other Scope 3 categories (FY2023 results, financial control approach) and expanded our disclosure.
- Category 1 (Purchased goods and services), Category 10 (Processing of sold products), and Category 11 account for 93% of total emissions.
- We will continue our efforts to reduce Scope 3 emissions by working together with clients and partners and through projects that contribute to decarbonization.



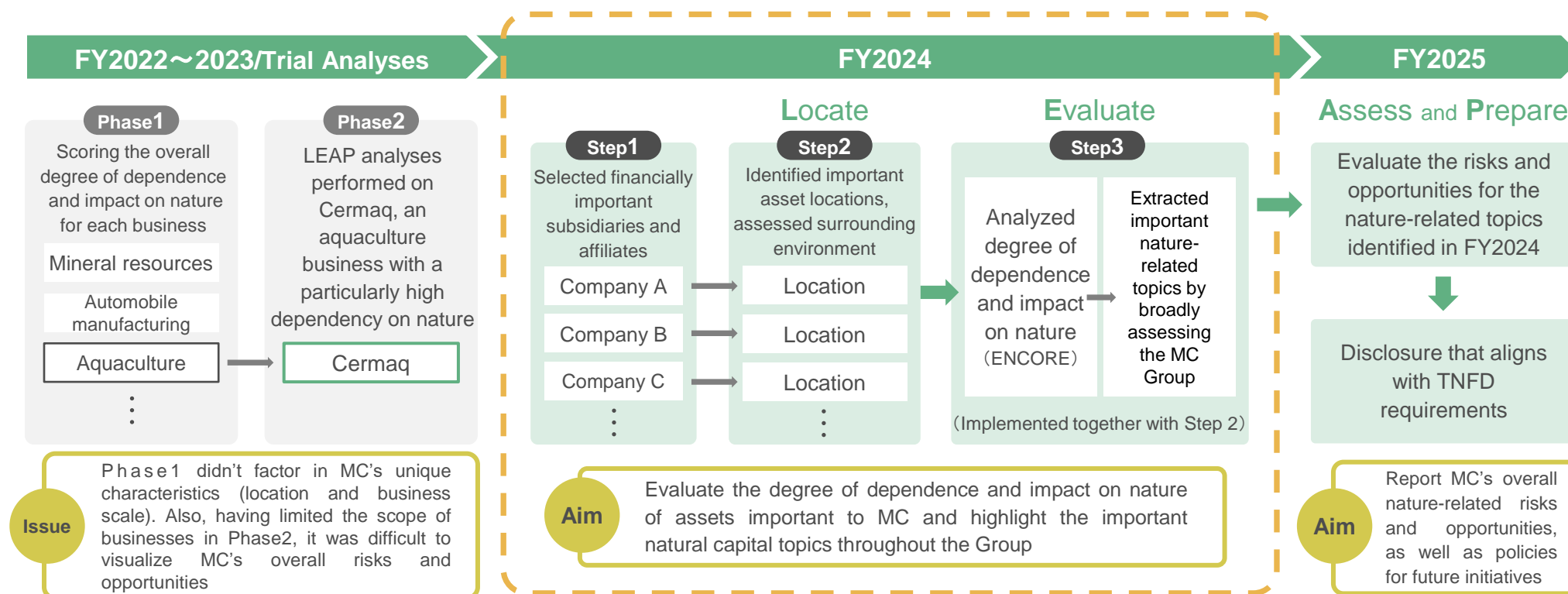
FY2023 Results		Emissions (10,000 t-CO ₂ e)		Percentage (%)
Category		Equity share approach (previous disclosure)	Financial control basis (new disclosure)	
1	Purchased goods and services	—	11,612	24.2%
2	Capital goods	—	80	0.2%
3	Fuel- and energy-related activities not included under Scope 1 or 2	—	160	0.3%
4	Upstream transportation and distribution	—	480	1.0%
5	Waste generated in operations	—	40	0.1%
6	Business travel	—	1	0.0%
7	Employee commuting	—	10	0.0%
8	Upstream leased assets	—	55	0.1%
9	Downstream transportation and distribution	—	315	0.7%
10	Processing of sold products <small>* Some items previously in Category 11</small>	—	10,100	21.1%
11	Use of sold products <small>* Disclosed since FY2021</small>	35,345	22,906	47.8%
12	End-of-life treatment of sold products	—	517	1.1%
13	Downstream leased assets	—	31	0.1%
14	Franchises	—	10	0.0%
15	Investments <small>* Subject to reduction targets (Scope 1 and 2 for affiliated companies)</small>	—	1,621	3.4%
Total		47,938		100.0%

*In line with the approach used by our business partners, we reclassified emissions from steelmaking coal from Category 10 to Category 11.

Natural Capital

Enhancing TNFD Analyses

- MC's overall nature-related risks and opportunities are analyzed through the Taskforce on Nature-related Financial Disclosures (TNFD). For high-risk products and businesses, we formulate, verify, and screen individual guidelines.
(→ P.7 for details on individual guidelines)
- After trial TNFD analyses, and feedback from stakeholders, in FY2024, we identified subsidiaries and affiliates that are financially important to MC. We implemented the Locate and Evaluate steps of the Locate, Evaluate, Assess, and Prepare (LEAP) analyses for each company.
- After completing the Assess and Prepare steps in FY2025, we will aim for disclosure that aligns with TNFD requirements.



Human Rights Deepening Initiatives

- Recognizing that protecting human rights and ensuring a sustainable supply chain are foundations for supporting our business activities, MC has introduced various initiatives such as a human rights policy, human rights due diligence, and a grievance mechanism.
- While monitoring laws and regulations and other external trends, continue to utilize the PDCA cycle for existing initiatives and plan to start redeveloping the content of these initiatives.

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

Human rights policy and the “Mitsubishi Corporation Policy for Sustainable Supply Chain Management”

2. Human Rights Due Diligence

- MC Group**
 - Individual screening when executing new investments
 - Monitoring on a consolidated basis
- Supply chain**
 - Conducting Sustainable Supply Chain Surveys, dialogues, and on-site inspections [→ See next page](#)
 - Formulating individual procurement guidelines

3. Remediation

Grievance mechanism to handle consultations from external stakeholders

4. Education and Enlightenment

- Training for MC and MC Group employees
- Human rights seminar for suppliers

Key Issues in Current Policies

Grievance mechanism

- Because there have been so few complaints since operation began, **it may not be possible to reach stakeholders with human rights concerns**



Progress in FY2024

- **Disclosing the expansion of the range of GM products in the first half of FY2025**
- For some transactions (i.e. tuna), considering double-tracking access methods for stakeholders, such as posters with QR codes

Natural Capital/Human Rights

Addressing Individual Products and Businesses

- We have formulated individual guidelines for products with high environmental and human rights risks and will add to and update its contents in line with external environments.
- To address deforestation and human rights risks, in recent years, we have formulated new guidelines (soybeans in FY2023 and coffee, cocoa, and marine products in FY2025) as well as updated existing ones (tuna in FY2025).
- We are updating existing frameworks to better reflect unique business characteristics, especially for marine products, mineral resources, and plastics, based on the challenges of each business and product.

Addressing Particularly High-Risk Individual Products and Businesses

Individual Procurement Guidelines

	Natural	Human Rights	Comments
Tuna	○	○ → ◎	Enhanced boat owners' rights
Palm oil	◎	○	No transaction of goods currently
Wood/paper	◎	○	
Soybeans	◎	○	Formulated guidelines in FY2023
Coffee/cocoa	◎	◎	Newly formulated in first half of FY2025
Marine products	○	○	Newly formulated in first half of FY2025

○ : Addressed ◎ : Addressed and with high awareness

Key Issues in Current Policies

Sustainable Supply Chain Survey

(Environmental and human rights due diligence for suppliers)

- Achieve more effective and efficient initiatives through a balanced response based on risks associated with target products and transactions



Progress in FY2024

- Revised questionnaires for mineral resources (coal, iron ore, copper, zinc) and plastics (polyethylene, polypropylene, etc.) as well as scope of coverage by supplier business type
- Strengthened initiatives related to tuna fishing vessels by increasing opportunities for direct engagement with stakeholders