Sustainability Promotion Framework

Sustainability Initiatives

The Three Corporate Principles, which have served as MC’s corporate philosophy since its inception, exhorts us to “strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.” Recognizing that social and environmental issues represent both risks that must be addressed and new business opportunities, we believe that creating not only economic value, but also societal value and environmental value is essential for the sustainable growth of MC.

MC defines sustainability initiatives as the creation of societal value and environmental value through business activities. By distinguishing this from corporate philanthropy activities (CSR) such as charitable donations, we are further strengthening initiatives to achieve triple-value growth through our business.

Furthermore, to meet the ever-changing demands of society, we believe it is important to maintain a cycle of dialogue with stakeholders combined with the drafting and execution of related measures.

In MC’s management framework, sustainability initiatives are overseen by the Member of the Board/Corporate Functional Officer in charge of Corporate Sustainability and CSR. The Corporate Sustainability & CSR Department plans and drafts related policies and measures. Following deliberations by the Sustainability & CSR Committee, which convenes approximately twice a year, items are put forward or reported to the Executive Committee and the Board of Directors.

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Sustainability & CSR Committee

A subcommittee under the Executive Committee that discusses basic policies and initiatives related to sustainability, CSR, and corporate philanthropy.

Chair: Corporate Functional Officer (Corporate Sustainability & CSR)
Members: Corporate Functional Officers, all Business Group CEOs, General Manager of the Corporate Strategy & Planning Department

Sustainability Advisory Committee

An advisory body on sustainability to the Corporate Functional Officers.

Chair: Corporate Functional Officer (Corporate Sustainability & CSR)
Members: Site senior officials representing NGOs, international organizations, the ESG investment sector, etc.

Deliberations including the following perspectives:

- Environmental challenges (climate change, biodiversity, etc.)
- Social challenges (minority rights, indigenous peoples, cultural heritage, etc.)
- Human rights and labor issues (child labor, forced labor, occupational health and safety, etc.)

(Preparing on content of deliberations)

Main Discussion Themes for the Sustainability & CSR Committee in the Fiscal Year Ended March 31, 2021.

- Sustainability survey report
- Setting of 2030 targets for MC’s Key Sustainability Issues
- Analysis of the impact of climate change on MC’s business activities (transient risks and strategic opportunities)
- Initiatives toward a low-carbon/decarbonized society (including the establishment of a study group to explore ways to achieve net-zero emissions)
- NGO/shareholder engagement policy
- Corporate philanthropy activities (including disaster relief projects)

(For detailed information, please refer to pages 51 and 120.)

Cycle for Integrating Sustainability into Business Strategy

- Each Business Group formulates its business strategy based on content deliberated by the Sustainability & CSR Committee.
- In the Business Strategy Committee, in which the President and Group CEOs discuss the future strategies for each business, policy approaches based on analyses of multiple climate change scenarios are confirmed for certain Business Groups.

Promoting Sustainability Through Business

To continuously create societal value and environmental value through our business activities, we have established a framework through which not only Corporate Departments, but also Business Groups proactively promote sustainability.

Sustainability Promotion Framework in Each Business Group

- To further promote Business Group initiatives, management personnel responsible for promoting business strategy in each Business Group have been appointed as Chief Sustainability Officers.
- To promote collaboration, MC holds meetings for Group Sustainability Managers as needed to share information and explain measures related to sustainability.

Incorporating Sustainability into Individual Projects

- By having the General Manager of the Corporate Sustainability & CSR Department serve as a member of the Investment Committee, MC puts in place a screening system that reflects potential environmental and social impacts in decision-making.
- For proposal applications such as management plans for subsidiaries and affiliates, by requiring details on aspects including the position of the business in relation to promoting Key Sustainability Issues as well as potential environmental and social risks (including scenario analyses). Through this process, MC seeks to assess risks and create project proposals with an awareness of impacts on the environment and society.
- The Corporate Sustainability & CSR Department has dedicated staff tasked with monitoring both the risks and opportunities of individual proposals for each Business Group from environmental and social perspectives. In reviewing proposals, the department conducts risk management including by performing environmental due diligence together with the Business Group as necessary, as well as by sharing stakeholder concerns and referring to International Finance Corporation (IFC) guidelines. In addition, the Corporate Sustainability & CSR Department helps MC seize new opportunities by offering knowledge and coordination as a department dedicated to sustainability issues.

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**Disclosure (Sustainability Website)**

MC’s approach to the disclosure of sustainability-related information is guided by a recognition that corporate value can be enhanced from a medium- to long-term perspective through a continuous cycle of stakeholder dialogue and strategy execution. Based on requests from investors and other stakeholders, we provide details on how our sustainability initiatives contribute to corporate value creation in the medium to long term through timely and accurate disclosures. The feedback we receive in response to these disclosures is consistently captured and reflected in our initiatives.

In March 2021, MC launched the Sustainability Website as a new platform for ESG disclosures with the aim of centralizing ESG-related information disclosed separately through such channels as the Integrated Report and the ESG Data Book, and of responding in a timely manner to the increasingly complex requirements of ESG evaluation bodies and disclosure standards. The website is primarily aimed at stakeholders who have a strong interest in ESG investment. Referring to multiple ESG reporting guidelines, it has been organized according to ESG topic for easier reference as listed below.

Furthermore, disclosures are made through the Sustainability Website after approval by the Corporate Functional Officer in charge of Corporate Sustainability & CSR and after reporting to the Disclosure Committee, a subcommittee of the Executive Committee.

**Sustainability Website Disclosures by ESG Category**

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Climate Change</td>
<td>• Human Rights</td>
<td>• Board of Directors and Shares, etc.</td>
</tr>
<tr>
<td>• Environmental Management</td>
<td>• Labor Practices</td>
<td>• Audit &amp; Supervisory Board and Audit</td>
</tr>
<tr>
<td>• Water Resources</td>
<td>• Diversity Management</td>
<td>Directors’ and Audit &amp; Supervisory</td>
</tr>
<tr>
<td>• Biodiversity</td>
<td>• Occupational Health and Safety</td>
<td>Board Members’ Remuneration, etc.</td>
</tr>
<tr>
<td>• Prevention of Pollution</td>
<td>• Human Resource Development</td>
<td>• Compliance</td>
</tr>
<tr>
<td>• Efficient Use of Resources</td>
<td>• Customer Responsibility</td>
<td>• Risk Management</td>
</tr>
</tbody>
</table>

**Collecting Sustainability Information on a Consolidated Basis**

To fully grasp qualitative and quantitative information around corporate sustainability, MC annually conducts environmental and occupational health and safety surveys targeting all subsidiaries and affiliates on a global, consolidated basis. The aggregated results are reported to management and are used as basic materials when considering sustainability initiatives and other measures.

**Selection of survey targets**

The subsidiaries and affiliates subject to the survey are determined by the relevant Business Group/Division. In principle, the survey covers all subsidiaries and affiliates including consolidated subsidiaries, affiliates (including affiliates of subsidiaries) under the equity method, and jointly managed projects and companies.

**Start of survey**

The survey items include greenhouse gas emissions, water, waste, occupational health and safety data, and other environmental management measures and other management policies.

**Completion of survey**

Data on consolidated greenhouse gas emissions, water usage, electricity consumption, non-consolidated occupational health and safety data, and other figures are aggregated and managed through an internal online system to enable accurate and timely data reliability.

**Reporting/disclosure**

The survey results are reported to the Sustainability & CSR Committee, the Executive Committee and the Board of Directors. A portion of the data is disclosed on the Sustainability Website, in our Sustainability Report and in our annual response to CDP.

**On-Site Observation Tour**

In the fall of 2020, MC conducted a site visit to imperfect inc.,* in Omosando, Tokyo. During the visit, Sustainability Advisory Committee members learned about the role imperfect’s activities play and the challenges faced in promoting sustainable activities to support livelihoods and conserve the environment.

*“imperfect inc. sells products that combine ingredients such as nuts, cacao and coffee produced through initiatives with high environmental and social value, based on MC’s commitment to “address societal issues related to food and agriculture through business practices.”
Supply Chain Management

Basic Approach on Human Rights (Including Response to International Norms)

MC believes that respect for human rights is fundamental to doing business globally. MC stipulates its respect for human rights in its Corporate Standards of Conduct and Social Charter. MC’s Code of Conduct for executives and employees states that MC will “respect human rights; will not engage in discrimination on the basis of race, ethnicity, creed, religion, or any other grounds; will not tolerate harassment; will respect the cultures, customs, and languages of other countries and regions” both inside and outside MC. MC also supports international norms such as the UN Guiding Principles on Business and Human Rights, the core labor standards of the International Labour Organization (ILO), and the Voluntary Principles on Security and Human Rights. Furthermore, in the UK, the government established the UK Modern Slavery Act (MSA), which requires certain companies to disclose actions taken to mitigate modern slavery in their supply chains. In response to this legislation, MC published a statement annually. The Mitsubishi Corporation Policy for Sustainable Supply Chain Management includes clauses covering the prohibition of forced labor and child labor. MC expects its suppliers to understand, embrace, and abide by this policy.

Policy and Structure for Supply Chain Management

Basic policies and survey results for supply chain management, are determined by the Executive Committee based on deliberations by the Sustainability Advisory Committee and the Sustainability & CSR Committee, and are also reported to the Board of Directors.

Supply Chain Management Initiatives

Our Approach to Supply Chain Management

MC regularly conducts surveys of suppliers, with a focus on those in industries where environmental and social risks are considered higher such as marine/agricultural products and apparel, in order to monitor their compliance with MC’s Policy for Sustainable Supply Chain Management. MC determines the target products and suppliers to be surveyed, and conduct post-survey follow-up in line with the approach outlined below.

1. Select target products

Target products are selected based on the following aspects: (Example)
- External factors related to the product
- Situation in the country or region of origin of the product

2. Determine target suppliers

Target suppliers are determined based on factors such as transaction history, etc.

3. Distribute surveys

Distribute surveys which include questions related to the following items: (Examples)
- Existence of policies and compliance with laws and regulations
- Existence of forced or child labor
- Environmental protection status
- Information disclosure

4. Determine initiatives in accordance with supply chain status

Suppliers are categorized into three degrees of risk based on survey results, and additional surveys and site visits are conducted based on the status of each supplier.

Communication with Suppliers

In the fiscal year ended March 31, 2021, MC employees visited a garment factory in Japan, which supplies apparel products to MC’s subsidiary Mitsubishi Corporation Fashion Co., Ltd., and conducted interviews with employees and company management. Working in partnership with suppliers, MC will continue to promote sustainable operations throughout its supply chains.

Employee Training

Many employees at MC have the opportunity to undertake trading activities such as purchasing and sales, or to support such activities at some time in their careers. For this reason, MC strives to deepen the knowledge of all employees as buyers by explaining MC’s corporate philosophy, including respect for human rights in the supply chain. MC also integrates the relevant supply chain policy into buyer training such as programs geared toward specific levels of management including those for new employees as well as training on trading practices.

Communication with Stakeholders

Through dialogue with stakeholders, MC exchanges opinions on supply chain management and researches necessary to make improvements. The table to the right shows the type of reviews that MC has conducted to date, drawing on comments from stakeholders.

Examples of items revised based on comments from stakeholders:
- Regulate regularly obtaining suppliers’ agreement with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management
- Added more target products to the survey

[URL: https://mitsubishicorp-disclosure.sites.mnto/Themes/12841/147]