Value Creation by the Business Groups

The specific initiatives of the Business Groups, as an engine of value creation, are explained.
Business Groups at a Glance (Fiscal year ended March 31, 2022)

<table>
<thead>
<tr>
<th>Business Groups</th>
<th>Natural Gas</th>
<th>Industrial Materials</th>
<th>Petroleum &amp; Chemicals Solution</th>
<th>Mineral Resources</th>
<th>Industrial Infrastructure</th>
<th>Automotive &amp; Mobility</th>
<th>Food Industry</th>
<th>Consumer Industry</th>
<th>Power Solution</th>
<th>Urban Development</th>
<th>Other, Adjustments and Limitations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income (loss)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Fiscal year ended March 31, 2022)</td>
<td>70.3</td>
<td>26.1</td>
<td>(12.0)</td>
<td>212.3</td>
<td>41.4</td>
<td>19.6</td>
<td>53.2</td>
<td>22.7</td>
<td>51.5</td>
<td>34.3</td>
<td>16.0</td>
<td>535.4</td>
</tr>
<tr>
<td>(Fiscal year ended March 31, 2021)</td>
<td>21.2</td>
<td>4.7</td>
<td>26.2</td>
<td>78.1</td>
<td>21.2</td>
<td>(28.1)</td>
<td>39.4</td>
<td>(73.2)</td>
<td>42.3</td>
<td>25.4</td>
<td>15.4</td>
<td>172.6</td>
</tr>
<tr>
<td>(Fiscal year ended March 31, 2022)</td>
<td>105.1</td>
<td>36.8</td>
<td>40.3</td>
<td>420.7</td>
<td>17.3</td>
<td>106.8</td>
<td>79.3</td>
<td>21.0</td>
<td>50.5</td>
<td>40.0</td>
<td>19.7</td>
<td>937.5</td>
</tr>
<tr>
<td>(Fiscal year ending March 31, 2023 (Forecast) as of May 2022)</td>
<td>120.0</td>
<td>33.0</td>
<td>41.0</td>
<td>331.0</td>
<td>25.0</td>
<td>98.0</td>
<td>63.0</td>
<td>22.0</td>
<td>34.0</td>
<td>120.0</td>
<td>(37.0)</td>
<td>850.0</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Fiscal year ended March 31, 2022)</td>
<td>2,016.0</td>
<td>1,355.0</td>
<td>1,243.0</td>
<td>4,554.7</td>
<td>1,129.9</td>
<td>1,699.3</td>
<td>1,968.6</td>
<td>3,930.3</td>
<td>2,650.1</td>
<td>1,136.2</td>
<td>228.9</td>
<td>21,912.0</td>
</tr>
<tr>
<td>Investment accounted for using the equity method</td>
<td>599.5</td>
<td>162.1</td>
<td>144.0</td>
<td>523.8</td>
<td>199.4</td>
<td>301.4</td>
<td>350.9</td>
<td>184.8</td>
<td>435.1</td>
<td>602.1</td>
<td>(0.2)</td>
<td>3,502.9</td>
</tr>
<tr>
<td>Property, plant, equipment and investment property</td>
<td>248.9</td>
<td>107.3</td>
<td>52.5</td>
<td>1,004.2</td>
<td>123.4</td>
<td>38.8</td>
<td>305.4</td>
<td>345.5</td>
<td>513.6</td>
<td>53.0</td>
<td>85.8</td>
<td>2,878.4</td>
</tr>
<tr>
<td>Intangible assets and goodwill</td>
<td>2.2</td>
<td>10.9</td>
<td>3.8</td>
<td>3.4</td>
<td>98.7</td>
<td>10.4</td>
<td>197.5</td>
<td>533.0</td>
<td>331.4</td>
<td>0.4</td>
<td>29.9</td>
<td>1,221.6</td>
</tr>
<tr>
<td>Other investments</td>
<td>364.0</td>
<td>52.3</td>
<td>95.7</td>
<td>413.9</td>
<td>52.6</td>
<td>119.1</td>
<td>156.9</td>
<td>295.8</td>
<td>10.0</td>
<td>121.7</td>
<td>275.9</td>
<td>1,957.9</td>
</tr>
</tbody>
</table>

**Fiscal year ended March 31, 2022**

- **Net Income** ¥937.5 billion
- **Total Assets** ¥21,912.0 billion

**As of March 31, 2022**

- **Net Income** ¥937.5 billion
- **Total Assets** ¥21,912.0 billion

*Net income (loss) refers to “Net income (loss) attributable to owners of the parent.”

Creating MC Shared Value

Value Creation by the Business Groups

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<td>Urban Development</td>
</tr>
<tr>
<td>Other, Adjustments and Limitations</td>
</tr>
</tbody>
</table>

Business Groups

- Natural Gas Group
- Industrial Materials Group
- Petroleum & Chemicals Solution Group
- Mineral Resources Group
- Industrial Infrastructure Group
- Automotive & Mobility Group
- Food Industry Group
- Consumer Industry Group
- Power Solution Group
- Urban Development Group
- Other, Adjustments and Limitations

Total

- 937.5 billion
- 21,912.0 billion

**Other, Adjustments and Limitations**

- 19.7
In the transition to a carbon neutral society, natural gas and LNG play an important role as a complement to renewable energy intermittency and as an energy source for sectors that are difficult to electrify. Our Group will contribute to the realization of a carbon neutral society and sustainable economic development through the decarbonization of the LNG supply chain and providing a stable supply of LNG.

**Materiality (Material Issues)**

**Related Material Issues**

- Contributing to Decarbonized Societies
- Promoting Stable, Sustainable Societies and Lifestyles
- Addressing Regional Issues and Growing Together with Local Communities

**Relevance of Material Issues to the Business**

Global energy demand is expected to increase due to population growth, economic development, and other factors. While the switch to renewable energy is expected to progress in the power sector in the future, dramatic technological innovation is essential to supplement all power with renewable energy sources in terms of intermittency, location and other factors. In addition, although it is expected that a certain degree of electrification will progress in the future, it is not expected that electricity will be able to replace all of the heat sources in factories and fuels for modes of transportation that currently use fossil fuels directly. Therefore, to meet the world’s growing energy demand and at the same time realize a carbon-neutral society, it is essential to decarbonize fossil fuels.

The Group is committed to, fulfilling its responsibility to provide a stable supply of natural gas and LNG, which have relatively low environmental impact among fossil fuels, and to reduce GHG emissions throughout the value chain via improvements in operational efficiency, CCUS and other methods. In addition, there are regions of the world that depend on firewood, charcoal, coal, cattle manure, etc. for their energy sources, resulting in millions of deaths annually due to indoor air pollution. Through gas sales to emerging countries, we will also work to address such societal challenges.

**Group Strengths and Strategy**

**Group Strengths**

- Market presence as the largest LNG player in Japan (based on production share)
- Supply capacity from our LNG facilities around the world, and marketing capabilities primarily through our subsidiary in Singapore
- Initiatives for low-carbon LNG value chain, next-generation energy derived from natural gas and LNG, CCUS, etc. for the transition to a carbon neutral society

In existing businesses, we continued to strengthen our earnings base through constant cost reductions and other measures. As for projects under construction, Cameron LNG started production, and construction of the Tangguh LNG (Expansion) and LNG Canada projects progressed toward the start of production. In parallel, we launched initiatives for next-generation energy, CCUS, and carbon credits for the transition to a carbon neutral society.

In addition to further strengthening the foundation of existing businesses and progressing construction for the successful start-up of the Tangguh LNG (Expansion) and LNG Canada, we will strengthen our LNG supply portfolio through participation in competitive new projects and enhance our LNG marketing capabilities through LNG cargo optimization functions and will strengthen our LNG business. We will also promote initiatives to reduce GHG emissions in existing projects, CCUS, carbon credit projects, etc., to realize a carbon neutral society.

Demand for natural gas and LNG, which have comparatively lower environmental impact, is growing against a backdrop of increasing energy demand due to population and economic growth. Our Group aims to maintain and expand LNG production capacity share by building a competitive LNG supply portfolio, including expansion of existing assets, and strengthening LNG marketing capabilities. In addition, by promoting the decarbonization of the LNG supply chain, we will contribute to both a stable supply and sustainable economic development.

**Forecast for Future Growth**

- Market presence as the largest LNG player in Japan (based on production share)
- Supply capacity from our LNG facilities around the world, and marketing capabilities primarily through our subsidiary in Singapore
- Initiatives for low-carbon LNG value chain, next-generation energy derived from natural gas and LNG, CCUS, etc. for the transition to a carbon neutral society

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**Major Growth Drivers**

We have been involved in the LNG business since the 1960s and have increased our equity participation in LNG projects. Currently, we have equity interests in 12 projects in 8 countries around the world, with a total LNG production capacity share of 12.12 MTPA. The Tangguh LNG (Expansion) and LNG Canada projects under construction are expected to start production in 2023 and the mid-2020s, respectively, and it is expected that our total LNG capacity share will reach 14.60 MTPA by the mid-2020s. We will continue to expand our LNG production capacity share through participation in competitive new projects in the future.

**Business Examples**

**Indonesia, Tangguh LNG (Expansion) project, CCUS business**

In the Tangguh LNG project in which we participate with BP as the operator, we are undertaking a Carbon Capture Utilization and Storage (CCUS) project together with the other participating companies. This project will apply CCUS to gas fields under production to recover a cumulative total of approximately 25 million tons of CO2 emitted from the project and approximately halve project emissions by injecting and storing it in existing gas fields, while at the same time improving production efficiency and increasing natural gas production. The development plan was approved by SKK Migas (Special Task Force for Upstream Oil and Gas Business Activities Republic of Indonesia) in 2021, and the natural gas production and CCUS operations are scheduled to commence in 2026, subject to the Front-End Engineering and Design (FEED) and a final investment decision to be made after mid-2022.
Materiality (Material Issues)

Relevance of Material Issues to the Business

In the materials industry, responding to decarbonization and the diversification of needs for materials, as well as ensuring stable procurement and supply of raw materials in a timely manner, is an urgent issue. The Group will contribute to the realization of a carbon-neutral society by working on functional materials that support the weight reduction and electrification of automobiles and mobility, and by strengthening its business in silica sand, a raw material used for solar panels. In addition, we will work to improve the efficiency and robustness of the materials supply chain by combining physical businesses, which are essential for the distribution of materials, with digital technology. Furthermore, we will leverage our existing businesses, industry expertise, and global network to shift from the conventional one-way economic model of mass production and mass consumption to a circular economy.

Our Vision

Our Group will take on the challenge of transforming the materials industry in response to the diversification of needs for materials and changes in industrial structure, and play our role in realizing a sustainable society.

Group Strengths

- Industry knowledge and global network in the industries in which we operate, with a focus on the fields of automotive & mobility, and construction & infrastructure
- Manufacturing, processing, and distribution assets in the materials industry accumulated through business investment and trading
- Long-term partnerships with materials manufacturers in Japan and overseas

Amid drastic changes in the business environment due to the progress of decarbonization and the development of digital technology, we have implemented a bold shift of management resources to fields and businesses with growth potential by contributing to and addressing challenges in the industries in which we operate. As a result of this shift, we decided to make a full-scale entry into the digital materials industry, manufacturing business (high-performance plastics, etc.), through which we can take advantage of the Group’s comprehensive strengths, including its broad industrial knowledge and global network.

We will contribute to solving the challenges of the industries in which we operate by making the materials supply chain more efficient and robust through the use of digital technology, and by addressing materials recycling to reduce environmental impact.

The materials industry needs to change faster than ever in line with the trend toward decarbonization. The Group has an integrated supply chain with physical business bases in Japan and overseas, and by leveraging the industry expertise obtained from those bases with digital technologies, contributes to solving industry challenges especially in the fields of automotive & mobility and construction & infrastructure. Also, it will aim to expand revenue by strengthening its overseas business in the United States and emerging countries, where demand for steel is expected to grow.

Business Examples

Cape Flattery Silica Mines Pty., Ltd.

The world’s largest silica sand producer in Australia (wholly owned by MC), which produces high-grade silica sand used as a raw material for solar panels, displays, and other products that contribute to EX. The Group has an integrated supply chain with logistics and sales network that extends from the mines to the demand areas.

PMC Tech Co. Ltd.

A coal-based needle coke manufacturing company in South Korea through a joint venture with POSCO Chemical Co., Ltd., and others. The company has a production and sales network in the markets that are expected to grow in line with the trend toward decarbonization, namely graphite electrodes for electric arc furnaces (steel product recycling), and needle coke as a raw material for lithium battery anode materials, an essential component for electric vehicles.
PETROLEUM & CHEMICALS SOLUTION GROUP

Our Vision

Against a background of issues including climate change and marine plastics, the importance of transitioning to a decarbonized society and of reducing environmental impacts is growing day by day. Contributing to the achievement of a decarbonized society while steadily supplying the petroleum products and chemical materials indispensable to society and people’s lives is our Group’s most important theme. In the fields of energy and materials, we aim to be a Group that contributes to addressing societal challenges through the conception and execution of businesses that generate environmental and societal value in addition to economic value.

Materiality (Material Issues)

Related Material Issues

Group Strengths and Strategy

We position the issues of adapting to next-generation energy (EX: energy transformation) and converting to lower-environmental-impact chemical materials that have equal functionality and that can be supplied as stably as existing products (MX: material transformation) as top-priority themes for our Group in the industries in which we operate. We have already started businesses in fuel ammonia, carbon recycling, bio-related, and product recycling. By strengthening and converting our core businesses, we will work toward quantitative and qualitative improvement of revenues and asset efficiency.

We will engage in a two-pronged strategy: "Reduce the environmental impact of existing operations while fulfilling our supply responsibilities and generating stable earnings" and "Present realistic, scaled solutions to the world in the areas of energy and materials to solve the challenges of decarbonization". In order to provide decarbonization solutions that meet customer needs, we will consider participating in EX/MX manufacturing businesses with a sense of scale and economic viability.

We will prioritize the following themes in formulating EX/MX projects: 1) Fuel ammonia: Establishing a low-carbon ammonia supply chain for power generation and expanding to other applications and industries. 2) Carbon recycled fuel and material business: Recycling CO2 into a variety of carbon compounds. 3) Biofuels and materials business: Sustainable Bio-chemical business. 4) Product recycling business: Recycling of plastics in a way that contributes to a low-carbon, circular economy.

Major Growth Drivers

We will provide a stable supply of fuels and materials for which demand is strong, while implementing solutions that contribute to the realization of a decarbonized society.

World-wide demand for PE/MEG

World-wide demand for methanol

World-wide demand for ammonia

Business Examples

In order to contribute to the decarbonization of fuels and materials, we will accelerate our efforts with a sense of scale and economic competitiveness based on the following four priority themes.

- Fuel ammonia: Establishing a low-carbon ammonia supply chain for power generation and expanding to other applications and industries
- Carbon recycled fuel and material business: Recycling CO2 into a variety of carbon compounds
- Biofuels and materials business: Sustainable Bio-chemical business
- Product recycling business: Recycling of plastics in a way that contributes to a low-carbon, circular economy
To date, our Group has transformed its business model numerous times in accordance with changes in the external business environment. We will further transform our businesses in response to major changes in the societal environment such as accelerating decarbonization, electrification, and the shift to a circular economy, and contribute to the promotion of the EX strategy through the supply of raw materials.

Mineral Resources Group

Our Vision

Norikazu Tanaka
Director, Group CEO, Mineral Resources Group

Relevance of Material Issues to the Business

Electrification and the introduction of renewable energy are essential transitions to realize a carbon-neutral society, and demand for metal resources, such as copper, lithium, and nickel (both raw materials for batteries), will increase dramatically. In the steel industry, while the transition to electric furnaces and hydrogen-based steelmaking will continue over the long term, low-carbon steelmaking using blast furnaces, which will remain the mainstay for the time being, will be an important issue.

As part of our efforts toward a decarbonized society, we will work to reduce CO2 emissions at the mines we own and to fulfill our responsibility to provide a stable supply of high-quality metallurgical coal and iron ore that contribute to the low-carbonization of blast furnaces. At the same time, we will contribute to the promotion of EX from the viewpoint of raw material supply by shifting to a new portfolio based on the three societal issues of decarbonization, electrification, and circular economies.

The mineral resources business is a long-term undertaking. The concept of realizing triple-value growth through the simultaneous generation of economic, societal, and environmental value, and growing together with local communities and environmental conservation, has always been the foundation of our business, and therefore sustainability is an integral part of our business. We contribute to the realization of a sustainable society through the stable supply of metal resources that are indispensable for the shift to a decarbonized world.

Group Strengths and Strategy

- Competitive cost advantage and the quality of our world-class assets
- Solid partnerships with major mining companies and other primary suppliers that leverage our presence in the industry built over many years
- Industry intelligence and presence as an industry player gained through a global customer base cultivated by our trading business, and using this as leverage to identify new quality investment opportunities
- Ability to adapt business models to changes in the external environment to foster growth

We have completed the withdrawal of several assets to further refine our quality assets, which combine world-class cost competitiveness and quality, as well as to strengthen our metal resources investment portfolio in light of the external environment.

As initiatives for growth, we participate in the development of Quellaveco (copper mine) and the Aurukun (bauxite mine) project.

In trading, we achieved sustainable business growth by steadily developing new clients and strengthening our risk management system.

To contribute to the decarbonization of the steel industry, we will pursue 1) the potential of direct reduced iron, which contributes to the expansion of electric furnaces, 2) the increased use of CCUS technology, and 3) precious metals essential for a hydrogen society, while at the same time achieving a stable supply of high-quality metallurgical coal and iron ore.

As a material that supports electrification, we will work on internal growth opportunities for copper (maintaining and expanding production at existing assets), as well as to pursue the charging of electric vehicles and utilizing innovative copper recovery technologies. In addition, we will strengthen our efforts in next-generation resources such as lithium and nickel, raw materials for batteries, and bauxite, a raw material for aluminum.

With an eye toward circular economies, we will work to utilize secondary resources in precious metals, lithium-ion batteries, and aluminum.

Based on the strong asset portfolio that we have refined to date, we will strengthen our efforts in metal resources, an essential component of decarbonization, and begin the execution of specific projects.

Mitsubishi Development Pty Ltd (MDP) which conducts exploration, development, production, and sale of mineral resources, jointly operates its metallurgical coal business, BMA, together with its partner BHP. BMA operates one of the world’s largest metallurgical coal operations, with an annual production volume of about 63 million tons and a share of approximately 30% of seaborne trade volume. In addition to producing high-quality metallurgical coal at its seven operating mines, BMA also maintains an integrated rail and port network, and is fulfilling its responsibility to provide a stable supply of high-quality metallurgical coal that contributes to low-carbon blast furnace steelmaking.

As the world transitions to a decarbonized society, we foresee potential impact on metallurgical coal demand as a result of the wider use of electric furnaces for steelmaking and the adoption of new technology. However, even in a business environment calculated based on decarbonization scenarios, we expect the demand for high-quality metallurgical coal to remain high.

Also, while staying aware of changes in the business environment, we will strive to reduce GHG emissions from BMA production processes. Furthermore, together with our metallurgical coal business partner BHP, we are working to support research that contributes to reducing emissions throughout the entire metallurgical coal value chain.

Mineral Resources Investment Division

Investment in mineral resources-related assets such as metallurgical coal, copper, iron ore, and aluminum, and mine development.

Mineral Resources Trading Division

Trading of mineral resources such as coal, iron ore, nickel, ferroalloy, copper, aluminum, and precious metals.
INDUSTRIAL INFRASTRUCTURE GROUP

Our Group operates diverse business models based on strong ties with various partners in a wide range of industries. We will refine our own functions and strengths, solve problems in the industries we serve, build and expand new industrial and social infrastructure platforms, and aim to create a prosperous future society.

Materiality (Material Issues)

Relevance of Material Issues to the Business

Responding to fast-paced changes in the external environment, including societal issues such as decarbonization and industry structural changes based on digitalization, is not only an urgent challenge for companies, but also a business opportunity. In particular, our Group, which serves a wide range of industries, is working to resolve issues in each industry by providing services and solutions that meet the needs of each, while leveraging our deep industrial knowledge and collective capabilities.

We are aiming to build a hydrogen supply chain for the next generation of energy, develop electric propulsion ships and autonomous operation support systems for next-generation shipping, promote the facility management business that adds value—such as labor and energy saving—to the operation and management of office and other buildings, and promote our comprehensive rental business to further the sharing economy. Through these efforts, we will work together with our customers to realize a sustainable society by contributing to the decarbonization of each industry and addressing regional and societal challenges, and by actively promoting the development of new businesses with adjacent industries.

Group Strengths and Strategy

Group Strengths

- Connections with and industry knowledge of various industries such as manufacturing, construction, agriculture, shipping, transportation, power infrastructure, oil & gas, etc.
- A foundation for conceiving new businesses that leverage our ownership of numerous business models
- Strong partnerships in each business area cultivated through the provision of functions to key players in the industry

In existing businesses, we supported the revitalization of Chiyoda Corporation and implemented the optimization of the fleet size of owned bulk carriers. In new businesses, we entered the facility management business and worked to build a hydrogen value chain. We also made steady progress in strengthening our business portfolio across the entire Group’s businesses.

With the Value-Added Cyclical Growth Model in mind, we will promote the consolidation and re-profiling of management resources while refining functions and strengths that clearly differentiate us from competitors. In addition, we will work to complete the revitalization of Chiyoda Corporation, increase earnings in the facility management business, and materialize the autonomous vessel and maritime digital service businesses. We aim to achieve sustainable growth by continuing to develop businesses that have the potential to grow beyond the Group’s framework, such as the hydrogen value chain development business and the construction solutions business.

We will strengthen collaboration beyond the framework of the Group and concentrate management resources in business areas that are expected to grow at a reasonable scale by 2030. We will create sustainable value with partners that go beyond the traditional industries in which we operate, while addressing societal challenges through decarbonization and innovation.

Business Groups × Business Models
Our Group will build a business model that addresses challenges related to the movement of people and goods by leveraging our strong business and customer base built up over many years. Furthermore, by providing automotive and mobility services by utilizing integrated EX/DX, we will enrich the lives of our customers and contribute to the conservation of the global environment with the aim of realizing triple-value growth.

Materiality (Material Issues)

Related Material Issues

Contributing to Decarbonized Societies

Addressing Regional Issues and Growing Together with Local Communities

Relevance of Material Issues to the Business

In the automotive industry, structural changes are taking place as a result of the shift to low environmental impact vehicles in line with the progress of decarbonization, as well as changes in people’s values regarding car ownership. Within this changing external environment, our Group, as a strategic partner of the manufacturers with whom we collaborate, will contribute to the realization of decarbonized societies by helping to expand sales of environmentally friendly next-generation vehicles (including clean fuel). Furthermore, as part of our efforts toward decarbonisation, we intend to promote the realization of a concept for EV fleet management that combines mobility business and EX, in cooperation with other Business Groups within the company, in order to take advantage of our collective capabilities. In regional communities facing depopulation, there is a growing need for on-demand transportation services that allow for the streamlining of transportation, and more services utilizing digital technology. Our Group will ensure the sustainability of our business by further strengthening our business foundation, including the functions we have developed over many years and our ability to build community-based networks, as well as by working to address societal challenges through our mobility services business.

Group Strengths and Strategy

Group Strengths

- Strong, long-term partnerships with Mitsubishi Motors Corporation, Isuzu Motors Limited, and Mitsubishi Fuso Truck and Bus Corporation
- A strong automotive value chain platform for business and customers offering production, sales, automobile finance, after-sales service, and other capabilities developed both in the ASEAN region and in countries around the globe
- A wealth of knowledge and expertise based on an extensive global network

Summary of Midterm Corporate Strategy 2021

In our automotive value-chain business, we strengthened our sales capabilities by introducing new models and implementing digital marketing in the ASEAN region, while also building a framework for steadily increasing profit from business investments. Furthermore, we expanded our business domains in multi-brand downstream areas (fleet management, after-sales service, e-commerce, auctions, etc.) in emerging countries, including ASEAN countries. Moreover, we promoted domestic regional transportation DX through our on-demand bus business utilizing AI.

Strategies Under Midterm Corporate Strategy 2024

We aim to further strengthen the functions of the automotive value chain business, and expand and transform our business model into downstream areas, while also developing the mobility services business into a “Core Business.” We will also utilize integrated EX/DX as a lever to enrich the lives and livelihoods of our customers and contribute to the conservation of the global environment through the spread of automotive and mobility services, thereby achieving triple-value growth.

Forecast for Future Growth

In an environment where the electrification of automobiles and the diversification of transportation fuels and energy sources are expected to advance in line with decarbonisation, we will promote product planning in collaboration with our partner manufacturers and pursue business development utilizing our business categories and customer bases. In doing so, we will further evolve and deepen our value chain business. In addition, as people’s awareness shifts from ownership to usage, we will continue to address challenges related to the movement of people and goods by continuously providing efficient and clean means of transportation, and will continue to realize triple-value growth.

Major Growth Drivers

Our Group has over 50 years of experience in the automotive value chain business in Indonesia and Thailand. In the Indonesian and Thai markets, where demand is expected to recover and grow in the future, we will continue to engage in the sales and after-sales service business while leveraging our strong business foundation built up to date. We aim to further strengthen our customer base in areas such as finance and insurance services and business development, and expand and transform our business model in downstream areas in the automotive value chain business. We will also take the next step forward to achieve further growth by leveraging our customer base with a view to inter-group co-creation.

Business Examples

DX Initiatives in the Automotive Value Chain Business

In the sales and after-sales field, which is the core of our automotive value chain business centered on the important markets of Indonesia and Thailand, we are leveraging our customer base built up through sales and marketing activities over many years in order to promote DX through various digital marketing measures and to create new services. In addition, to strengthen our downstream multi-brand business, we are building a business model centered on fleet management, maintenance, and used car e-commerce, and we are also operating an auction/matching site for used cars.

DX Initiatives in Mobility Services

As the shift from “ownership” to “use” of cars continues, we are working to address challenges related to mobility faced by local communities and transportation operators while providing new means of transportation (Regional Transportation DX). Starting in 2019, we have been operating the AI-based on-demand bus system Know-Route in collaboration with West Japan Railway Co. Rather than having a fixed timetable or route, flexible route setting and operation utilizing AI ensures both user convenience and operational efficiency. From 2023, we will start providing the Know-Route system and expertise to various regions and transportation operators nationwide. We will encourage the expansion of the on-demand bus business and contribute to addressing regional transportation challenges.

DX Initiatives in the Automotive Value Chain Business

DX Initiatives in Mobility Services

DX (Digitalization) is the combination of digitalization, data utilization, and process optimization. It involves the application of digital technologies to business processes, often with the goal of improving efficiency, productivity, and customer experience. DX initiatives in the automotive value chain business include using digital marketing and DX tools to enhance sales and service capabilities, as well as utilizing AI for fleet management and on-demand service systems. DX initiatives in mobility services include the development of on-demand bus systems using AI and digital marketing tools.
Our Group works to contribute to addressing various environmental and societal challenges in our overall supply chain, while also establishing a stable and sustainable supply model. We strive to reliably supply products that fulfill consumer needs as we ensure safety and security for consumers, and deliver value that meets societal demands. We also set out to generate growth opportunities by expanding high-quality products and services into the global market.

Materiality (Material Issues)

**Related Material Issues**
- Conserving and Effectively Utilizing Natural Capital
- Promoting Stable, Sustainable Societies and Lifestyles
- Respecting Human Rights in our Business Operations

Relevance of Material Issues to the Business

While there are concerns of food shortages due to global population growth and increased consumption, there is also a growing focus on the environmental and societal challenges faced by the food system. We recognize that addressing societal challenges, such as the need for a stable food supply and a sustainable supply chain, is our Group mission as well as a growth opportunity.

Our Group, which is extensively involved in the food industry, generates food waste in the course of our business activities, and reducing waste is one way that we will contribute to addressing the above-mentioned issues. We will strive to refine supply and demand forecasting through DX and leverage the functions and innovations of our group companies. Through these efforts, we will contribute to the realization of a sustainable, stable society and livelihoods by reducing food waste and promoting food recycling, such as utilizing food waste as a raw material for animal feed.

In addition, our Group handles commercial raw materials produced in a wide variety of countries and regions. We recognize that respect for human rights and the conservation and effective utilization of natural capital throughout our business activities, including the supply chain, are important issues. In order to confirm compliance with our Policy for Sustainable Supply Chain Management (which outlines MC’s actions to address human rights, labor rights, and environmental issues in the supply chain), we conduct annual human rights and environmental due diligence on materials with high environmental and social risks. Through these investigations, we ascertain the actual status of these materials and take corrective actions and responses to issues that need to be addressed as we work to build a stable and sustainable supply model.

Group Strengths and Strategy

**Group Strengths**
- A large-scale business base for salmon and trout, which are excellent sources of high-quality protein and for which suitable farming areas are limited
- A supply chain that contributes to the stable procurement of food, with grain feed and livestock operations at its core
- Food science technologies that contribute to quality of life for consumers through great taste and health

**Summary of Midterm Corporate Strategy 2021**

In the fiscal year ended March 31, 2021, we struggled due to the impact of the COVID-19 pandemic, as consumer behavior changed and demand declined, especially in the restaurant industry. However, we improved profitability in the fiscal year ended March 31, 2022 through in-house efforts such as improving production efficiency and strengthening sales capabilities, mainly in the salmon and trout farming business, grain, oils, and feed materials business and the livestock business. In response to changes in consumer behavior, our Group also developed new initiatives such as efforts to develop, produce, and sell plant-based meat, mainly working with Ishihara Yonekuro Holdings Inc. and Mitsubishi Corporation Life Sciences Limited.

We will achieve sustainable growth while working to address environmental and societal challenges in the food supply chain. We aim to improve the efficiency of the entire supply chain by utilizing digital technologies such as DX to forecast supply and demand, utilize innovative technologies, and improve logistics efficiency, while also contributing to the reduction of food waste and GHG emissions. In addition, we will strengthen our safe and stable supply chain and achieve a stable supply of food to Japan.

**Strategies Under Midterm Corporate Strategy 2024**

In addition to the world’s growing population and expanding consumptions, Japan’s declining birthrate and aging population is expected to increase health consciousness and a greater need for food products that environmental and societal challenges into consideration. We will make greater increases in food demand and changes in consumer trends as business opportunities and strive for sustainable growth by making full use of our global supply chain, which contributes to the stable supply of a wide variety of food products. We will also achieve further growth by implementing a Value-Added Cyclical Growth Model and by responding to new technologies.
Our Group will promote supply chain optimization and new demand creation by connecting producers and consumers through the use of digital technology in the areas of retail, apparel and SPA (Specialty store retailer of private label apparel), healthcare, food distribution and logistics and tires for the automotive industry to achieve the sustainable development of local communities and increase convenience for consumers.

**Related Material Issues**

- Promoting Stable, Sustainable Societies and Lifestyles

**Relevance of Material Issues to the Business**

Our Group will reduce waste by optimizing the entire supply chain through the use of digital technology to improve sales forecasting and order accuracy, data linkage and sales promotion at retail stores, thereby enhancing the sustainability of society. As an example, we aim to reduce food waste generated by the Group by 50% compared to 2018 levels. In addition, by utilizing the Group’s broad connections with consumers, we will work to create demand and revitalize local economies by building mechanisms to address societal and environmental challenges raised by the SDGs and by engaging in communications that encourage consumer participation to bring about a high-quality, plentiful lifestyle together with consumers.

**Group Strengths and Strategy**

- A system that provides unique and convenient goods and services based on a deep understanding of consumer needs through our wide range of contact with consumers centered on physical retail stores, and consumer data accessed through the membership base
- Knowledge and a presence built up through our industry-leading intermediary distribution business, and networks of regional manufacturers, retailers, and healthcare facilities
- Locally-rooted business knowledge cultivated through the expansion of a retail store network in China and Southeast Asia

**Through collaboration with affiliates such as Lawson, Inc. and Loyalty Marketing, Inc. we promoted the creation of new consumption experiences that integrate the Internet and the real world. In the intermediary distribution business, including apparel and health care, we began to reform our business through DX and launched an AI-based demand forecasting system in cooperation with Mitsubishi Shōkūhin Co. Ltd. In China, we continued to open convenience stores, expanding to more than 4,000 stores. However, some businesses were hit by the COVID-19 pandemic and are still in the process of recovery.**

In order to respond to the needs of consumers in the “new normal”, we will transform our existing businesses and further create value for consumers through the use of digital technology. Through DX, we will also address various societal challenges in the Japanese market, such as the declining birthrate, aging population, labor shortage, logistics crisis, and weakening of regional infrastructure. Overseas, we will capture market growth by expanding our convenience store, apparel, tire, and other businesses.

We will refine the uniqueness and convenience of the goods and services provided by each business, and aim to create a market-in business model that meets local needs. In Japan, we will contribute to the creation of attractive cities by continuously supplying goods and services that improve the quality of life in local communities by utilizing the Group’s customer contacts and distribution network. Overseas, we will develop markets with partners who provide unique goods and services, aiming to win the support of local consumers.

**Major Growth Drivers**

**Number of overseas retail stores of affiliated companies**

We aim to increase Group business profit by expanding business models and products overseas that feature Japanese competitiveness and uniqueness, and by gaining the support of local consumers.
The power and water that our Group provides serve as the foundation of essential infrastructure for everyday life. We are helping to secure stable energy supplies by combining renewables and other clean sources with digital technology and a power supply and demand adjustment function. Our mission is to play our part to build sustainable, decarbonized societies and increase corporate value by providing new added value to our customers, as well as by conducting new initiatives in the field of hydrogen, a next-generation fuel.

**Group Strengths and Strategy**

- Extensive track record of development, construction, and operation in the area of renewable power generation, especially offshore wind
- The knowledge provided by Eneco, a customer-focused integrated energy company that provides clean energy and related services based on a balanced portfolio that encompasses power generation to retail
- Collective capabilities such as knowledge and networking in service development and partnerships which we leverage to promote DX initiatives that reflect the rapidly changing power business environment.

On the upstream (supply) side, we expanded our power generation business in Japan and overseas, focusing on renewable energy, and our offshore transmission business supporting offshore wind power generation. On the downstream (demand) side, we developed our electricity retail business and new service business, and upon establishing Chubu Electric Power Miraiz Connect, Inc., we promoted the maximization of business value throughout the entire electric power value chain, including the launch of retail, life care, finance, and other services through digital marketing.

The Group “produces” (generates) renewable energy, “integrates” weather-dependent electricity (through a sophisticated balance of supply and demand), and “delivers” this integrated electricity and high-added-value services. By strengthening each of these functions of the power value chain, we aim to expand our renewable energy business in Japan, where offshore wind power is expected to grow, and in Europe, where Eneco’s platform stands, as well as in the Americas, Asia, and other regions.

We will optimize our business portfolio by expanding renewable energy and promote the provision of high-added-value services throughout the entire electric power value chain by strengthening supply and demand adjustment functions through DX. In addition, to take advantage of our collective capabilities, we will also build self-sustained decentralized communities and engage in the green hydrogen business, which is expected to become a next-generation energy source, through collaboration with other Business Groups.

**Net Equity Base Generation Capacity**

<table>
<thead>
<tr>
<th>Year</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>4,470</td>
</tr>
<tr>
<td>FY2014</td>
<td>4,660</td>
</tr>
<tr>
<td>FY2015</td>
<td>5,100</td>
</tr>
<tr>
<td>FY2016</td>
<td>4,950</td>
</tr>
<tr>
<td>FY2017</td>
<td>4,880</td>
</tr>
<tr>
<td>FY2018</td>
<td>6,250</td>
</tr>
<tr>
<td>FY2019</td>
<td>8,380</td>
</tr>
<tr>
<td>FY2020</td>
<td>9,230</td>
</tr>
<tr>
<td>FY2021</td>
<td>7,860</td>
</tr>
</tbody>
</table>

Aim to double to 6.6 GW by FY2030

**Major Growth Drivers**

The Group has been expanding its net equity base generation capacity through power generation projects in Japan and overseas. Going forward, we will continue to expand renewable energy sources, aiming to double our renewable energy power generation capacity from 3.3 GW in FY2019 to 6.6 GW in FY2030, and promote the optimization of our portfolio.

**Business Examples**

Under the mission of “Everyone’s sustainable energy,” Eneco is promoting integrated EX/DX through its power generation business (generate), its power and gas trading business (integrate), and its power and gas retail business and district heat supply business (deliver) in Europe, with renewable energy as its core. In addition to strengthening the electric power value chain, the Group is also working on hydrogen, a next-generation fuel that contributes to the decarbonization of society, and the greening of heat sources to contribute to the realization of a sustainable society. The Group is also expanding this business model horizontally to other regions such as Japan and the Americas.

**Relevance of Material Issues to the Business**

In the electric power business, along with the shift to renewable energy, the business structure is changing with the decentralization and digitalization of the power system. Our Group is working to improve the business value of the entire power value chain by integrating the supply side (power generation) and the demand side (retail sales), while optimizing our portfolio, with the goal of doubling renewable energy power generation capacity by FY2030 compared to FY2019 (3.3 GW to 6.6 GW). As the global trend toward decarbonization grows stronger, we intend to achieve decarbonization by strategically reducing existing thermal power generation capacity and switching to zero-emission thermal power that does not emit greenhouse gases, aiming to achieve a 100% non-fossil decarbonization.

**Related Material Issues**

- Contributing to Decarbonized Societies
- Addressing Regional Issues and Growing Together with Local Communities

**Materiality (Material Issues)**

**Relevant Material Issues**

- **Utility Retail Division**
  - Power trading business, power retail business, and domestic water business
- **Energy Service Solution Division**
  - Domestic power generation business and lithium-ion battery (LiB)-related business
- **International Power Division**
  - Overseas power generation and transmission business, power trading business, overseas distributed power supply business, overseas water business, and hydrogen business

**Value Creation by the Business Groups**

<table>
<thead>
<tr>
<th>Business Groups × Business Models</th>
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<tbody>
<tr>
<td><strong>Business Groups</strong></td>
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<td><strong>Group Strengths and Strategy</strong></td>
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<tr>
<td><strong>Forecast for Future Growth</strong></td>
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<td><strong>Summary of Midterm Corporate Strategy 2021</strong></td>
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<td><strong>Strategies Under Midterm Corporate Strategy 2024</strong></td>
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<td><strong>March 31, 2022: approx. 1,750 MW</strong></td>
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<td><strong>Net Equity Base Generation Capacity FY2019: 3.3 GW</strong></td>
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</table>

**Power Solution Group**

- **Our Vision**
  - Aichiro Matsunaga
  - Executive Vice President, Group CEO, Power Solution Group

**Our Mission**

- Addressing Regional Issues and Growing Together with Local Communities
- Delivering corporate value by providing new added value to our customers, as well as by conducting new initiatives in the field of hydrogen, a next-generation fuel.

**Group Vision**

- Contributing to Decarbonized Societies
- Addressing Regional Issues and Growing Together with Local Communities

**Strategic Goals**

- **Net Equity Base Generation Capacity**
  - FY2013: 4,470 MW
  - FY2014: 4,660 MW
  - FY2015: 5,100 MW
  - FY2016: 4,950 MW
  - FY2017: 4,880 MW
  - FY2018: 6,250 MW
  - FY2019: 8,380 MW
  - FY2020: 9,230 MW
  - FY2021: 7,860 MW

- **Aim to double to 6.6 GW by FY2030**

**Major Growth Drivers**

- The Group has been expanding its net equity base generation capacity through power generation projects in Japan and overseas. Going forward, we will continue to expand renewable energy sources, aiming to double our renewable energy power generation capacity from 3.3 GW in FY2019 to 6.6 GW in FY2030, and promote the optimization of our portfolio.

**Net Equity Base Generation Capacity**

**Renewable power generation capacity generation FY2019: 3.3 GW**

**Business Examples**

- **Expanding the electric power value chain starting from renewable energy**
  - **Generate**
    - Power generation business
  - **Integrate**
    - Power: 5.3 million contracts
      - Total: 10.5 million contracts
    - Gas: 5.0 TWh
  - **Deliver**
    - Solar Car Park Project
  - **New services**
    - Renewable energy net equity base capacity
      - March 31, 2022: approx. 1,750 MW
      - 2016 (target): 3,600 MW
    - Capacity from 3.3 GW in FY2019 to 6.6 GW in FY2030, and promote the optimization of our portfolio.
In line with our vision to “Create cities, create societies, create the future”, our mission is to establish high-value-added, large-scale businesses by combining infrastructure and urban development, asset finance, and other businesses to meet societal and environmental needs, such as urbanization and lowering environmental impact. We aim to address societal and regional challenges through highly functional and attractive urban development that maximizes our collective capabilities.

Related Material Issues

- Addressing Regional Issues and Growing Together with Local Communities

Relevance of Material Issues to the Business

The explosive expansion of the middle class and rapid urbanization, particularly in emerging economies, has increased the need for industries.

In the midst of such changes in the external environment, our Group aims for triple-value growth by promoting the development and management of large-scale, high-value-added urban development projects to sustainably create high-quality living, working, medical, educational, logistics, and transportation environments. In doing so, we will contribute to the economic growth of the countries in which we operate, while also helping to reduce environmental impacts. For example, in the urban development project in BSD City, Indonesia, which is currently underway, we have started proof-of-concept trials for the implementation of urban services such as urban public infrastructure, autonomous driving, and digital marketing, and are working to improve urban convenience and reduce environmental impacts by materializing and implementing smart city-related technologies.

We will also work to address societal and regional challenges by collaborating with other Business Groups within the Company, such as initiatives to introduce self-sustained decentralized energy, electrification and efficiency of transportation, and decarbonization of industries.

Group Strengths and Strategy

- Management of urban infrastructure projects based on many years of infrastructure-sector development expertise and industry networks
- Project management based on real estate knowledge, and business know-how grounded in proven track records in development
- Long-standing relationships of trust and networks with leading developers and companies in many regions, especially in ASEAN countries
- A finance business that leverages MC’s long-term industry expertise and network gained through trading and business investment

We participated in a large-scale urban development project covering over 100 hectares of land within BSD City in the suburbs of Jakarta, Indonesia, and launched urban facility management initiatives, such as the start of autonomous electric vehicle proof-of-concept trials in BSD City, and the Kamakura area in Japan. We also made steady progress in strengthening individual businesses, such as data centers, real estate development, corporate investment, and asset finance, which form the foundation of our operations for sustainable urban value enhancement.

From the perspective of cyclical growth, we will promote actions such as the movement of management resources into stronger individual businesses, such as data centers, real estate development, corporate investment, and asset finance. From the perspective of cyclical growth, we will promote actions such as the movement of management resources into stronger individual businesses, such as data centers, real estate development, corporate investment, and asset finance.

Case study: Management of a smart city project in the Jakarta suburb of BSD, Indonesia

Together with Siar Mas Land Ltd. (SML), one of the largest real estate developers in Indonesia, we started an autonomous electric vehicle proof-of-concept trial in BSD City, a suburb of Jakarta, Indonesia in May of this year. In the trial, autonomous electric vehicles will travel around the central area of the city to assess needs and other factors.

MC has signed a MOU with SML to enhance the urban value of the district and will also work on the construction of data linkage infrastructure for all of BSD City, as well as digital marketing, etc., to promote the transformation of BSD into a smart city.

By introducing digital technology, we will also contribute to addressing social and environmental challenges in Indonesia, such as by taking measures to alleviate traffic congestion.

Business Examples

- Development and management of high-value-added urban development projects that achieve convenience and low environmental impact
- Manage a large city project in the Jakarta suburb of BSD, Indonesia

Urban Development Group

Urban Infrastructure Division

- Development and management of infrastructure projects that form urban foundations, including data centers, airports, and roads.

Urban Development Division

- Development and management of urban development projects, real estate management, and other real estate-related businesses.

Asset Finance Division

- Merchant banking (private equity, infrastructure) business, domestic and international leasing business.

Value Creation by the Business Groups

2

Major Growth Drivers

In addition to steady growth in development and management of real estate projects through asset replacement, we will accelerate our efforts in the development and management of large-scale, multi-use urban development projects, mainly in Japan and the ASEAN region.

Scope of Business Initiatives

Medium to long-term image

Major Growth Drivers

- In addition to steady growth in development and management of real estate projects through asset replacement, we will accelerate our efforts in the development and management of large-scale, multi-use urban development projects, mainly in Japan and the ASEAN region.

Business Examples

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