Sustainability Promotion Framework

Sustainability Initiatives

MC’s Three Corporate Principles call upon us to “strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.”

In recent years, expectations and demands for companies to address various societal challenges have been increasing. Guided by our Materiality, a set of crucial societal issues that we will prioritize through our business activities, we aim to continue to grow together with society by continuously creating MC Shared Value, as set forth in Midterm Corporate Strategy 2024.

Furthermore, in order to increase our corporate value in line with the ever-changing demands of society, we have established an effective promotion framework that recognizes the importance of dialogue with our stakeholders and a cycle of business strategy execution based on this dialogue.

Companywide Sustainability Framework

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.

Sustainability Promotion Framework in Each Business Group

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.

Cycle for Integrating Sustainability into Business Strategy

- Following deliberations by the Sustainability & CSR Committee, the President and each Group CEO will hold further Business Strategy Meetings to discuss future strategy.
- In these meetings, policies for businesses that are deemed to be most affected by climate change are checked against the results of a 1.5°C scenario analysis.

Incorporating Sustainability into Individual Projects

- 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.

Main Discussion Themes for the Sustainability & CSR Committee

- **Climate Change**
- **GHG emissions management and reductions**
- **Management of climate risks/opportunities**
  - Please refer to p. 48-51 for details.
- **Materiality**
  - Please refer to p. 46-47 for details.
- **Supply chain management**
  - Please refer to p. 10-11 for details.
- **Stakeholder engagement**
  - Please refer to p. 36-37 for details.
- **Corporate philanthropy activities**

Please refer to p. 36-37 for details.

Please refer to p. 46-47 for details.

Please refer to p. 36-37 for details.
We believe that the cycle of disclosing our sustainability initiatives in a timely and appropriate manner based on the requests of our stakeholders, gaining their understanding, and reflecting their feedback on our initiatives is crucial. We will continue to proactively disclose sustainability-related information based on the recognition that this cycle contributes to enhancing our corporate value over the medium to long term. In addition to this Integrated Report, we also publish a Sustainability Website, which contains more detailed information. Referring to multiple ESG reporting guidelines, the Sustainability Website is organized according to ESG topics for ease of reference. Furthermore, important disclosures are made on this website following 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 Advisory Committee**

MC has established the Sustainability Advisory Committee from 2008 which consists of six outside experts representing the perspectives of MC’s diverse stakeholders, including NGOs, international agencies and the ESG investment sector, as an advisory body to the Corporate Functional Officer (Corporate Sustainability & CSR). MC conveys its thinking on sustainability policies to committee members and, with the aim of improving stakeholder engagement, receives advice and recommendations from them. Moreover, MC conducts tours of business sites for committee members in order to deepen their understanding of MC’s businesses. At the Sustainability Advisory Committee meeting held in May 2022, MC received feedback on the following topics:

- Discussions held directly with sustainability-related investors: approximately 35
- Discussions held directly with NGOs: 45 (Japan: 10, Europe: 18, The Americas: 20)

**Dialogue with Stakeholders (Incorporating External Perspectives)**

Through direct discussions with investors and NGOs, we have received valuable insight and opinions from the perspective of each regarding expectations in relation to our strategies toward the transition to a low-carbon/decarbonized society and our policies for individual fossil fuel projects. We will reflect the suggestions we receive in our policy considerations, and disclose these policies in a timely and appropriate manner.

**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>- Board of Directors and Shareholders, etc.</td>
<td>- Human Rights</td>
</tr>
<tr>
<td>- Environmental Management</td>
<td>- Audit &amp; Supervisory Board and Audit</td>
<td>- Labor Practices</td>
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<tr>
<td>- Water Resources</td>
<td>- Directors’ and Audit &amp; Supervisory Board Members’ Remuneration, etc.</td>
<td>- Diversity Management</td>
</tr>
<tr>
<td>- Biodiversity</td>
<td>- Compliance</td>
<td>- Occupational Health and Safety</td>
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<tr>
<td>- Prevention of Pollution</td>
<td>- Risk Management</td>
<td>- Human Resource Development</td>
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<td>- Efficient Use of Resources</td>
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<td>- Customer Responsibility</td>
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**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 (March)

Start of survey (March)

Completion of survey (May)

Reporting/disclosure (from June)

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

The survey items include greenhouse gas (GHG) emissions, water, waste, occupational health and safety data, expenditures for philanthropic activities, environmental management measures and other management policies.

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.

**Dialogue with Stakeholders in the Fiscal Year Ended March 31, 2022**

**Number of discussions in the fiscal year ended March 31, 2022**

- Discussions held directly with sustainability-related investors: approximately 35
- Discussions held directly with NGOs: 45 (Japan: 10, Europe: 18, The Americas: 20)

**Sustainability Advisory Committee Members**

<table>
<thead>
<tr>
<th>Eichiro Adachi</th>
<th>Peter D. Pedersen</th>
<th>Takeshi Suetsugu</th>
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<tbody>
<tr>
<td>Senior Counselor, The Japan Research Institute, Limited</td>
<td>Professor, Graduate School of Leadership and Innovation, Shikoku University</td>
<td>Special Advisor to the UNDP in the Asia-Pacific Region</td>
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<td>Masaru Arii</td>
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<td>Chie, Japan Sustainable Investment Forum</td>
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<td>Yasushi Hibi</td>
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<td>Director Consensus International Japan</td>
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<td>Miwa Yamada</td>
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<td>Director-General, Interdisciplinary Studies Center Institute of Developing Economics, Japan External Trade Organization (JETRO)</td>
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**Main Discussion Topics at the May 2022 Meeting**

- Materiality
- Responding to climate change
- Supply chain management
- Stakeholder engagement
- Corporate philanthropy activities (including recovery activities)

**On-Site Observation Tour**

In the fall of 2021, the Sustainability Advisory Committee visited business sites in Fukuoka and Oita. In Fukuoka, they visited Fukuoka International Airport Co., Ltd. and Next Mobility Co., Ltd., to observe how public transport can be used to create a sustainable society. In Oita, they visited Mitsubishi Shoji & Sun Co., Ltd. and the Taiyo Museum, which work to support the independence of people with impairments, and also participated in volunteer activities at the Oita International Wheelchair Marathon, one of the world’s top para-sports events.

**Understanding the latest external trends**

In order to keep abreast of the latest international environmental and social trends, we are a signatory of the UN Global Compact and are a member of organizations such as the World Business Council for Sustainable Development (WBCSD). We have also established sustainability departments in regions such as Europe, the Americas, and Southeast Asia, with which we collaborate and gather information.
**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 recognizes the importance of “Respecting Human Rights in Our Business Operations” as part of its Materiality.
- MC promotes fair and sound business activities based on its Three Corporate Principles, which have been the company’s corporate philosophy since its foundation, and clearly stipulates its respect for human rights in its Corporate Standards of Conduct, Social Charter, and Code of Conduct for Executives and Employees. In so doing, we make clear, both internally and externally, our commitment to cooperate with business partners to avoid complicity in human rights violations.
- MC also supports international norms such as the Universal Declaration of Human Rights and International Covenants on Human Rights, 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.
- MC conducts human rights and environmental due diligence based on the understanding of the importance of fulfilling our responsibility to identify, analyze and mitigate the negative impacts of our business on human rights and the environment.

**Policy and Structure for Supply Chain Management**

**Mitsubishi Corporation Policy for Sustainable Supply Chain Management**

**Basic Policy**

Since its foundation, MC has adhered to the Three Corporate Principles which have guided its corporate philosophy and which place considerable emphasis on the importance of the corporation’s social responsibilities. Moreover, our Corporate Standards of Conduct outline our commitment to comply with all relevant laws and international regulations and to act responsibly with respect to the highest social standards. Our Corporate Standards of Conduct further elaborate on our commitment to preserving the global environment and pursuing sustainable development through all aspects of our business activities.

1. Policy

For MC, as a global company involved in businesses across a wide range of products and services, ensuring sustainable supply chains is a key issue. MC has established the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC’s actions to address human rights, labor rights and environmental issues in the supply chain. This policy serves to convey MC’s fundamental perspective to all its suppliers.

*1 Tier 1 is a primary supplier that supplies directly to MC (or its Group companies), while Tier 2 is a secondary supplier that supplies directly to the primary supplier.

2. Monitoring

MC conducts regular surveys to suppliers to monitor the status of their compliance with the Basic Policy and to strengthen communication with suppliers. Furthermore, MC visits suppliers to confirm the status of their activities when it determines that site visits are necessary based on the regions where suppliers are active and their business activities.

3. Response to Compliance Violations

If a violation of the Basic Policy is confirmed, MC will demand that the relevant supplier implement corrective measures and will provide guidance and assistance to the supplier as necessary. If MC determines that the supplier is unlikely to implement corrective measures even after providing continuous guidance and assistance, MC will re-evaluate its business relationship with the relevant supplier.

**Results of the Sustainable Supply Chain Survey**

- In April 2021, MC conducted its annual survey for the fiscal year ended March 31, 2021, targeting 1001 supplier companies (up 236% from the previous fiscal year) in 40 countries and regions including China, Vietnam and Thailand.
- Based on the results of the survey, having taken steps to correct or improve any issues identified, MC re-evaluated its business relations with relevant suppliers.

**Countries of the target suppliers**

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<thead>
<tr>
<th>Category</th>
<th>Countries</th>
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<tbody>
<tr>
<td>Apparel</td>
<td>China, Vietnam, India</td>
</tr>
<tr>
<td>Apparel</td>
<td>Vietnam, United States</td>
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<tr>
<td>Apparel</td>
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**Communication and Engagement with Suppliers**

In the fiscal year ended March 31, 2022, MC conducted an online meeting and interview with the management team and employees of the Fisheries Cooperative Association of Mitsuhashi-cho, a supplier of tuna (located in Nagasaki Prefecture, Tsushima City) to one of MC’s subsidiary companies, Toyo Reizo Co., Ltd.

The meeting provided an opportunity to deepen their understanding of sustainability and the importance of our company’s initiatives. Furthermore, by sharing the Policy for Sustainable Supply Chain Management in the terms and conditions of purchasing contracts, MC ensures its suppliers abide by the Policy.