VALUE CREATION

MC's Sustainable Value Creation Story

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The MC Group aims to deliver sustainable growth by adapting to changes in the business environment and fulfilling societal needs with due consideration for the United Nations’ Sustainable Development Goals (SDGs). To achieve this aim, the MC Group shall rely on its three core strengths: the collective capabilities to adopt a holistic view across numerous industries, the foresight to identify new seeds of growth and the execution skills to achieve growth.

Achieving Sustainable Growth for the MC Group and Society

The MC Group aims to deliver sustainable growth by adapting to changes in the business environment and fulfilling societal needs with due consideration for the United Nations’ Sustainable Development Goals (SDGs). To achieve this aim, the MC Group shall rely on its three core strengths: the collective capabilities to adopt a holistic view across numerous industries, the foresight to identify new seeds of growth and the execution skills to achieve growth.
MC has pursued value creation by flexibly transforming its business models in accordance with changes in the external business environment.

Trading Phase
From its founding until the 1980s, MC was primarily involved in the trading and distribution business. The company supported a wide range of industries by serving as an intermediary, connecting suppliers and buyers across international borders in order to respond to market changes and customer needs. Given the underlying expansion of trading volumes for numerous industries throughout Japan’s period of rapid economic growth up to the 1980s, MC, with trading commissions as its primary revenue source, saw its financial performance steadily improve.

Trading Evolution Phase
In the mid-1980s, a strong yen pushed Japan into a recession, which was followed by the economic bubble and its subsequent collapse. During this period, the business environment surrounding sogo shosha became increasingly severe, as the notion was that such intermediaries were unnecessary. Under these circumstances, MC decided to step out from its role as an intermediary by striving to maintain and, where possible, expand its trading volumes by executing minority investments in upstream and downstream fields as well as by enhancing its existing functions in order to provide added value as a trader and distributor.

Business Model Transformation Phase (Acceleration of Business Investment)
Entering into the new millennium, value chain dynamics for industry as a whole began to change, and it became necessary to transform the trading business model completely. MC sought a new way forward by pursuing business models that transcended the boundaries of the traditional trading business. By accelerating business investments, MC embarked upon a new course of more proactively managing businesses.

Business Management Phase
Due to a shift in the market environment for natural resources, MC recorded its first ever net loss for the fiscal year ended March 31, 2016. Since then, MC has worked to rebalance its resources and non-resources businesses and has emphasized cash flow in management. Under Midterm Corporate Strategy 2021, MC is currently endeavoring to shift its business model from one that looks to investment as a source of growth toward a model of business management to actively generate value and drive growth. Furthermore, MC is focusing on promoting IT and DX to address the needs of society and create new business opportunities.

Major Events
- 1870: Original Mitsubishi organization founded
- 1881: MC was founded (electricity is energized)
- 1967: MC becomes Japan’s first trading company to take part in petroleum whiskies
- 1974: MC signs construction contract for the international airport at Mombasa, Kenya
- 1992: MC signs joint venture contract with Saudi Petrochemical
- 2003: MC signs a capital and business alliance agreement with Lawson, Inc.
- 2010: MC establishes Cermaq ASA, a leader in aquaculture
- 2020: Eneco becomes a subsidiary
- 2021: Mitsubishi Shokuhin established
The External Environment Surrounding MC

Since 2020, the global COVID-19 pandemic has caused significant disruption to social and economic activities. Meanwhile, the adaptability of the MC Group has been further put to the test by other megatrends including geopolitical conflict and societal digitalization, as well as accelerating momentum toward transitioning to a low-carbon/decarbonized society.

Amid these circumstances, we will act in accordance with the Three Corporate Principles, which have served as MC’s guiding philosophy since its founding, to stay on top of global trends and to offer solutions to societal issues and needs by uncovering new business opportunities.

Toward Value Creation Through the Simultaneous Generation of Triple-Value Growth

Based on the Three Corporate Principles, MC has continued to pass down the ideals of promoting integrity and fairness through its global business and contributing to the sustainable development of society. By flexibly adapting its business model in response to changes in the external environment and striving to create value, MC has grown together with society. We will continue to work to simultaneously generate triple-value growth, to contribute to the achievement of the SDGs and to raise corporate value by addressing our Key Sustainability Issues, which are issues for management to address to promote sustainable growth. To accomplish these goals, we will leverage the diverse and capable management capital of the entire MC Group by applying our three core strengths: the collective capabilities to adopt a holistic view across numerous industries, the foresight to identify New Seeds of Growth, and the execution skills to achieve that growth.
Global Partnerships that Facilitate Business Development in Diverse Industries

The Strengths of MC

Global Network

MC has been developing a network to drive its next phase of major growth by continually enhancing its ability to respond to change, as well as by encouraging collaboration through the efficient and effective division of labor among the Head Office, MC offices and subsidiaries, and Group companies.

Customers and Partners in a Wide Range of Industries

MC has long contributed to the development of societies and economies by working with its customers and partners all over the world to develop various businesses that it could not have realized on its own. These good relationships are built up day by day as our irreplaceable assets that span the past, present and future.

The Strengths of MC

Collective Capabilities

Global Network

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Aiming for a Comprehensive Service Offering Through Partnerships with Power Companies

- Power retail business

Power companies often hold a substantial share of regional markets, having earned the trust of their local communities. By working together with these companies to uncover potential consumer needs and to formulate cross-industry strategies, we will leverage our respective strengths to drive innovation and create new businesses.

Message from a Group CEO

Katsuya Nakanishi
Executive Vice President
Group CEO
Power Solution Group

Power Electric Miraiz Connect, Inc.

Driven by a mission to develop lifelong customer connections, Chubu Electric Power Miraiz Connect, Inc. is contributing to Japan’s regional and societal development by offering services that strengthen family bonds across generations and link how people live, form communities and engage in business.

The company builds upon the customer base of Chubu Electric Power Miraiz Co., Inc., which has earned the trust of local communities through its connections with individual households, and combines it with the MC Group’s extensive industry networks as well as retail and marketing expertise gained through its involvement in the operations of Lawson convenience stores, supermarkets and Loyalty Marketing, Inc. By integrating these respective strengths with the latest digital technologies, Chubu Electric Power Miraiz Connect is able to anticipate a wide variety of customer needs, in relation to both everyday life as well as major life events, to provide tailored services on a one-to-one basis.

Profile of Chubu Electric Power Miraiz Connect, Inc.

- Chubu Electric Power Miraiz Connect, Inc. was established in April 2021 (Chubu Electric Power Miraiz Co., Inc. 51%, MC 49%).
- In addition to life-planning and insurance sales services for each life stage, Chubu Electric Power Miraiz Connect offers community-focused internet retail services, as well as senior monitoring services that utilize power usage data and IoT technologies. It also plans to introduce business process outsourcing (BPO) services, including welfare services, for local small- and medium-sized enterprises.
- Chubu Electric Power Miraiz Connect leverages the MC Group’s expertise and networks (through Lawson convenience stores, Loyalty Marketing, Inc. (Ponta), supermarkets, etc.) in service development and partnering.
People are MC’s greatest asset and the source of its competitiveness. Since its founding, MC has successfully weathered various crises and environmental changes by adapting its business models, thanks to the ability of employees to identify global changes. Without employee growth, there can be no sustainable development for MC. With this in mind, we began implementing HR system reforms in April 2019 as part of Midterm Corporate Strategy 2021 (details on the page to the right). Two years later, these reforms are gradually starting to yield tangible results. One such result is the progress made toward flexible promotions based on duties performed. MC has over 130 Business Units and approximately 1,700 Group companies. As the scale and missions of these organizations and companies evolve, the types of people needed to manage them also change. We have taken steps to ensure that capable and highly motivated people are promoted, regardless of age, gender or other attributes, based on their performance assessments and suitability for management tasks.

This policy is resulting in further active contributions from female and younger employees. We have also made improvements in terms of diversity and career mobility as a result of cross-organizational initiatives, such as the work of the Industrial DX Task Force, and increased cross-organizational transfers. We are also adjusting remuneration according to each employee’s tasks and performance. In promoting our business management model, our corporate growth is driven by employees who have high moral and ethical standards and who possess the foresight to identify New Seeds of Growth and the execution skills to achieve growth.

In the fiscal year ending March 31, 2022, we will launch a new training program to accelerate digital transformation (DX). We will also continue to support employee growth and skill improvement through both on- and off-the-job (OJT-JT) training. In order for our diverse professionals to be able to fully demonstrate their capabilities and continuously create corporate value, measures to develop employees and enhance working environments will be essential on a global, consolidated basis. We will further expand our focus to include initiatives to promote new ways of working, including health management, support for women’s careers and improvements in productivity and efficiency. The world is moving at an accelerating pace toward digitalization and the creation of a low-carbon, decarbonized society. Companies, together with their employees, must continue to change, grow and enhance their adaptability. However, the Three Corporate Principles, which are rooted in the minds of all of our officers and employees, will remain unchanged as our universal approach. Each of MC’s officers and employees will apply their foresight and execution skills, as well as other aspects connected to the Three Corporate Principles such as integrity and fairness, to improve the corporate value of every MC Group company. Furthermore, by contributing broadly to society through earnest engagement across a wide array of industries, we aim to achieve sustainable growth together with society.

The Necessary Attributes for MC Employees
In promoting our business management model, our corporate growth is driven by employees who have high moral and ethical standards and who possess the foresight to identify New Seeds of Growth and the execution skills to achieve growth.

• We will achieve high levels of growth by enabling every employee to achieve self-growth on the path toward becoming management professionals.
• With “supporting growth” set out as one of the most important objectives for managers, we provide development opportunities for employees and support growth.
• We will enhance talent management through multitiered promotion and monitoring systems. We will ensure that the right people are assigned to the right positions, regardless of age, gender or other attributes.
• We will place people with management potential in appropriate positions, promote them to management posts with high levels of importance and difficulty, and utilize them companywide across organizational boundaries.
• We will ensure that the structure and level of remuneration is appropriate for the job requirements and results, while ensuring that employees take responsibility for results.

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Develop and Utilize Management Professionals in a Stepwise Fashion

Frontline Professional Development
MC gives employees the chance to accumulate a variety of in-depth experience in Group companies and other frontline locations, while interacting with internal and external stakeholders directly, for early development into frontline professionals.

Practical Application of Management Experience
Through the management of people, organizations and projects, MC further develops employees into management professionals who can deliver results.

Application as Management Professionals
MC develops professionals who are capable of transcending fields and taking the lead of larger organizations and projects to deliver results.

Foresight and Execution Skills
Skills
• Foresight
• Execution

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HR System Reforms under Midterm Corporate Strategy 2021
Under Midterm Corporate Strategy 2021, we will create the necessary mechanisms to achieve our ideal business portfolio, as well as the necessary systems to nurture businesses with the potential to grow into Core Businesses. Developing human resources capable of driving this growth is our most important management priority. In order to respond quickly to developments worldwide, we will continue to promote our business management model, which aims to ensure reciprocal growth between the Company and its employees, by becoming an organization that aggregates the knowledge of its employees working across virtually every industry, and one that brings together and utilizes its diverse talent base.

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The Strengths of MC

MC is advancing the following initiatives.

- **Assigning the right people to the right positions**
  - by promoting management professionals according to work responsibilities and realizing more appropriate benefits

- **Balanced Compensation Structure and Share-Based Compensation Plan**
  - We have shifted our compensation structure for employees meeting a certain level of ability and responsibilities to a structure based on job evaluation.
  - The higher the degree of involvement in managerial duties, the higher the proportion of variable remuneration.
  - We have also introduced a share-based compensation plan to promote reciprocal growth between MC and its employees in the medium to long term.

- **Developing management professionals and supporting growth through the expansion of talent management**
  - By conducting dialogues which provide opportunities for insights in response to self-review and feedback from colleagues under the 360-degree management review.
  - In addition, through a multifaceted evaluation and observation system, we take a skills and experience inventory of every employee, which helps in deciding transfers and placements in the wider workforce.
  - Through this system, we will support the growth of every employee, and by accumulating diverse experiences through a system of transfers and placements where the right-people are assigned to the right positions, we will develop talent with high management capabilities at an early stage.

- **HR development programs to nurture management capabilities**
  - Run by MC, this program invites professors from the Stanford d.School as innovators’ program instructors to help employees develop their skills and career development.
  - Employees’ requests regarding their careers are also considered in transfers and placements.

- **Career Challenge Program**
  - This program allows employees to request transfers outside of their own organizations.
  - For employees who want to stay in their own career and take on new challenges, we offer opportunities for growth in a variety of forms.

- **Share-Based Compensation Plan**
  - We have also introduced a share-based compensation plan to promote reciprocal growth between MC and its employees in the medium to long term.

- **Taking on the rewarding challenge of leading an organization to leave an impact on society**
  - Early in my career, I was transferred to a long-established food wholesaler where I visited sites all over Japan, shadowing the president and learning the ropes of management firsthand.
  - I remember thinking that top management was difficult, but the job seemed rewarding as it involves leading an organization to leave a positive impact on society.
  - I wanted to take on that challenge myself in the future.
  - Now, I am on a team to develop new businesses in emerging countries in Asia, with a focus on India and Pakistan.

- **Striving to build a recycled plastics business using diverse experiences as a source of growth**
  - Since joining the company, I have had diverse experiences spanning different organizations.
  - In the chemical field, I started with the trading of raw materials in fertilizers, became involved in large-scale investment project development and also met the challenges of building projects to protect the environment.
  - Now, I am working to build new business models in the recycling field within the petrochemical value chain, an area where climate change, marine plastics, and other issues are demanding transformation.
  - In the future, I want to make use of my diverse experience to take on the challenges of managing a company and to contribute to further value creation.
Progress toward Midterm Corporate Strategies

Demonstrating adaptability to changes in the business environment, and executing management strategies from a long-term perspective

Midterm Corporate Strategy 2018    Evolving Our Business Model from Investing to Managing

Leverage our ingenuity to create new business models and generate value for societies, thereby developing the highest level of management expertise.

Management Platform Reform
- Due to the deterioration in the market for natural resources, MC rebalanced its business portfolio based on the fiscal year ended March 31, 2016, in which the Company recorded the first consolidated net loss since its founding.
- In a rapidly changing business environment, focused on managing cash flow to maintain business stability amid economic uncertainty.

Acceleration of Asset Replacement and Shift to a Business Model Aimed at New Growth

Further Evolution from Investing to Managing
- Shift from the concept of investing in businesses to managing them and generating continuous value.

Life-cycle Based Portfolio Re-profiling
- Promote re-profiling by assessing whether or not a business should be continued based on our functional engagement in the business and its lifecycle.

Cash-Flow-Focused Management
- Controlling interest-bearing debt by managing investments and shareholder returns within our total cash flow.
- To flexibly buy back our stock when necessary.

Stable Shareholder Returns
- Recorded a consolidated net loss for the fiscal year ended March 31, 2016. Maintained a dividend of 50 yen per share (base portion). Necessity of stable shareholder returns based on ability to create cash flow.

Shareholder Returns Policy
- Introduce a progressive dividend scheme, which increases in line with sustainable earnings growth, as a base, and flexibly buy back our stock when necessary.

Financial soundness improved under the stabilization of business performance through the rebalancing of market-related and business-related segments, and through the promotion of asset replacement based on strict investment discipline. Ordinary profits accumulated for both the business-related and market-related segments, hitting record highs. In addition to the continuation of dividend increases in line with profit growth based on a progressive dividend scheme, we carried out share buybacks ($30 billion yen) to boost capital efficiency based on cash flow, investment leverage and other circumstances over the course of three years.

Financial Awareness of Issues
- Building our enriched business portfolio, adapted to changes in the external environment.
- Building growth mechanisms that demonstrate our strengths and improve business value in line with business stage.
- Deepening our business management model through early-stage HR development of highly skilled management professionals.

Midterm Corporate Strategy 2021    Achieving Growth Through Business Management Model

Outline of Midterm Corporate Strategy 2021

Achieve growth premised on triple-value growth through our business management model, while adapting to rapidly changing developments including geopolitical shifts, digitalization and the transition to a low-carbon/decarbonized society.

Business Portfolio
- Portfolio-based decision-making (strengthening of downstream and services sector businesses).

Growth Mechanisms
- Enhancement of new business concepts and digital strategies.
- Value-Added Cyclical Growth Model & Improved ROE

HR System Reforms
- HR system reforms aiming for the continuous development of highly skilled management professionals.
- Fully introduced evaluation and compensation systems to ensure reciprocal growth between the Company and its employees.

Financial Targets & Capital Policy
- Improved asset replacements of power generation and real estate development assets after improving our business value.
- Evaluated a companywide list of loss-making companies and strengthened turnaround and replacement policies.

Changes in the external environment recognized in the fiscal year ended March 31, 2021

- Vaccination against COVID-19 has started in earnest worldwide, and the economic environment is an trend for a gradual recovery. Digitalization has progressed further due to changes in lifestyles brought on by the COVID-19 pandemic.
- Governments around the world have declared targets to achieve net-zero GHG emissions, and the shift toward a low/zero carbon society has accelerated.
- Geopolitical uncertainty centered around the hegemonic confrontation between the US and China has increased.

- Continued progressive dividends under a capital policy based on financial discipline*.

- Forecast of consolidated net income for the fiscal year ending March 31, 2022: ¥172.6 billion

*While maintaining cash flow management, we will work to make a clear break from “market-follower” investment practice by investing as necessary, regardless of the Group’s business performance.
01 Business Portfolio

- DX/EX progress in downstream areas, Energy & Power Generation segment and services segment
- Upstream activities connected to the progress of electrification

02 Growth Mechanisms: Enhancement of New Business Concepts and Digital Strategies

Progress of DX/EX initiatives to address key issues for the future
- Formed a business partnership with NTT Corporation and set up a comprehensive Industrial DX Task Force. As part of this initiative, established Industry One, Inc., as a DX service company to steadily promote industrial DX
- Established Chubu Electric Power Miraiz Connect Co., Inc. with the Chubu Electric Power Group to promote power and retail DX initiatives
- Aim to double renewable power generation capacity by the fiscal year ending March 31, 2031 relative to the fiscal year ended March 31, 2020 and
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- Participated in the SGD City district smart-city development, located in Singapore, which focuses on sustainability, and enabled partnering in smart energy
- In the first evaluation of urban city management

03 Growth Mechanisms: Asset Replacement under a Value-Added Cyclical Growth Model

- Implemented asset replacements of power generation and real estate development assets after improving their business value
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04 HR System Reforms

- As a result of efforts to place the right people at the right positions, assignment of management professionals to positions well aligned with their expertise
- Fair treatment of employees appropriate to their duties through well-balanced evaluation and compensation systems
- Progress in HR development in the area of management and growth support through the enhancement of talent management

Specific Initiatives

- Management-minded employees committed to enhancing business value
- Foresight, Execution skills, High moral and ethical standards
- Support employees’ self-growth and company growth
- Ensure employees gain a fair right experience
- Utilize management professionals throughout the MC Group and realize more appropriate benefits
- Promoted the development of vibrant workplaces that can encourage the engagement of our diverse pool of talent (employee health and productivity management and supporting women’s careers)

Note: The members removed their face masks only when this picture was taken.

Investment Balance (As of the Fiscal Year Ended March 31, 2021) Sector

- Investments in L-shaped portion over the two years up to the fiscal year ended March 31, 2021: ¥0.7 trillion

Progress toward Midterm Corporate Strategies

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Realizing stable returns through investments, asset replacement and progressive dividends while maintaining financial discipline

A Steady Recovery on the Heels of an Extremely Harsh Financial Result

MC’s consolidated net income for the fiscal year ended March 31, 2021 was an extremely harsh result of 172.6 billion yen, a decrease of 362.8 billion yen from the previous fiscal year. Against a backdrop framed by the impact of the COVID-19 pandemic and falling resource prices, our performance was negatively affected by several factors: a steep drop in profitability starting with the Australian metallurgical coal business, one of MC’s strengths, and extending to the LNG- and automotive-related businesses; a rebound in one-off gains and losses—was 122.6 billion yen, representing a steady recovery in consolidated net income for the quarter.

Cash Flows Continue to Evolve Steadily

While consolidated net income declined sharply by 362.8 billion yen compared with the previous fiscal year, cash flow from operations was 625.2 billion yen, a decrease of only 46.9 billion yen from the previous fiscal year. Among the factors behind the decrease in consolidated net income were non-cash-related losses, which included the impairment charges for Lawson. Meanwhile, the inclusion of Eneco in consolidated financial reporting started to generate a positive contribution to cash flow. Cash flow for investment consisted of 803.4 billion yen in outflow, including an equity investment in H2E Technologies as well as capital investments in the European renewable energy businesses and LNG-related businesses. Meanwhile, MC took steps to maintain financial discipline such as proceeding with divestment of strategic shareholdings and selling off properties in the North American real estate business. This resulted in the recovery of 446.1 billion yen, yielding a net outflow of 357.3 billion yen. Consequently, even while consolidated net income fell, once cash flow from operations and cash flow for investment were taken into account, free cash flow after adjustment was 267.9 billion yen.

Anticipating a Certain Level of Resilience even in a Declining Resource Price Scenario

Our earnings outlook for the fiscal year ending March 31, 2022, predicts a year-on-year increase of 207.4 billion yen to 380.0 billion yen. Although this outlook anticipates increased income for eight business groups, we recognize that we are still in a recovery period. Against this backdrop of continued uncertainty in the external environment, we have set an outlook that anticipates a certain level of resilience even if resource prices decline.

Nevertheless, our first quarter results show a consolidated net income of 187.6 billion yen, which represents a 49% attainment of the full-year earnings forecast of 380.0 billion yen. This result was achieved due to improvements in our operating environment. As economic activity resumes worldwide, this has led to a recovery in demand for the automobile-related business and higher prices for mineral resources such as copper and iron ore, which has contributed to steady profits in these businesses. Based on these results, our full-year earnings will likely exceed the 380.0 billion yen forecast. However, in estimating how far it will exceed this figure, factors including the impact of the recent resurgence of the COVID-19 pandemic, especially in Southeast Asia, and highly volatile resource prices must also be analyzed carefully. We plan to continue assessing the situation through the second quarter.

Trends in Consolidated Net Income and Outlook for the Fiscal Year Ending March 31, 2022

*1 Adjusted Free Cash Flows: Total of underwriting operating cash flows (after repayment of lease liabilities) and investing CF
*2 Underlying operating cash flows (after repayment of lease liabilities) Operating cash flows excluding changes in working capital (+ Net income (including non-controlling interests) – DE&A – profits and losses related to investing activities – equity in earnings of affiliated companies not recovered through dividends – allowance for bad debt, etc. – (deferral tax) while including repayments of lease liabilities

Also, looking to the fiscal year ending March 31, 2023 and beyond, we see many investments that are expected to start contributing to profits. Among MC’s larger projects in particular, the Quailacre copper mine in Peru plans to enter production during the fiscal year ending March 31, 2022, and LNG Canada is slated to start operations in the latter half of this decade. Moreover, there are numerous other projects that could have a significant impact on our performance. Among these are the expansion of the data center business; the release of new car models in the ASEAN region by Mitsubishi Motors Corporation, and the Tangguh LNG extension. In order for these investments to continue contributing toward steady profits, we will promote each of them with careful consideration.

Furthermore, while the consolidated net income target of 900 billion yen for the fiscal year ending March 31, 2022, presented in Midterm Corporate Strategy 2027, was predicated on certain assumptions, it will be difficult to meet the target this year—a matter which we take seriously. Besides factors such as highly volatile resource prices and the impact of the COVID-19 pandemic, one of the key differences is the effect of having placed priority on maintaining financial discipline in light of these changing conditions. While strengthening our foundation by reducing costs and thoroughly reorganizing loss-making companies, we will work to transform our business in response to changing business conditions in order to generate new value. Along with this, we will move forward with the Value-Added Cyclical Growth Model presented in the Midterm Corporate Strategy 2027, which we are confident will deliver results.
Investment and Capital Strategy in Midterm Corporate Strategy 2021

Q: With the second year of Midterm Corporate Strategy 2021 coming to an end, how would you evaluate the progress of the Value-Added Cyclical Growth Model presented in the strategy?

A. The Value-Added Cyclical Growth Model is continuing to permeate within the Company, and we have replaced assets of about 1 trillion yen over two years, including capital gains.

In the past, the term “investment for growth” was used, with the notion that if you do not invest, you will not grow, and that if you do invest, you will make a profit. However, since two years ago, we have been communicating internally to fundamentally change this way of thinking. Against this backdrop, we have been seeing an increase in “brown field” projects. “Green field” projects, through which businesses are cultivated from scratch, can have large yields when successful, and expanding investment and achieving growth have been seen as two sides of the same coin. However today, as the market matures and liquidity increases, these types of projects are decreasing. Instead, “brown field” projects are on the rise, and while their risk levels are comparatively low because they involve entering the market after the business has progressed up to a certain point, they also require payment of a reasonable premium for the market after the business has progressed up to a certain point.

By proceeding with asset replacement and further promoting the foundation for future growth.

By steadily reorganizing loss-making companies, we aim for the cause of this?

A. Investment timing is one major element. We are taking care to not simply follow investment trends. Looking back at our recent investments, we see large impairment charges incurred for investments outside of the resource area, and we take this very seriously. The timing of the investment is one of the biggest factors. In other words, I believe this stems from investing when earnings are climbing. The biggest takeaway here is that although in the resources segment investment decisions were made based on reflections of past performance, in the end this was not achieved in the business-related segment. Capitalizing on this finding, I think it is important not only to make investments based on trends, but also to consider this in our Value-Added Cyclical Growth Model while thoroughly reorganizing loss-making companies, one-time losses will be incurred such as those on sale of assets and reserve provisions. If we only look at net income for a single fiscal year, there will be cases where the one-time losses outweigh the positive effect of the operating deficit disappearing. Measuring the effect may be difficult at times, but the point of our efforts will be to avoid carrying deficits into the future. Among the loss-making companies, two-thirds have already decided on an action plan. For the remaining one-third, we must urgently determine a path forward, reduce the amount of future losses and build a solid foundation for future growth.

Q: Are there any changes to your policy on shareholder returns, particularly dividends?

A. We plan to maintain the progressive dividend scheme, and for the fiscal year ending March 31, 2022, we are planning on dividends of 134 yen per share, the same as the year before. For the fiscal year ending March 31, 2022, we are planning on dividends of 134 yen per share, the same as the year before. Although we saw a significant drop in profits for the year, cash flows have been on the rise, and we have also been able to maintain our financial soundness. In line with the commitment we made in our current Midterm Corporate Strategy, without cutting dividends, we will maintain our “progressive dividend scheme.”

Moreover, the earnings outlook for the fiscal year ending March 31, 2022 will continue to be considered through the second quarter to determine the extent to which we expect profits to increase. Looking ahead, it is important not only to make investments based on trends, but also to consider this in our Value-Added Cyclical Growth Model while thoroughly reorganizing loss-making companies, one-time losses will be incurred such as those on sale of assets and reserve provisions. If we only look at net income for a single fiscal year, there will be cases where the one-time losses outweigh the positive effect of the operating deficit disappearing. Measuring the effect may be difficult at times, but the point of our efforts will be to avoid carrying deficits into the future. Among the loss-making companies, two-thirds have already decided on an action plan. For the remaining one-third, we must urgently determine a path forward, reduce the amount of future losses and build a solid foundation for future growth.
Overview and Identification Process of Key Sustainability Issues (Materiality)

Simultaneous generation of economic, societal, and environmental value is essential for the MC Group’s growth. From this perspective, in 2016 MC identified a set of Key Sustainability Issues (Materiality) as milestones for proactively realizing the simultaneous generation of triple-value growth (including financial terms) for the MC Group. MC believes that our measures to address the Key Sustainability Issues will also help to achieve the Sustainable Development Goals (SDGs) related to each key issue. MC recognizes the role that companies are expected to play in order to achieve the SDGs. With this in mind, MC will make every effort to help make progress on the goals.

*The SDGs are a set of 17 global goals adopted at the UN summit held in September 2015 as the core of “The 2030 Agenda for Sustainable Development.”

1st Period: Identification of Management Issues

Creating a list of potential issues

In keeping with commonly-used materiality setting procedures*, MC compiled a list of around 60 potential issues that should be taken into account in order to achieve sustainable growth for the MC Group, which were based on international standards and goals such as ISO 26000 and the SDGs.

Gauging the importance of each issue based on internal and external perspectives

MC gauged the importance of each theme, in terms of both opportunities and risks, and selected priority issues based on the perspectives of MC’s Business Groups as well as those of external stakeholders.

Identifying the Key Sustainability Issues

MC reexamined the selected priority issues through interviews and questionnaires with a variety of stakeholders, and MC determined each issue’s degree of importance to stakeholders. Corporate Staff Section and every Business Group evaluated and prioritized each theme to determine its importance to MC.

2nd Period: Incorporation into Business Strategy

Holding of Sustainability Dialogues and Meetings of the Sustainability & CSR Committee

MC holds Sustainability Dialogues followed by regular meetings of the Sustainability & CSR Committee to incorporate the Key Sustainability Issues into its business strategy. Participants discuss changes in the external environment surrounding each issue and examine how value creation by each business contributes to the growth of the MC Group. Additionally, ideas are exchanged on how to drive initiatives at the front lines of our business.

3rd Period: Strengthening of Initiatives Through Goal Setting

Setting Goals for 2030

In 2019, MC formulated individual business goals so that each Business Group could autonomously promote initiatives around the Key Sustainability Issues. In 2020, MC reviewed these individual business goals to make them more specific and quantifiable, taking into account the external environment and societal demands. The goals following the review and the main initiatives associated with them are as follows:

- **Transferring to a Low-Carbon Society**
  - 46% to double renewable power generation capacity by the fiscal year ending March 2031 compared to the fiscal year ended March 2020 (from 3.3 GW to 6.6 GW). In addition, aim to reduce existing thermal power capacity and switch to zero-emission thermal power, targeting 100% non-fossil by 2050.
  - Establish ammonia-fuel supply chains for power generation
  - Promote the commercialization of CO2S and hydrogen-related projects
  - Promote initiatives around electric vessels (reducing environmental impact)

- **Procuring and Supplying in a Sustainable Manner**
  - Reduce food waste by 55% (compared to the fiscal year ended March 31, 2018)
  - Develop the recycled PET and eco-friendly material manufacturing businesses to achieve low-carbon and circular plastics

- **Tackling Evolving Regional Issues**
  - Advance coastal gas projects as a pragmatic solution to reduce air pollution and transition to a low-carbon society (promote from coastal to natural gas)
  - Promote initiatives around autonomous ships (reducing crew stress and maritime accidents)
  - Develop the Mobility Services Business
  - Realize and manage valuable integrated urban development projects with accessibility and environmental friendliness

MC will continue striving for sustainable growth from a long-term perspective.
MC’s Industrial DX Initiatives

Our vision for industrial DX

The MC Group is active across a wide range of businesses, with operations spanning the entire supply chain at the upstream, midstream and downstream levels, providing connections with customers in virtually every industry. Our earnings are generated by the approximately 1,700 companies that comprise the consolidated MC Group, each of which plays a leading role in the business. For this reason, our commitment to industrial digital transformation (DX) must not only apply to the relevant business interests within the parent company, but also extend to our wider business networks through our support to the independent DX initiatives being promoted by players in each industry. Our vision is to create a shared digital platform that can provide solutions to accelerate DX across a variety of sectors in order to support industrial growth and address societal issues.

A DX promotion system to drive business model transformation across diverse industries

Through industrial DX, we aim to provide new value by combining our wide-ranging industrial knowledge with digital technologies. Even as a global integrated business enterprise, the MC Group needs to possess core technological capabilities in order to increase competitiveness. Accordingly, we established MC Digital, Inc. in September 2019 with the aim of enhancing our internal capabilities to drive DX. Through this company, which brings together leading data scientists, design specialists and IT engineers, MC is implementing measures to promote industrial DX.

In December 2019, MC concluded a business partnership with Nippon Telegraph and Telephone Corporation (NTT). This partnership was established with the goal of creating new value by combining MC’s strong industrial expertise with the digital capabilities of NTT. In May 2020, MC and NTT jointly invested in HERE International B. V., the world’s leading location-based service company, and in June 2021, they established Industry One, Inc., a joint venture company specializing in DX services. Through Industry One, MC aims to support the development of industries and businesses in Japan as a transformation partner by providing a comprehensive range of services from DX platform creation to the establishment of digital businesses.

Building a DX platform to drive business model transformation across diverse industries

MC has been active in the food distribution sector for over 50 years, and today works with thousands of suppliers and business partners. Together with our partners, we have for some time been adapting and implementing digitalization measures in preparation for the creation of a platform. At present, the environment surrounding food distribution is affected by various societal issues, including food loss and a shrinking labor pool. One of the challenges facing the food distribution industry in Japan is the problem of food loss, which costs an estimated one trillion yen annually. Most of this food loss occurs during the distribution process, primarily due to product expiration as a result of over-production or excess inventory.

One possible solution to this problem might be the use of point of sale (POS) data from retail operations, which are the closest touchpoints with consumers, as the basis for sophisticated demand forecasting by food wholesalers and manufacturers. This could help reduce food loss and improve the efficiency of food distribution activities.

MC and Nippon Telegraph and Telephone Corporation (NTT) have collaborated to create a platform that uses digital technology to seamlessly integrate data scattered within and among companies, together with weather forecasts and other external data.

Kiyotaka Kikuchi

Executive Vice President
Consumer Industry Group

MC’s Sustainable Value Creation Story

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MC’s EX Initiatives

Our vision for EX

The global shift toward a low-carbon/decarbonized society is accelerating, as evidenced in 2021 by developments such as the discussions during the Leaders Summit on Climate in April and the G7 summit in June. In Japan, which has limited natural resources, MC has long fulfilled a societal mission to provide a stable supply of energy through its deep involvement as a supplier of LNG, metallurgical coal and other resources. As such, we need to adopt to this transition with a heightened sense of responsibility and determination. We will evolve our business portfolio by taking on the challenge of energy system innovation, striving to both meet environmental challenges and fulfill our societal mission of providing a stable supply of energy. By actively pursuing energy transformation (EX) initiatives, we will work toward the ambitious goal of achieving a decarbonized society. In 2020, MC established the Energy Committee, which consists of three Group CEOs responsible for its energy and power-related businesses—the Power Solution Group, the Natural Gas Group and the Petroleum & Chemicals Solution Group—together with the Corporate Strategy & Planning Department.

Energy Committee Initiatives, Messages from the Three Group CEOs

Background and Role of the Energy Committee

The transition to a decarbonized society is anticipated to move forward with a focus on intensive electrification and emissions reductions in the energy and power generation sector. Adapting and developing initiatives in response to this global shift has become a common priority across all industries. In May 2020, MC established the Energy Committee as a forum for discussing medium- to long-term portfolio strategies and optimal approaches with a focus on the energy and power generation sector. Topics discussed by the committee, which is led by the three Group CEOs responsible for MC’s energy and power-related businesses, together with the Corporate Strategy & Planning Department, include the alignment of perspectives on the business environment and the development of business strategies based on these perspectives. The results of these deliberations are reported to MC executive management members.

Energy Committee Initiatives

The themes selected for the Energy Committee’s deliberations is the anticipated paradigm shift in the energy and power generation sector amid the transition to a carbon-neutral society. Since its establishment, the committee has worked to verify hypotheses relating to this theme, examined portfolio and business strategies, and engaged in intensive dialogue and debate about the order of priorities for implementing measures. In the fiscal year ended March 31, 2021, the committee held meetings approximately twice a month.

Key verification themes

1. Synergies between the LNG business and power generation business
2. Changes in power infrastructure due to renewable energy being adopted as a main power source
3. MC’s unique approach to power retailing
4. Synergies through the integrated promotion of power generation and power retailing

NC informed the Outside Directors and Outside Audit & Supervisory Board Members in July 2020, and held a joint meeting with the Sustainability & CSR Committee in December. Our policy is to continue discussions at this committee while further strengthening cooperation with relevant parties. MC will present its unique optimal solution within the fiscal year ending March 31, 2022 targeting a carbon-neutral society by 2050.

Developing Renewable Energy as a Main Power Source

Renewable Energy Generation Business and Next-Generation Energy System Initiatives

Toward the realization of a decarbonized society, MC aims to double its renewable power generation capacity from 3.3 GW in the fiscal year ended March 31, 2020 to 6.6 GW by the fiscal year ending March 31, 2031. This shift toward using renewable energy as a primary power source is accelerating efforts to introduce various types of renewable power systems, from large-capacity offshore wind farms to small, decentralized solar power facilities. Renewable energy is the ultimate zero-cost, distributed power supply. We believe that by making full use of these characteristics, we can achieve progress toward the shift to local production for local consumption, as well as the development of community-based power infrastructure. However, it will also be necessary to integrate our function to balance supply and demand to compensate for the intermittent nature of renewable energy.

In addition to providing power adjustment based on conventional gas-fired power generation, MC is also taking on the challenge of creating new systems for the supply and demand of power that make use of digital energy infrastructure.

Natural Gas: A Pragmatic Solution

Switching from Coal and Oil to Natural Gas

With the growing use of renewable energy as part of decarbonization efforts, balancing supply and demand with gas-fired power generation will become increasingly important. The MC Group is a leading supplier of LNG, which has the lowest greenhouse gas (GHG) emissions of any fossil fuel during combustion. LNG will play a vital transitional role as the power sector decarbonizes.

In addition, shifting from coal and oil to natural gas as an energy source would be an effective and pragmatic solution to the issue of growing energy needs, particularly in Asia. This approach would balance economic growth with the need to address environmental concerns in emerging economies, where air pollution, among others, is a major problem.

Natural gas is also used as a raw material in the production of blue hydrogen and blue ammonia, which are both seen as next-generation energy sources, so we are confident that natural gas will continue to be a valuable energy resource in the future.

Building Supply Chains to Meet the Needs of Future Generations

Decarbonizing Energy

Realizing the vision of a hydrogen-based society will require the decarbonization of energy itself. We are carrying out wide-ranging analyses and studies about various options, including green hydrogen produced with renewable energy, SHI for the time being, we believe that blue hydrogen combined with carbon capture and storage (CCS) is the most promising candidate.

Building a Blue Ammonia Value Chain

MC has long regarded ammonia as a promising hydrogen carrier and is developing an ammonia business. We also possess industrial knowledge and global networks in such areas as natural gas and CO2. MC aims to build a competitive blue ammonia value chain as a step toward decarbonizing industry as a whole.

Katsuya Nakanoishi
Executive Vice President
Group CEO, Power Solution Group

Jun Nishizawa
Executive Vice President
Group CEO, Natural Gas Group

Osamu Takeuchi
Executive Vice President
Group CEO, Petroleum & Chemicals Solution Group

Reducing LNG Emissions

While LNG emits less GHG than any other fossil fuel when combusted, further improvements in its environmental performance will be needed amid the shift toward decarbonization. In addition to reducing CO2 emissions across our LNG supply chain, we will also need to make further mitigation actions toward achieving net-zero emissions through carbon mitigation businesses, including carbon capture and utilization and storage (CCUS).

100% Non-Fossil Fuel Ratio

Looking ahead to 2050, we will actively promote the greening of our power generation portfolio by adopting renewable energy supplies and zero-emission thermal power generation. Our aim is to achieve a 100% non-fossil fuel rate in our power generation business.

In addition to developing zero-emission thermal power generation that is fueled by hydrogen and ammonia, we believe it is our mission to expand the utilization of these technologies into new fields, such as mobility and raw materials, through the development of the necessary societal systems, including infrastructure.
MC's EX Initiatives

Avoid

Newly develop renewable energy, as well as other facilities and businesses that avoid generating GHG emissions.

Strengthen efforts in renewable energy power generation, with an aim to double renewable power generation capacity from 3.3 GW in the fiscal year ended March 31, 2020 to 6.6 GW by the fiscal year ending March 31, 2023.

Expansion of our Renewable Energy Business

Through the Acquisition of Eneco

- In March 2020, MC acquired Eneco, which had 1.6 GW of renewable power generation capacity as of March 2021.
- Eneco’s first project since its acquisition by MC was the development of the Hellesraat Kust Norder offshore wind farm in the Netherlands as a joint venture with a resource major. Eneco won the contract for this project in July 2020. This was followed in February 2021 by the signing of a long-term contract to supply power to Amsterdam data centers.
- MC has positioned Eneco as the core platform for its European energy business. Through Eneco, we will accelerate our efforts in the field of renewable power generation, while also making an active contribution to decarbonization by exporting Eneco’s expertise to other regions, including Japan.

Expand the Distributed Solar Power Generation Business

- In 2016, MC invested in Nexamp, a business engaged in distributed solar power generation projects in the US, and in 2019, Nexamp became an MC subsidiary.
- Since MC became a shareholder, Nexamp has already acquired new assets and has grown to become a leading company in the US community solar industry. Nexamp has over 2 GW of capacity in its total asset portfolio including development pipeline, projects under construction and in operation.

Reduce

Reduce GHG emissions from existing facilities and projects, including thermal power.

- MC will strive to reduce GHG emissions at its existing facilities and businesses by divesting from thermal power generation, or alternatively by transitioning them to zero-emission systems that do not emit CO2 during power generation. We will also focus on the early societal adoption of zero-emission thermal power generation by establishing next-generation value chains that include ammonia and hydrogen.

Divestment from Thermal Power Generation

- MC aims to achieve a 100% non-fossil fuel ratio by 2050 in its power generation businesses by reducing its existing thermal power capacity and switching to zero-emission thermal power.

Policy on Coal-Fired Power Generation

- MC will not enter into any new projects in this area, with the exception of any projects for which orders have already been accepted.
- We plan to complete our exit from coal-fired power generation projects by 2050.

Converting from Coal and Oil to Natural Gas

- We regard natural gas as a vital energy source during the transition to a low-carbon/denitrification society. To provide the energy required for economic development, particularly in emerging economies in Asia, we will leverage our LNG assets, which have a smaller environmental footprint compared to any other fossil fuel, to fulfill our responsibility to provide a reliable and stable supply of energy.
- MC aims to reduce GHG emissions on a global scale by stimulating demand for LNG in emerging Asian economies, and by leading the transition from coal and oil to natural gas (LNG).

Ammonia and Hydrogen Value Chains

1. Production
- MC will explore practical approaches to the production and supply of CO2-free blue ammonia and blue hydrogen through the combination of natural gas and CCS.
- We will carry out studies with our partners on blue ammonia production, particularly in North America, the Middle East and Southeast Asia.

2. Transport/Utilization (ammonia)
- In collaboration with the Institute of Energy Economics, Japan and Saudi Aramco, MC participated in a supply chain trial run in which blue ammonia produced in Saudi Arabia was successfully transported to Japan.

3. Transport (hydrogen)
- The demonstration project for a hydrogen supply chain system based on Chiyoda Corporation’s large-scale hydrogen storage and transportation technology (SPERA-Hydrogen), which involved the construction of a hydrogenation facility at the Brunei LNG plant, as well as a dehydrogenation plant at a coastal site in Kawasaki City, was successfully completed. We aim to realize a commercial-scale project by the mid-2020s.

Building Hydrogen and Ammonia Value Chains

- We will use our connections with the power industry to implement studies on the use of ammonia co-firing and other technologies.

Remove

Neutralize remaining GHG emissions

- MC will use CCS/CCUS and other technologies to neutralize any GHG emissions that remain even after efforts to avoid and reduce emissions.
- We will promote the commercialization of CCUS by establishing a cross-group task force and liaison committee.

Carbon Capture and Storage

- A suitable CO2 reduction method is required for each construction material, such as ready-mixed concrete. MC aims for the maximum reduction in CO2 by approaching each product with a combination of various technologies and collaborations with corporations.

- CCUS

- Blue Planet Systems Corporation
- CarbonCure Technologies Inc.

- With five other companies, MC is working on the research and development of a method to produce para-xylene, which is a material used in clothing and PET bottles, from CO2.

Carbon Cycles

- MC is collaborating with Chiyoda Corporation and five private Singaporean companies on a study regarding the creation of a sustainable hydrogen economy in Singapore (see page 103).
MC’s EX Initiatives

**Past MC Initiatives toward a Low-Carbon/Decarbonized Society**

Moves by the international community to mitigate global warming have accelerated since the Paris Agreement entered the implementation phase in 2020. Like Europe, Japan has set a goal of achieving carbon neutrality by 2050. Even before this global shift, MC has worked to fulfill its responsibility to the global environment and society through business activities based on the spirit of the Three Corporate Principles, which form the basis of its corporate philosophy. The MC Group strives to achieve sustainable growth through the simultaneous generation of economic, social, and environmental value. We have been involved in the offshore wind power generation business since the early 2010s, when the industry was still in its infancy. These pioneering efforts allowed us to establish a solid foundation in the renewable energy business. MC was the first to import LNG into Japan in 1969, and became an active player in the LNG business in 1972. Since then, we have helped to accelerate progress toward a low-carbon society by expanding our LNG business and ensuring a stable supply of this fuel, which has a lower environmental impact than other fossil fuels. Other areas in which we are contributing to the realization of a low-carbon/decarbonized society include lithium-ion batteries and the battery storage business. MC will continue to provide a stable supply of energy and work toward the realization of a low-carbon/decarbonized society by actively promoting EX initiatives.

### Initiatives Toward a Low-Carbon/Decarbonized Society

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Entered the offshore wind power generation business in the US (two farms)</td>
</tr>
<tr>
<td>2017</td>
<td>Entered the concentrated solar power (CSP) generation business in Spain</td>
</tr>
<tr>
<td>2018</td>
<td>Entered the offshore wind power transmission business in Germany</td>
</tr>
<tr>
<td>2020</td>
<td>Established a joint venture to promote the development and adoption of zero-emission electric vehicles</td>
</tr>
<tr>
<td>2021</td>
<td>Launched services based on the Europe’s largest battery energy storage system (BESS)</td>
</tr>
<tr>
<td>2019</td>
<td>Made a final investment decision regarding the Tengah LNG project in Indonesia</td>
</tr>
<tr>
<td>2020</td>
<td>Made a final investment decision regarding the Tangguh LNG project in Indonesia</td>
</tr>
<tr>
<td>2021</td>
<td>Expanded into the vehicle lithium-ion battery manufacturing business</td>
</tr>
</tbody>
</table>

### Other Activities (Batteries, EVs, etc.)

MC is using its extensive industrial connections to drive initiatives toward the realization of a low-carbon/decarbonized society in various business areas, including lithium-ion batteries, battery storage, EVs and CCS projects.

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<td>Launched services based on the Europe’s largest battery energy storage system (BESS)</td>
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<td>2021</td>
<td>Acquired an equity interest in ElectroCubo, an Irish electric power trading company</td>
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### Expanding Renewable Energy Generation

MC’s involvement in the renewable energy business began with its participation in geothermal and onshore wind power projects in 1987. We play a proactive role in every aspect of these projects, including development, construction, financing and operation. In March 2020, we acquired Eneco as part of the continuing expansion of our renewable energy business.

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<td>2019</td>
<td>Entered the offshore wind power generation business in the UK</td>
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<td>2020</td>
<td>Entered the offshore wind power generation business in France</td>
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<tr>
<td>2021</td>
<td>Began participating in the onshore wind power business in Mexico</td>
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### Withdrawal of Upstream Crude Oil Assets and Expansion of LNG Business

We have almost completed our withdrawal of the oil and gas exploration and production (E&P) assets that are not linked to our LNG business. Since arranging the first shipment of LNG to Japan over 50 years ago in 1969, MC has contributed to the stable supply of energy by expanding its LNG portfolio, which has a lower impact on the environment than other fossil fuels.

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<tbody>
<tr>
<td>2019</td>
<td>Began participating in an LNG import terminal in Indonesia</td>
</tr>
<tr>
<td>2020</td>
<td>Established a collaborative agreement and strategic partnership with Eneco</td>
</tr>
</tbody>
</table>

### Other Activities (Batteries, EVs, etc.)

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<td>2019</td>
<td>Began participating in the onshore wind power business in Canada</td>
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<tr>
<td>2020</td>
<td>Acquired Eneco, an integrated energy company based in the Netherlands</td>
</tr>
<tr>
<td>2021</td>
<td>[Invested in the Moraison Wind Farm, an onshore wind power generation facility in Laos]</td>
</tr>
</tbody>
</table>

### Other Activities (Batteries, EVs, etc.)

MC is using its extensive industrial connections to drive initiatives toward the realization of a low-carbon/decarbonized society in various business areas, including lithium-ion batteries, battery storage, EVs and CCS projects.

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<tr>
<th>Year</th>
<th>Initiatives</th>
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<tbody>
<tr>
<td>2020</td>
<td>Established a joint venture to promote the development and adoption of zero-emission electric vehicles</td>
</tr>
<tr>
<td>2021</td>
<td>Launched services based on the Europe’s largest battery energy storage system (BESS)</td>
</tr>
</tbody>
</table>

### Expanding Renewable Energy Generation

MC’s involvement in the renewable energy business began with its participation in geothermal and onshore wind power projects in 1987. We play a proactive role in every aspect of these projects, including development, construction, financing and operation. In March 2020, we acquired Eneco as part of the continuing expansion of our renewable energy business.

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<td>Entered the offshore wind power generation business in the UK</td>
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<td>Entered the offshore wind power generation business in Germany</td>
</tr>
<tr>
<td>2021</td>
<td>Began participating in the onshore wind power business in Mexico</td>
</tr>
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</table>

### Withdrawal of Upstream Crude Oil Assets and Expansion of LNG Business

We have almost completed our withdrawal of the oil and gas exploration and production (E&P) assets that are not linked to our LNG business. Since arranging the first shipment of LNG to Japan over 50 years ago in 1969, MC has contributed to the stable supply of energy by expanding its LNG portfolio, which has a lower impact on the environment than other fossil fuels.

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<th>Year</th>
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<td>2019</td>
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