



01

The Value Creation Story

This section provides an overview of the value creation process and the Six Capitals that serve as inputs to the process. We will also focus on the business assets of the Six Capitals and explain the strengths of MC's businesses.

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Value Creation Process

MC's businesses are underpinned by financial and other capitals which exist both internally and externally.

We invest the capitals into businesses to address societal challenges through our businesses and continuously create significant shared value. The created shared value strengthens the capitals and becomes a source of further value creation. By repeating this cycle, we aim to achieve sustainable growth.

Materiality related to societal challenges

P.48-49



Contributing to Decarbonized Societies



Promoting Stable, Sustainable Societies and Lifestyles



Conserving and Effectively Utilizing Natural Capital



Utilizing Innovation to Address Societal Needs



Respecting Human Rights in Our Business Operations



Addressing Regional Issues and Growing Together with Local Communities

2. Business Groups x Business Models x Strategies (Engine)

Business Group pages P.74-97

Special Feature: History and Strengths of Core Businesses P.22-35



3. Creating MC Shared Value (Outcome)

Economic Value

MC Shared Value

Environmental Value

Social Value

The Continuous Creation of MCSV

1. The Six Capitals (Inputs)

P.18-21

Stewardship Capital

Financial Capital
Human Capital

External Capital
(Foundation for Societal Trust)

Social Capital
Environmental and Natural Capital

Internally Generated Capital

Business Assets
Intelligence and Industry Expertise



Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce

2. Business Groups x Business Models x Strategies (Engine)

The 12 Business Groups engage in a wide range of businesses while maintaining broad contact with various industries. We aim to create value that transcends fields and industries based on the companywide theme of creating a new future through integrated EX and DX initiatives, while applying the Value-Added Cyclical Growth Model.

Risks and Opportunities

See each Business Group's page

P.79-97

3. Creating MC Shared Value (Outcome)
Leveraging MC Group's unique collective capabilities, we will further accelerate addressing various societal challenges through our business activities and continuously creating MC Shared Value.

1. The Six Capitals (Inputs)

External capital, which exists outside the Company and underpins our management; stewardship capital, which the Company acquires from external sources and assumes responsibility to increase its value; internally generated capital, which is created internally by the Company using external capital and stewardship capital; these are the foundation of our business activities.

Sustainability Promotion Framework P.100-105

Risk Management P.124-129

Corporate Governance

P.106-123



Realizing a Highly Transparent and Flexible Organization

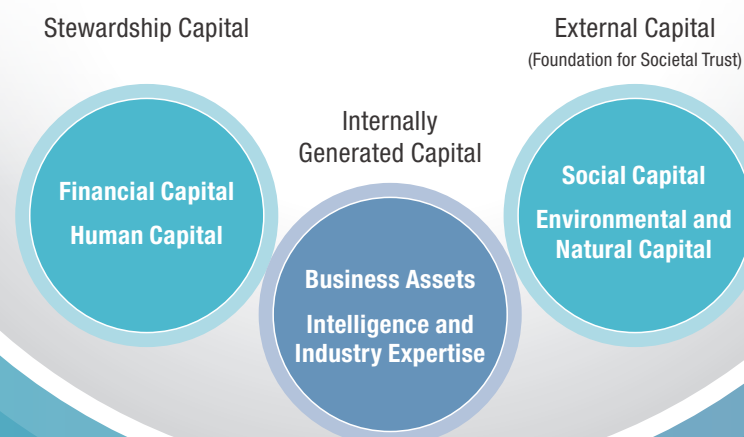
The Three Corporate Principles



Capitals

MC invests the capitals into its business operations to generate MC Shared Value (MCSV) by addressing societal challenges. The value created then flows back into the capitals, and the increased capitals lead to further value creation.

MC believes that the capitals, which form the foundation of its business operations, can largely be broken down into three types: (1) external capital, which exists outside the Company and provides the foundation for societal trust required to carry out business operations; (2) stewardship capital, which the Company acquires from external sources and assumes responsibility to increase its value; and (3) internally generated capital, which refers to tangible and intangible assets acquired and created internally by the Company using external capital and stewardship capital. We have defined the following six types of capital categorized into each of the above types.



02. Human Capital

MC has achieved sustainable growth together with society through its business activities by anticipating the needs of the times and actively attempting to address societal challenges. What has supported this growth are human resources who, through various experiences unique to our Company, combine high aspirations for addressing societal issues, the foresight to anticipate the times and create new value, execution skills to quickly materialize concepts by involving a diverse range of stakeholders, and high moral and ethical standards linked to the spirit of the Three Corporate Principles. We consider human resources, our greatest asset, to be “human capital” which is the source of value creation, and we have been and will continue to actively invest in them.

HR Policies in Midterm Corporate Strategy 2024

In order to create MCSV in the current environment of growing uncertainty, we must remain a vibrant organization that responds promptly to management strategies as well as changes in the operating environment, while also maximizing individual capabilities and value. In the HR Policies of Midterm Corporate Strategy 2024, we have established three pillars: HR Strategy, Strengthen Engagement, and Data Utilization. We will continuously strengthen our ideal vision for the organization through strategy execution revolving around these three pillars.



Stewardship Capital

01. Financial Capital

At the core of any company is receiving financial capital from its providers, increasing its value through business, and distributing the increased value. In order to continuously increase the value of financial capital, capital efficiency must be improved while maintaining financial soundness. In Midterm Corporate Strategy 2024, we have set a target of double-digit ROE, which we will achieve through careful selection of quality investments and replacing assets using the Value-Added Cyclical Growth Model. With regard to the distribution of financial capital through shareholder returns, we will meet market expectations by combining flexible share buybacks while maintaining stable dividend growth through a progressive dividend scheme.

Equity Capital	¥8,071.0 billion (FY2022)
Consolidated Net Income/ROE	¥1,180.7 billion/ 15.8% (FY2022)
Total Payout Ratio	Midterm Corporate Strategy 2024 (FY2022 Cumulative) 53%

Internally Generated Capital

03. Business Assets

By changing its earnings model flexibly in accordance with the changing business environment, MC has been able to create and grow highly competitive and prominent business assets, including mineral resources, LNG, salmon farming, and automobiles. We will combine these diverse and strong business assets with our connections in many industries to overcome societal challenges through our business and create new value.



04. Intelligence and Industry Expertise

As MC engages in a global network of business operations across many regions and industries, we have accumulated intangible assets such as “intelligence” and “industry expertise.”

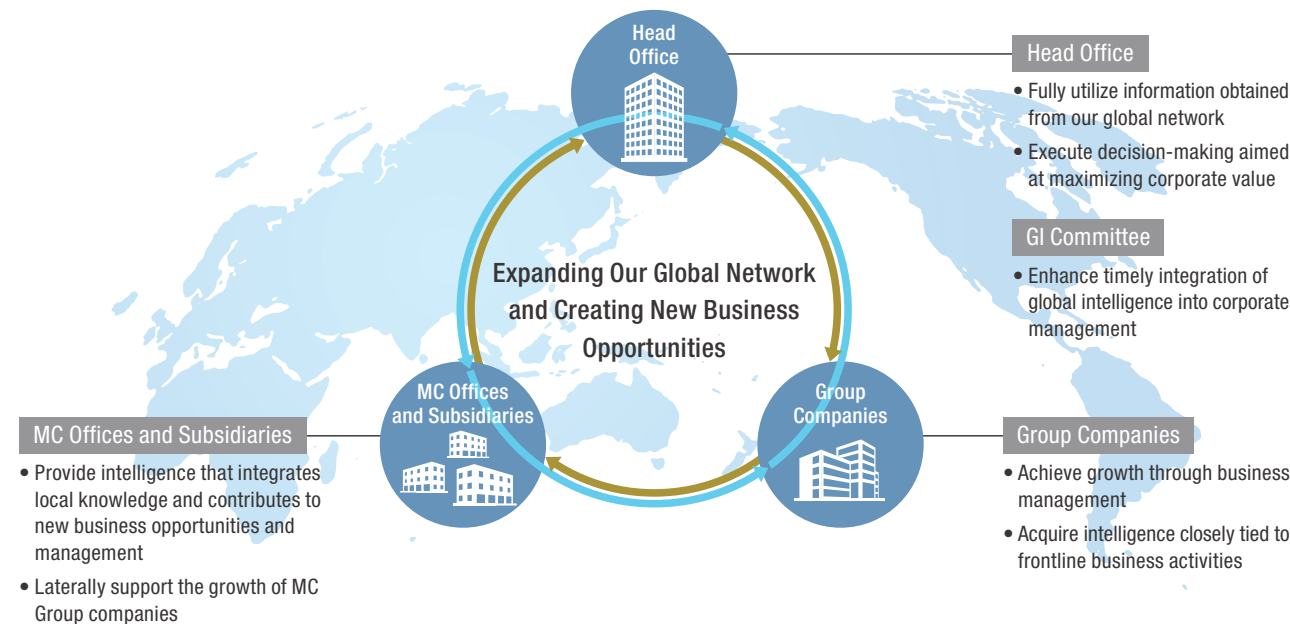
Intelligence

Through the efficient and effective division of functions among our head office, global offices, subsidiaries, and Group Companies, we are constantly collaborating to enhance our ability to respond to change and generate the next source of significant growth. Through this global network developed over many years, we possess multifaceted intelligence and know-how in macroeconomics, industry, and geopolitics. In order to connect this diverse intelligence and further strengthen our ability to respond to the external environment, we have newly established the Global Intelligence (GI) Committee in Midterm Corporate Strategy 2024. By incorporating the analysis of the GI Committee into the MC Shared Value Forum

(MCSV Forum), which discusses and formulates cross-industry companywide strategies, we will strengthen the driving force of our Business Groups and collaboration across all industries.

Industry Expertise

We have maintained connections with all industries for many years, and have accumulated industry expertise and know-how, by diving deep into each industry and developing a wide range of businesses. Each Business Group will strengthen the driving force of its business in each industry, and will work to provide new value by combining this physical frontline field of operations with digital technology, thereby further enhancing industry expertise.



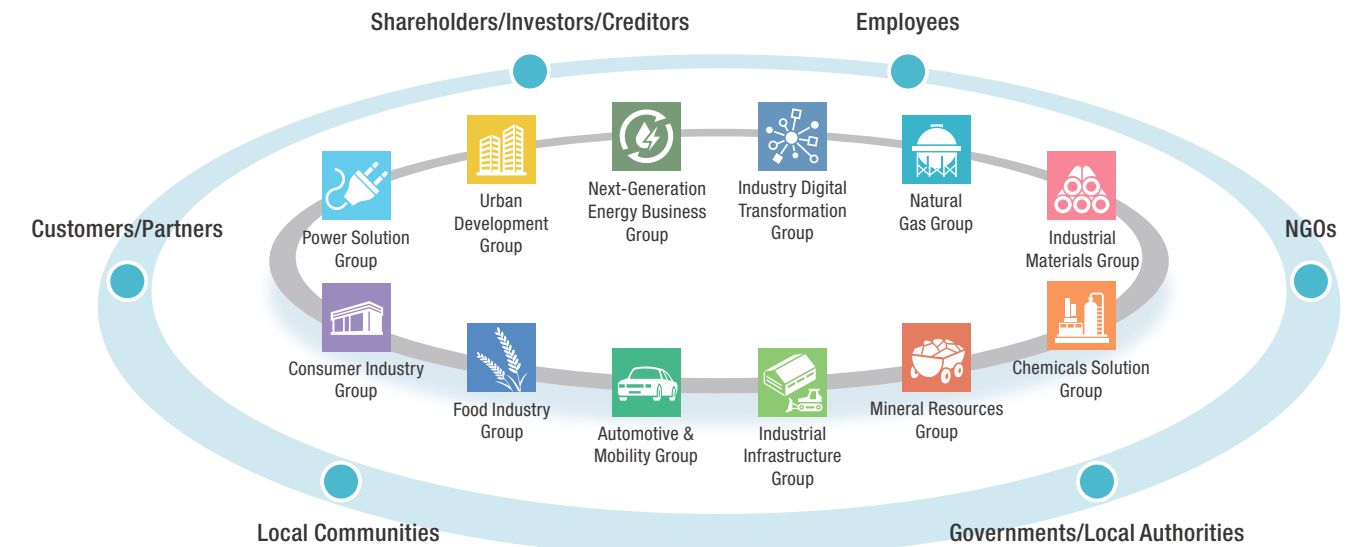
External Capital (Foundation for Societal Trust)

05. Social Capital

To implement our business operations, we need to ensure that their value and significance is widely recognized not only by our customers and partners, but also by stakeholders with whom have no direct contractual relationship. In addition to shareholders, investors, creditors, and employees, who provide the human capital, we regard our customers, partners, local communities, NGOs, and

governments and local authorities as our principal stakeholders, and we continuously engage both pillars to ensure business continuity. Through this engagement and our connections with diverse stakeholders, and by returning the generated value appropriately, we continue to promote the circulation of value throughout society as a whole.

Key Stakeholders



Customers and Partners

MC will contribute to the development of societies and economies by providing a stable supply of products and services that meet the needs of customers and business partners across each business area, from upstream raw material procurement to downstream retail. This will be done by working with our customers and business partners to develop various businesses that could not have been realized alone. Moreover, as a company that handles a diverse range of products and services worldwide, MC is working to achieve a sustainable supply chain as a key issue.

Local Communities

MC believes in the importance of “Addressing Regional Issues and Growing Together with Local Communities” as well as the value of building relationships with communities for the success of its businesses. Furthermore, by growing together with communities through job creation, promoting community development, and procuring raw materials from local communities, MC also strives to minimize negative impacts, including by respecting the rights of indigenous peoples. Particularly for large-scale projects where the understanding and cooperation of local communities is crucial, we

hold public hearings and dialogues with local residents as needed. Growing together with local communities is equally as important as advancing our businesses and generating financial returns. This represents the true spirit of MC, which seeks to simultaneously generate economic, environmental, and societal value.

Governments and Local Authorities

To achieve improvements and provide solutions to societal issues through our global business operations, we engage in collaboration, joint initiatives, and dialogue with government and local authorities through our involvement in business associations, public-private sector initiatives, and other forums, with the aim of contributing to societal development.

NGOs

We recognize NGOs as key stakeholders that function as representatives for the planet and its citizens, and we seriously consider the opinions and concerns raised through our robust communication on a day-to-day basis and seek their views to improve our initiatives. Moreover, we are promoting collaborations with NGOs to address environmental and societal challenges.

06. Environmental and Natural Capital

As with social capital, consideration for the environment and nature is also an indispensable element in maintaining the foundation for the societal trust critical to business continuity, and we recognize the Earth as our greatest stakeholder. In order to continuously create MCSV in accordance with the aims of Midterm Corporate Strategy 2024, we have identified the following as part of our Materiality, or important societal challenges to be addressed through our business

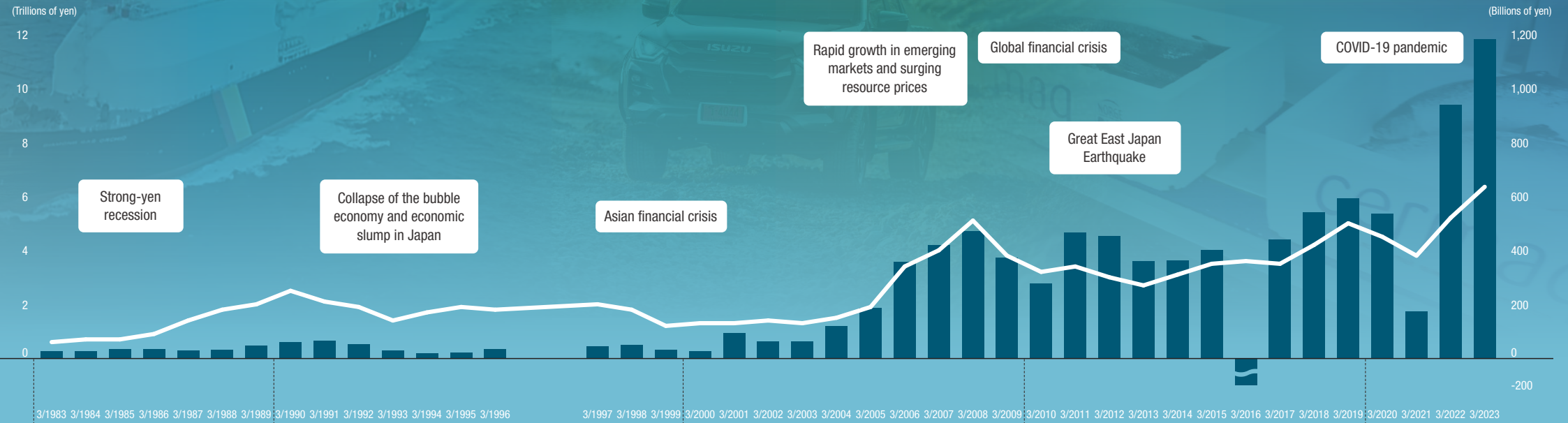
activities: “Conserving and Effectively Utilizing Natural Capital,” in which we strive to maintain biodiversity and conserve natural capital while reducing our environmental footprint and realizing a circular economy, and “Contributing to Decarbonized Societies,” in which we provide products and services that contribute to decarbonization during the transition period. Using our Materiality as a guideline, we will continue to strengthen our efforts for sustainable growth.

Special Feature: History and Strengths of Core Businesses

MC has pursued value creation by flexibly transforming its earning methods (business models) in accordance with the changing environment.

Transition of external environment and corporate value

Second oil crisis



1870s

1970s

1980s

1990s

2000s

2010s

2020s

Transformation of earning methods (business models) in each business area

Earning methods (Business models)

Intermediary services



Brunei LNG (LNG business)



Tri Petch Isuzu Sales (Automotive & mobility business)

Enhancement of intermediary capabilities

Business investment/management



BMA (Mineral resources business)



Eneco (Integrated energy business)



Cermaq (Salmon business)

Business model transformation

Trading Phase

Trading Evolution Phase

Business Investment Phase (Business Model Transformation Phase)

Business Management 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.

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* companies 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.

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 bounds of the traditional trading business. By accelerating business investments, MC embarked upon a new course of more proactively managing businesses.

After launching Midterm Corporate Strategy 2018, MC has sought further growth in the business management model, where we have deeply entered into investees' businesses to directly and proactively create value, beyond the previous concept of just expecting returns from investments. In Midterm Corporate Strategy 2021, we also introduced the Value-Added Cyclical Growth Model, and proceeded to allocate management resources to businesses whose value could be expected to increase through our business management. In the current Midterm Corporate Strategy 2024, we will further accelerate these initiatives while promoting EX and DX, and aim for creating a new future through regional revitalization by utilizing integrated EX/DX initiatives.

1870 Original Mitsubishi organization founded

1954 New MC founded (historic re-merger)

1957 MC becomes Japan's first trading company to take part in petroleum wholesale

1969 MC establishes Brunei LNG

1974 MC signs construction contracts for the international airport at Mombasa, Kenya

1974 MC establishes Tri Petch Isuzu Sales

1981 MC signs joint venture contract of SPDC Ltd.

1985 MC partners with Mitsui & Co., Ltd. in the North West Shelf project in Australia

1992 MC establishes Metanol de Oriente, METOR, S.A. (METOR), a methanol manufacturing and sales company in Venezuela

1992 MC joins the Sakhalin 2 project

2000 MC signs a capital and business alliance agreement with Lawson, Inc.

2001 MC establishes BHP Billiton Mitsubishi Alliance (BMA), a joint venture with global mining giant BHP Billiton

2010 MC invests in the shale gas business in Canada

2011 Mitsubishi Shokuhin Co., Ltd. established

2014 Cermaq ASA becomes a subsidiary

2017 Lawson, Inc. becomes a subsidiary

2020 Eneco becomes a subsidiary

2021 MC establishes Industry One, Inc., a new DX joint venture, with NTT

2021 MC establishes Chubu Electric Power Miraiz Connect, Inc., a joint venture, with Chubu Electric Power Miraiz Co., Inc.

2021 MC appointed as an operator for three offshore wind power generation projects in Japan (two in Akita Prefecture and one in Chiba Prefecture)

2022 MC participates in the Breakthrough Energy Catalyst platform

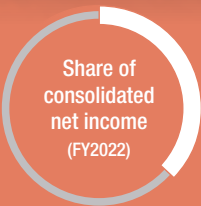
Mineral Resources Business

Our mineral resources business is a core asset and an essential part of MC's business activities. The mineral resources business has continually evolved its business models in step with changes in the business environment. We are working to build prime assets with world-class competitive cost advantages and quality, especially in the areas of metallurgical coal and copper.

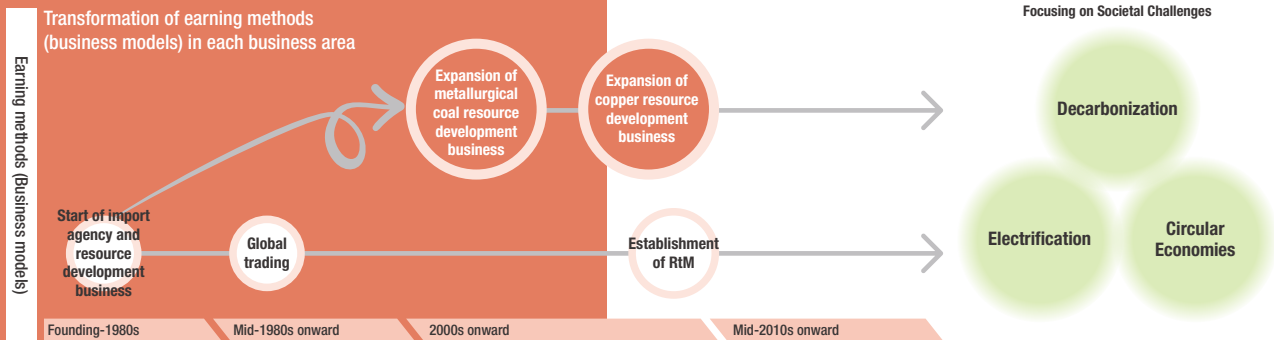
It will be an increasingly important priority to establish a sustainable supply scheme for key essential resources, such as steel and copper, as society works to transition to carbon neutrality by 2050. We will continue to fulfill our mission to supply essential resources to those who need them through trading, resource investments, and business development. In this section, we will describe MC's initiatives in this area, including the history and strengths of our mineral resources business, as well as our plans for future development.

Consolidated Net Income

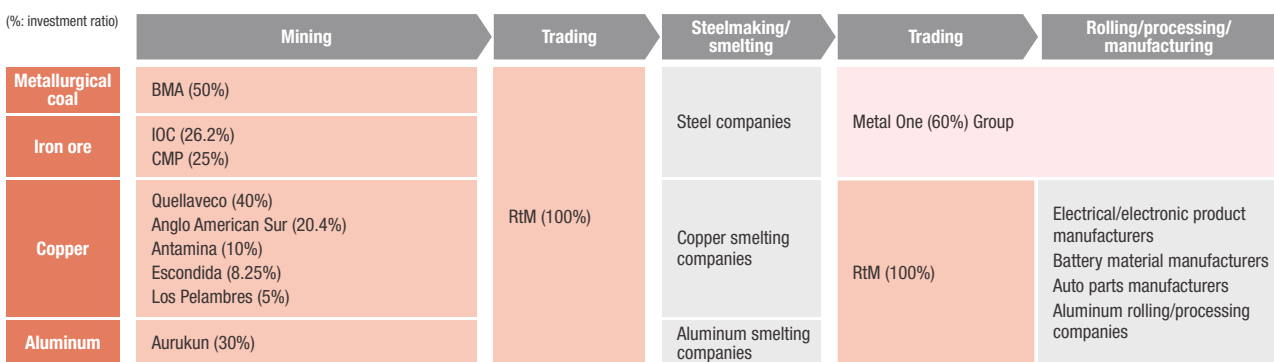
FY2021: ¥420.7 billion
FY2022: ¥439.3 billion



Business Model Transformation



Main Value Chains of the Mineral Resources Business



Business Environment Shift an Opportunity for a Major Transition to Upstream Resource Development Investment

Between the post-war reconstruction period and the dawn of Japan's era of rapid economic growth, MC took on the responsibility of importing the raw materials, such as metallurgical coal and iron ore, needed for the production of various industrial products in Japan. The demand for resources continued to expand in step with the development of Japan's manufacturing industries during the era of rapid economic growth. MC began to explore opportunities for investment in upstream assets to ensure reliable procurement of resources, and in 1968 we became involved in the mining of metallurgical coal (which is used in steelmaking) in Australia. When Japan's economic growth started to slow in the mid-1970s, we began to shift our focus to global trading and resource investment with the aim of harnessing growth not only in Japan, but also overseas. In 2001, we expanded our stake in the Australian metallurgical coal business to 50% and established a new company, BHP Billiton Mitsubishi Alliance (now BHP Mitsubishi Alliance, or BMA), as a 50:50 joint venture with BHP Billiton (now BHP), the world's largest resource company. BMA has now grown into a major source of earnings for MC, generating average yearly net income of 200 billion yen over the past five years based on MC's equity stake.

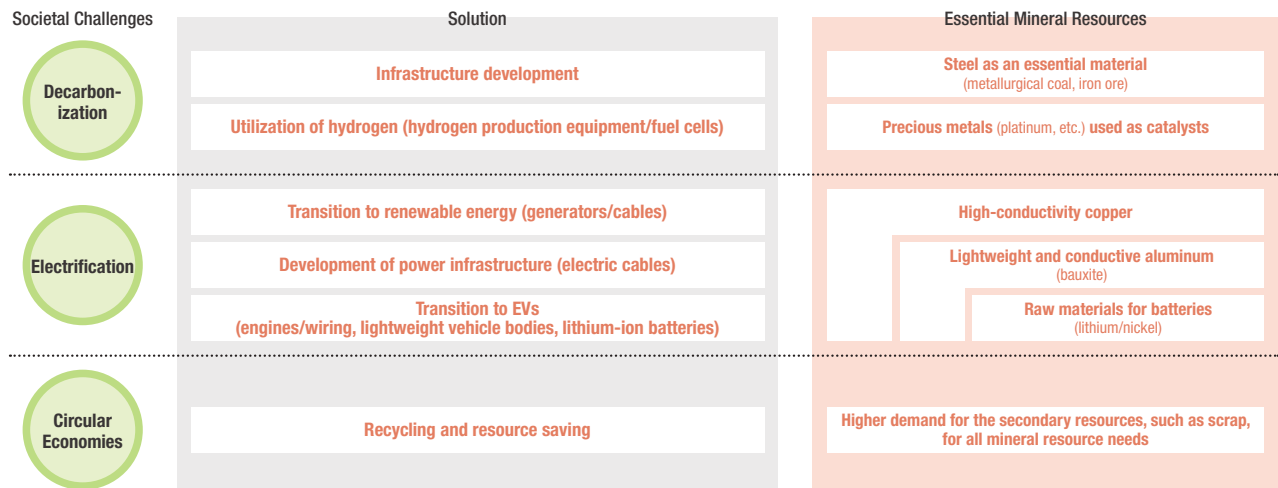
Focusing on the Copper Business as a Second Core Business

Our next step was to apply the business model that had brought us success in the metallurgical coal business to other areas. We began to build a presence in the copper mining industry, starting in 1988 with an investment in Escondida, the world's largest copper mine. This early response to the growing demand for copper enabled us to acquire interests in high-quality assets that rarely come onto the market today. Since then, we have continued to build one of the world's leading copper asset portfolios in terms of both cost-competitiveness and

output. The biggest copper mine that we have developed in recent years is Quellaveco. Together with our partner, the resource company Anglo American plc, a leading global mining major company - we overcame numerous unexpected challenges during the COVID-19 pandemic and completed the construction of the mine on schedule over the course of approximately four years, with production commencing in 2022. Our copper equity production volume is now the largest of any Japanese company. We anticipate further expansion after the start of full-scale production at Quellaveco, and our world ranking is expected to rise to around 13th.

Transitioning to a Portfolio Centered on Societal Challenges

One of the biggest social priorities today is the development of measures to combat climate change. In our mineral resources business, we are responding to this issue by transitioning away from our traditional product-centered business portfolio with the aim of achieving new growth based on a portfolio centered on societal challenges. Specifically, we have divided our business activities into three categories—decarbonization, electrification, and circular economies—and are now working to address societal challenges in each of these areas through the sustainable supply of essential materials.



Trading Business

Our trading business, the origin of our mineral resources business, has achieved growth by adapting to changing needs. We have leveraged the added value gained through this business, including industry intelligence, our market presence, and the discovery of prime investment opportunities, to strengthen our other business operations.

Resource to Market (RtM) Business

Our trading business began with import agency business for customers in Japan. In 2013, we established Mitsubishi Corporation RtM International (RtMI) trading subsidiary in Singapore, a hub for information and human resources, in order to pursue medium- to long-term growth.

In the decade since then, RtMI has continually expanded and enhanced its trading capabilities and global customer base in collaboration with our major trading hubs in Tokyo, New York, London, and Shanghai. It has grown into a business with a substantial presence in the mineral resource trading field.

While initiatives toward the realization of a carbon-neutral society by 2050 are accelerating, we are also seeing rapid changes in the business environment, including the escalation of geopolitical risks. We will continue to achieve sustainable growth in this environment by fulfilling our mission to supply essential resources to those who need them, listening to our stakeholders, providing sustainable value, and adapting to a changing business environment.



Special Feature: History and Strengths of Core Businesses

Metallurgical Coal Business

Strengths

In 2001, MC established BMA in partnership with BHP Billiton (now BHP). In addition to operating seven coal mines*, BMA also owns and operates cargo trains, shipping terminals, and airports. The metallurgical coal that it produces has world-class competitive cost advantages and quality. With an annual output of approximately 60 million tons, BMA is the world's largest metallurgical coal company and accounts for around 30% of seaborne trade in this resource. With reserves of approximately 11 billion tons, BMA is estimated to have sufficient resources for over 60 years of mining operations.

Consideration for local biodiversity, environments, and communities is an essential aspect of resource development. BMA closely monitors its operations and works to achieve harmonious coexistence with the natural environment and local communities. BMA minimizes the impact

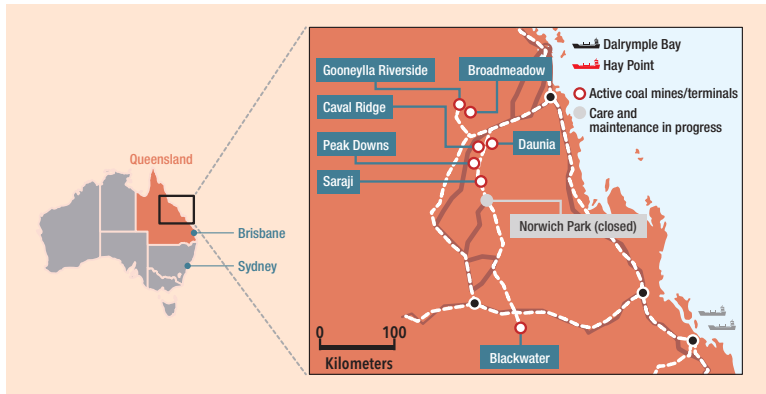
of its activities on local environments and communities by formulating and reviewing plans for the eventual closure and rehabilitation of its mines, taking into consideration both social needs and environmental regulatory requirements.

As part of its efforts to enhance the productivity and safety of its mining operations, BMA has established the Integrated Remote Operations Centre (IROC) and is actively introducing digitally-controlled autonomous heavy mining vehicles.



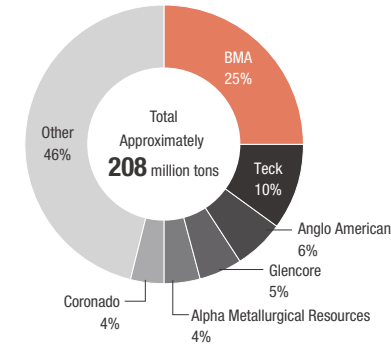
Integrated Remote Operations Centre (IROC)

Map of BMA Coal Mines



* In October 2023, Mitsubishi announced its plan to divest the Blackwater and Daunia mines. The divestment is expected to occur in JFY2024.

Metallurgical Coal Seaborne Trade Volume in 2022



BMA has by far the biggest share of the seaborne trade in metallurgical coal.

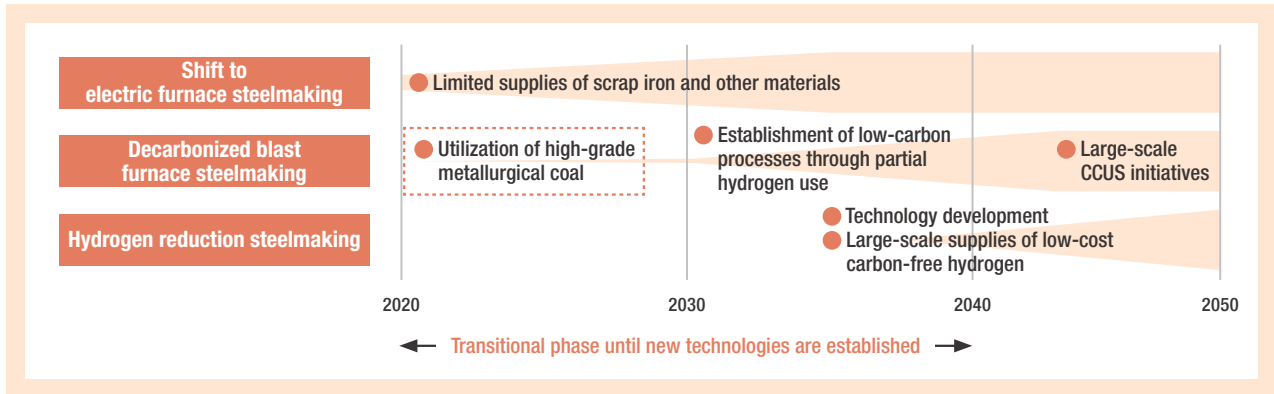
Source: Wood Mackenzie's Coal Supply Data Tool (2022)

Future Outlook

As a basic material, steel is essential to economic growth in every country around the globe. It is also a vital material for the development of the infrastructure needed to create a carbon-neutral society. We therefore anticipate continuing growth in demand. The steel industry is working toward decarbonized steel production through the increased use of hydrogen to reduce iron ore use, as well as the growing adoption of electric furnaces for steelmaking that can produce steel from scrap iron. However, the adoption of these methods on a commercial scale

will take a considerable period of time, and reduction in blast furnaces with metallurgical coke as the reducing agent is likely to remain the primary steelmaking method in the interim. We expect this situation to heighten the importance of high-grade metallurgical coal as a material that helps to reduce CO₂ emissions while maintaining blast furnace production efficiency. BMA will continue to contribute to the reduction of CO₂ emissions from steelmaking processes by producing world-class high-grade metallurgical coal and reliably supplying this resource to users.

The Outlook for Decarbonizing Steelmaking Processes



Copper Business

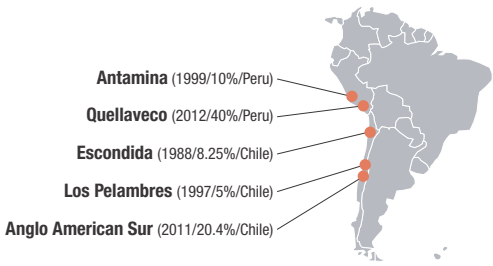
Strengths

Our copper business has achieved steady growth since we first began investing in copper mines in the 1980s. We currently own five copper mines located in the South American countries of Chile and Peru. These mines are high-quality assets with substantial resources and reserves. At present, our copper equity production volume is 250,000 tons per year, positioning ourselves as the largest production company among Japanese companies. This figure will rise even further once full-scale production begins at the Quellaveco copper mine. We aim to increase our copper production to around 400,000 tons per year.



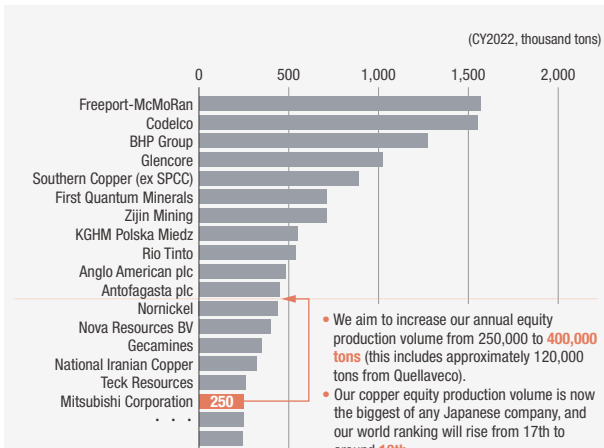
Quellaveco copper mine

Our Copper Assets (Year of Investment/Shareholding/Country)



Project	Investment partner
Antamina	BHP (33.75%)/Glencore (33.75%)/Teck (22.5%)
Quellaveco	Anglo American (60%)
Escondida	BHP (57.5%)/Rio Tinto (30%)/JX Metals (3%)/Mitsubishi Materials (1.25%)
Los Pelambres	Antofagasta (60%)/JX Metals (15.8%)/Mitsubishi Materials (10%)/Marubeni (9.2%)
Anglo American Sur	Anglo American (50.06%)/Codelco (19.99%)/Mitsui & Co. (9.51%)

Copper Producer Ranking



• We aim to increase our annual equity production volume from 250,000 to 400,000 tons (this includes approximately 120,000 tons from Quellaveco).
• Our copper equity production volume is now the biggest of any Japanese company, and our world ranking will rise from 17th to around 13th.

Source: Global Copper Strategic Planning Outlook — Q2 2023, Copper Producer Rankings June 2023, Wood Mackenzie

Future Outlook

Copper is an essential material used to produce lifeblood of industry, such as electrical wiring and IT networks. Demand for copper is expected to increase even further in the medium- to long-term future because of the shift to renewable electricity, especially wind and solar power, and the increased use of electric vehicles (EVs). However, a variety of issues are emerging, including a decline in ore grades at existing copper mines, as well as the increasing difficulty of resource development due to fluctuating political situations and stricter criteria to

acquire environmental permits as well as social acceptance in unstable producer nations. As a result, access to reliable supplies of this resource has become a vital priority. To ensure the growth of our copper business, we prioritize maintaining and expanding productions from our existing projects, purchasing additional exposures in existing projects and acquiring new assets, as well as leveraging new technologies to collect copper contents.

In 2023, we began work toward the development of a new project—the Marimaca copper mine—in Chile.

VOICE

MC Employees on the Frontlines of Business

In July 2022, we commenced production of copper concentrate at the Quellaveco copper mine. Construction and development of the mine were completed on schedule and within budget, despite the unprecedented difficulties caused by the COVID-19 pandemic. This success can be attributed to the behind-the-scenes efforts of the MC employees seconded to the Quellaveco Project, who worked together with our partner, Anglo American on the frontline, to complete construction and start-up of the operations at the mine. Leveraging skills acquired through their work in MC, especially the experiences developed through business management in various countries and commodity categories, these MC employees contributed from a shareholder's perspective to allocate management resources to realize the overall success of this mega project that spends around 5 million US dollars per day. Our employees also demonstrated a role model to motivate people, such as by sharing vision and goals of the project as well as building teams on the ground, which are vital to move people in the reality.



Seconded MC employees (Left) Former Head of CEO Office (Right) Former Head of GM Office At the Quellaveco copper mine site during its development

LNG Business

The history of our LNG business has been a continuous challenge of entering unknown territory. The growth of our energy business was driven primarily by oil imports and sales, but in the postwar era we began to focus on liquefied natural gas (LNG). Since the 1960s, we leveraged the customer relationships and networks developed through the oil business to create and expand our LNG business. In this section, we will look at the history of MC's LNG business, our strengths in this area, and our future development plans.

Consolidated Net Income

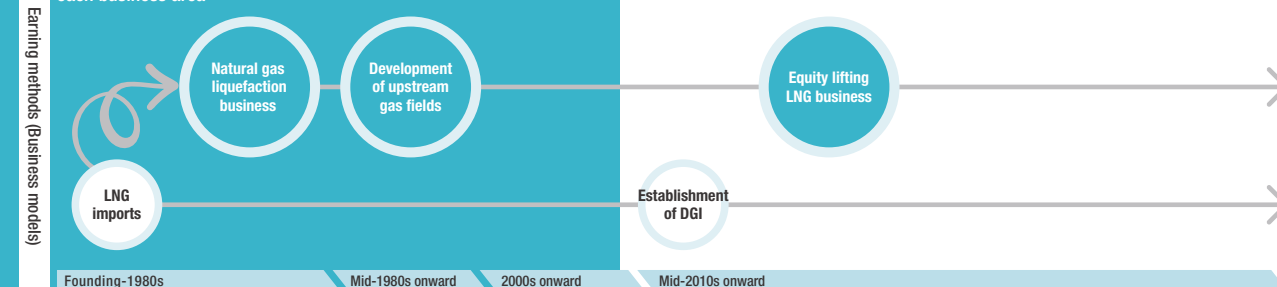
FY2021: ¥105.1 billion

FY2022: ¥170.6 billion

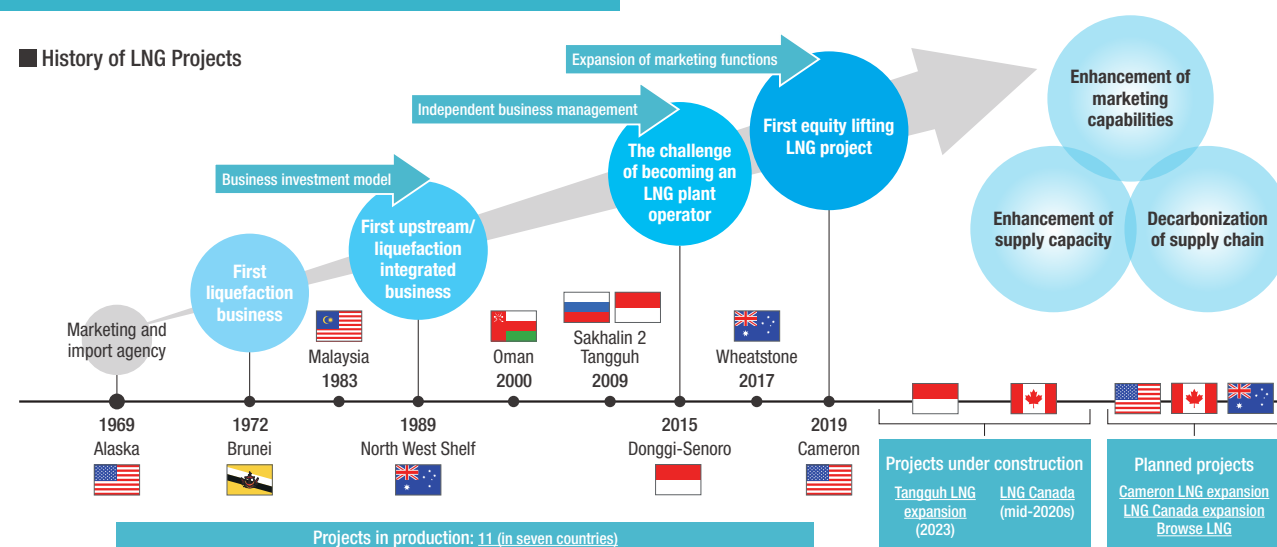
Share of consolidated net income (FY2022)

Business Model Transformation

Transformation of earning methods (business models) in each business area



History of LNG Projects



Diversifying Business Activities across Value Chains

In the 1960s, we introduced LNG into Japan for the first time with the start of imports from Alaska. Our function was far more complicated than to simply move products from one place to another. Instead, we advanced the project through tenaciously negotiating long-term contracts with American and European companies as sellers, and with Japanese power and gas companies as buyers to reach a long-term sale and purchase agreement. The arrival of the first LNG carrier ship at Yokohama in November 1969 marked the start of our LNG business.

In 1972, we had a breakthrough in our business through our participation in the Brunei LNG Project. This was a massive project involving a total investment of over 45 billion yen. We joined the project on an equal footing concept with one of the world's oil majors. Our equity share was 45%, while Shell held 45%, and the Brunei government 10%. Since the 1980s onward, we have continued to invest in LNG liquefaction plants around the globe in response to social requirement for a shift to clean energy and increasing demand for LNG, especially in Japan.

Starting with the North West Shelf Project in Australia, we have also expanded our value chains to encompass not only gas liquefaction and transportation, but also upstream gas development and production. With the Donggi-Senoro Project in Indonesia, we have taken on the new challenge of becoming an LNG plant operator. This has allowed us to obtain a wide range of expertise, while also taking a more proactive role in business management. In addition, MC is participating in the Cameron LNG Project in the U.S. state of Louisiana, which involves converting an existing LNG import terminal as an LNG export terminal.

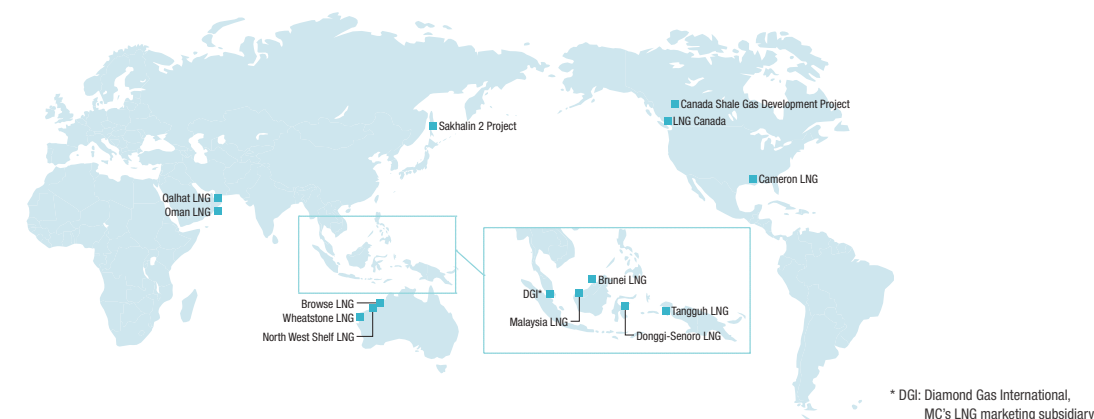
The project liquefies natural gas procured from North American markets, and MC offtakes around 4 million tons per year, which is

equivalent to one-third of the total output. The gas is being exported to users throughout the world, including Japan.

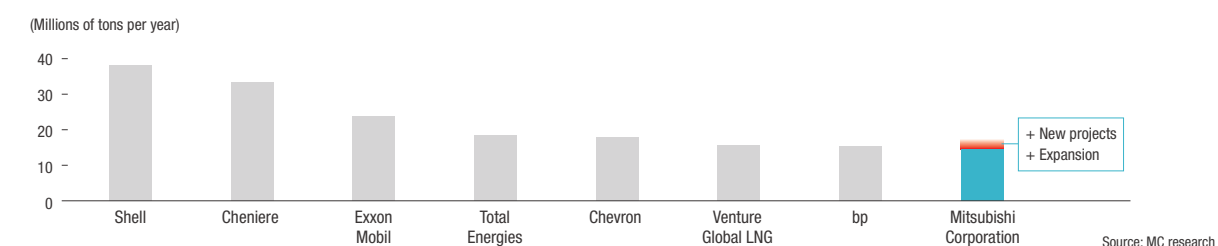
Strengths of the LNG Business

The LNG projects in which we are participating in various parts of world account for approximately 25% of global LNG imports. Our equity production capacity follows the oil majors, such as Shell plc and Exxon Mobil Corporation. Our market share and market presence in this area are especially high when compared with the various other products we handle. These achievements can be attributed to our success in building

strong relationships of trust with all stakeholders, including users, gas-producing countries, and business partners. In addition, access to high-quality information through the networks that we have built helps us to conceive and realize new business projects. This virtuous cycle is a key strength for MC and is one of the factors that have enabled us to build a deep presence across the entire LNG supply chain.



Total LNG Equity Production Capacity (Private Companies/Based on a Projected 2025 Cross-Section)

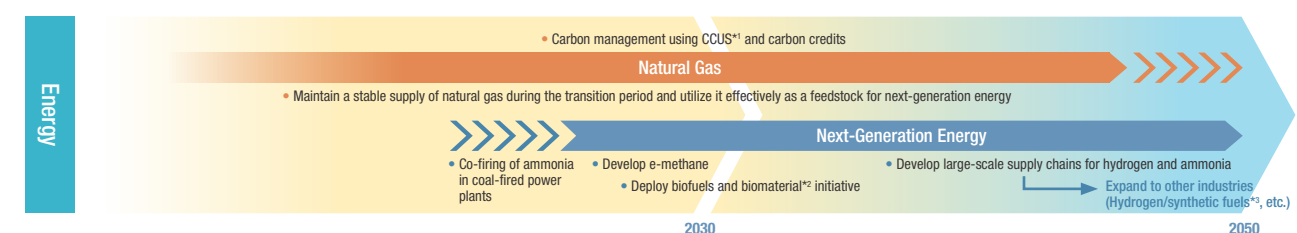


The Future of the LNG Business

MC views natural gas and LNG, which have limited environmental impact, as essential sources of energy during the transition toward a carbon-neutral society. In addition to our initiatives to ensure reliable supplies of energy, we are also working to develop decarbonized LNG

supply chains. We are also collaborating closely with the Next-Generation Energy Business Group on initiatives to reduce GHG emissions across the entire LNG value chain through the use of CCUS, carbon credits, and other methods. See pages 60-63 for additional information about our next-generation energy initiatives.

Roadmap to a Carbon-Neutral Society



*1 Carbon Capture Utilization and Storage

*2 Sustainable fuels and materials made from biological resources

*3 Clean fuels produced with hydrogen and CO₂ from the atmosphere or industrial sources, etc.

Automotive & Mobility Business

In the late 1950s, our automotive and mobility business began making major inroads into the emerging economies of Asia. By collaborating with Japanese automobile manufacturers and taking a proactive approach to sales and production activities, we have built a locally-based automotive value chain that encompasses both upstream and downstream activities, and established the automotive and mobility business as one of our Core Businesses. In this section, we will outline our activities in this area, including the history and strengths of our automotive and mobility business, as well as our plans for future development.

Consolidated Net Income

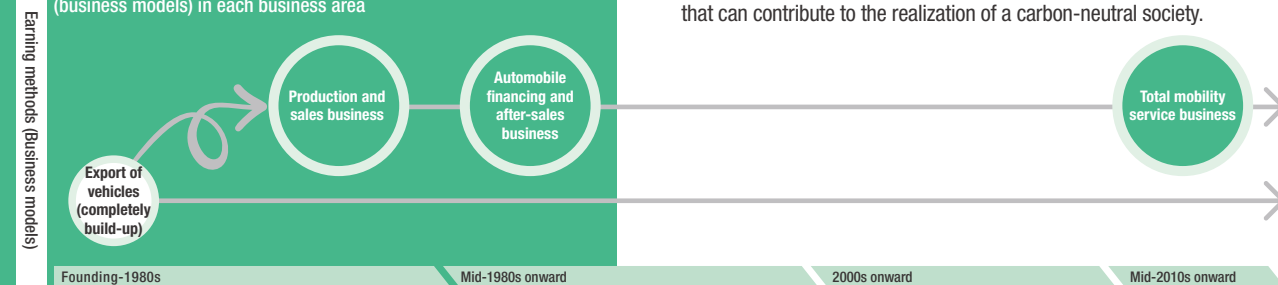
FY2021: ¥106.8 billion

FY2022: ¥127.5 billion

Share of consolidated net income (FY2022)

Business Model Transformation

Transformation of earning methods (business models) in each business area



Business Model Transformation

Lateral Expansion of Value Chain, Entry into New Business Fields

MC first became involved in the automotive and mobility business as an exporter of vehicles (completely build-up). The impetus for the subsequent change in our business model was the development of the automobile business in Thailand. In 1957, MC launched a business in Thailand importing and selling trucks in partnership with Isuzu Motors Limited. In response to an approach from the Thai government, which was eager to develop an automobile manufacturing industry in Thailand, we began to establish assembly plants and build a supply chain for the production and sale of automobiles. We also worked to expand after-sales services and automobile finance services, leading to the creation of a locally-based value chain capable of satisfying customer needs. As a result, Isuzu has become a byword for pickup trucks in Thailand.

In 1970, we partnered with Mitsubishi Motors Corporation, from which Mitsubishi Fuso Truck and Bus Corporation spun off later, to establish an automobile production and sales company in Indonesia. Since the 1970s, we have expanded our business network in Indonesia to include not only vehicle production and sales and after-sales services, but also automobile finance and used car sales. As in Thailand, we have established a strong, locally-based value chain in Indonesia. Thanks to these efforts, our businesses in Thailand and Indonesia have become Core Businesses for our automotive and mobility business. Going forward, we intend to use the value chain that we have developed in Thailand and Indonesia as a blueprint for expansion into other markets around the world, including other Southeast Asian countries and emerging countries, as well as Australia, Europe, and the Americas. In addition, we plan to use our automotive and mobility business as a foundation for collaboration with our other business operations as we strive to create new businesses that can contribute to the realization of a carbon-neutral society.

Tri Petch Isuzu Sales Co., Ltd. (TIS)

Building Strong Businesses through the Creation of a Locally-Based Value Chain

The Isuzu business in Thailand began back in 1957 as importer of heavy-duty trucks manufactured by Isuzu Motors. As noted above, in 1963, MC built an automobile assembling plant and set about vehicle production in Thailand in response to an approach from the Thai government. Isuzu Motors Limited, invested in this assembling plant and established Isuzu Motors Co., (Thailand) Ltd. (IMCT). In 1974, we spun off the automobile sales unit of Mitsubishi Company (Thailand) Ltd. to create the MC investee TIS.

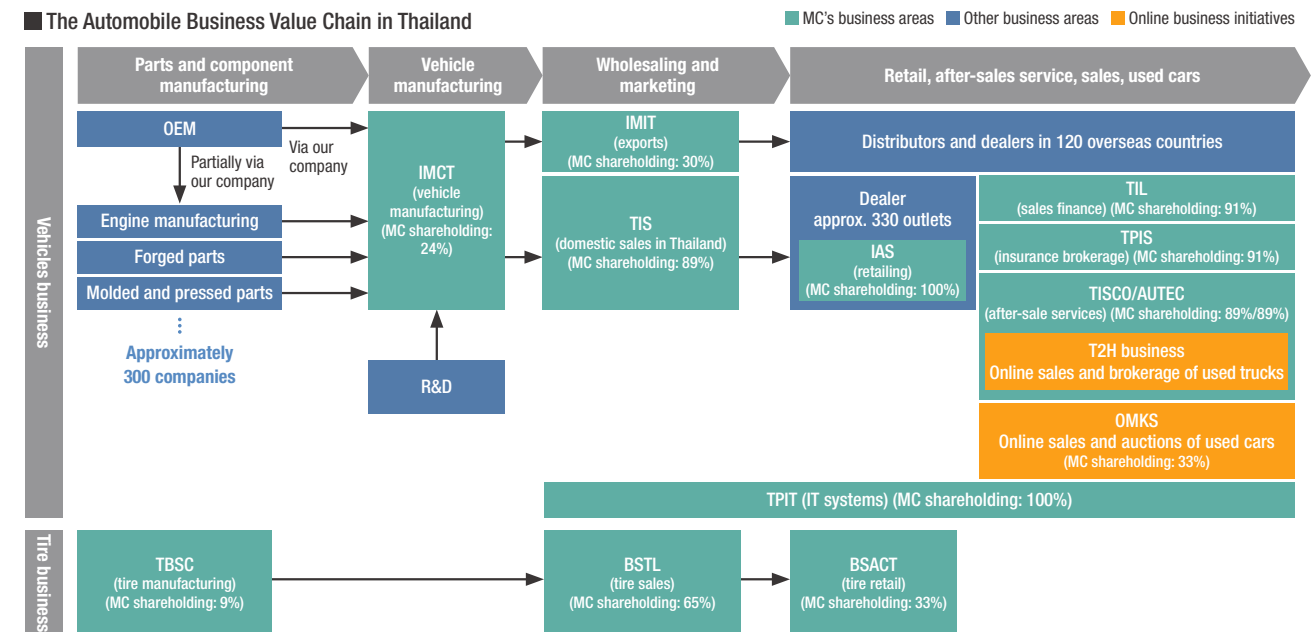
TIS has developed a business with deep roots in the Thai market. Thailand poses unique challenges, such as extremely rough and muddy rural roads, drivers who need to travel over 100,000 kilometers every year and are therefore concerned about fuel efficiency, and a need for

vehicles that can operate for over a decade with minor repairs. In addition to its sales network, TIS has also enhanced and expanded its after-sales service and parts supply system to ensure that repair services are available anytime, anywhere. It has also worked with the manufacturer to introduce products that anticipate customer's needs and reflect market requirements. By building a value chain with deep local roots and taking a market-in perspective, TIS determined that Thai customers wanted highly versatile pickup trucks with superior fuel efficiency, reliability, and durability. Since then, it has tirelessly focused on customer's needs to become a pioneer in the pickup segment; TIS was the one who launched Space Cab or first pickup with automatic transmission. These efforts pushed up the pickup trucks as best-seller in Thailand market. The Isuzu pickup emerged as the leading brand as Thailand began to achieve rapid economic growth in the 1980s.

We have built a value chain with deep local roots by developing business operations that span both upstream and downstream activities, including the manufacturing operations of components and build-up vehicles, wholesaling and retailing in domestic markets, automobile finance, after-sales services, automobile insurance, and

overseas exports and sales. As a result, we have been able to establish an unmatched reputation for reliability among local users. This reputation is a key source of strength for our automotive and mobility business, which has become a Core Business for MC.

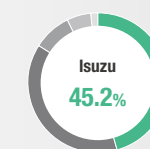
The Automobile Business Value Chain in Thailand



Isuzu Motors Thai Automobile Market Share

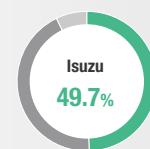
Shares of pickup truck market (CY2022)

Isuzu	45.2%	MMC	5.6%
Toyota	38.1%	Nissan	1.4%
Ford	8.7%		



Shares of commercial vehicle market (CY2022)

Isuzu	49.7%
Hino	43.1%
Others	7.2%

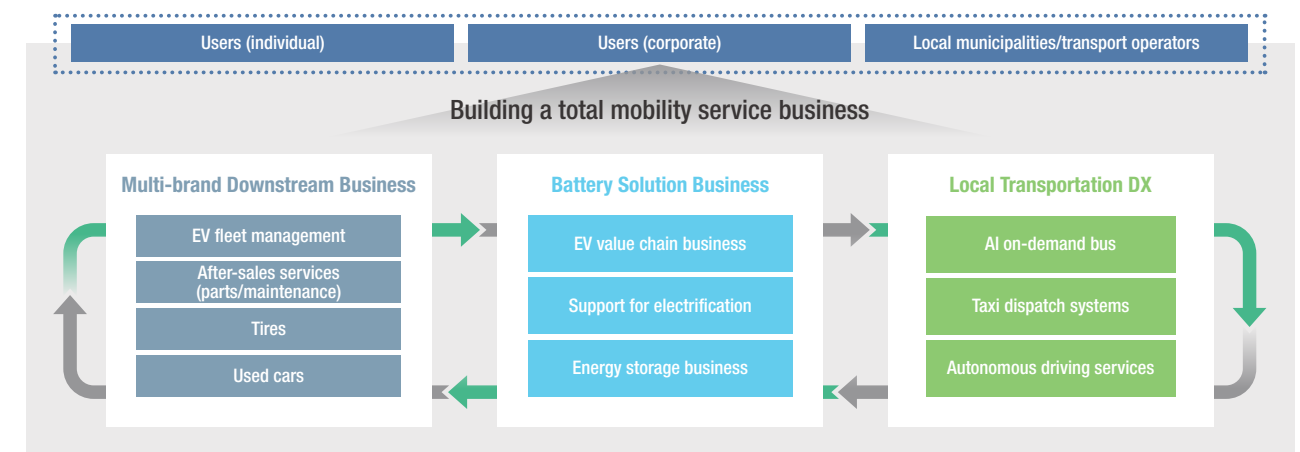


Total demand in the Thai automobile market in CY2022 was 828,000 vehicles. This included 388,000 pickup trucks (46.9%) and 33,000 commercial vehicles (4.0%).

Working Toward Building a Total Mobility Service Business

As we approach an era of electrification, we are working to build a total mobility service business in countries and regions in which we have strong business foundations, including Japan. To achieve this goal, we are leveraging the integrated knowledge of mobility and energy that is one of the strengths of the Automotive & Mobility Group. We will work to

accelerate our business development activities by implementing approaches that combine EX and DX through mutual collaboration between our Multi-brand Downstream Business, Battery Solution Business, and Local Transportation DX activities.



Salmon Business

One area in which we have traditionally excelled is the marine products business. We have helped to support the Japanese diet through our extensive involvement in activities ranging from fish harvesting to wholesaling, in partnership with fishing and seafood processing companies and logistics firms. A particular priority is our salmon business, through which we are working to ensure a stable supply of high-quality goods at a time when global demand for marine products is expanding. In this section, we will look at the history and strengths of MC's salmon business, as well as our future development plans.

Consolidated Net Income (Cermaq)

FY2021: ¥30.8 billion

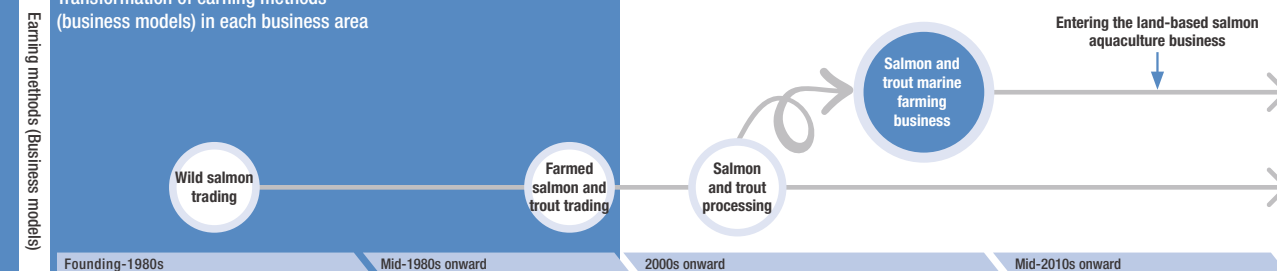
FY2022: ¥30.8 billion

Share of consolidated net income (FY2022)

Business Model Transformation

Transformation of earning methods (business models) in each business area

Earning methods (business models)



Business Model Transformation

Expansion from Trading to Processing in Response to Market Changes

MC's salmon farming business began with exports of canned salmon. As Japan entered an era of rapid economic growth, we expanded the business to include the importation of wild salmon. We also strengthened our sales capabilities in Japan through the establishment of a sales subsidiary specializing in marine products, as well as the acquisition of a major processing company.

In the 1990s, farmed salmon and trout production began to exceed the amounts harvested from the wild, and there was also a decline in the market prices of wild salmon and trout. We adapted to these changes by transitioning to handling farmed salmon and trout, which could be stably supplied. In addition, we successfully stabilized our income in this area by expanding into the processing business in collaboration with a seafood processing company in Thailand.

Combining Production, Processing, and Sales to Create a Global Supply Chain

In the late 2000s, the market price of farmed salmon and trout, which are high-quality sources of protein, began to increase due to changes in the business environment, including growing global demand in emerging economies, as well as heightened health awareness in Europe and the United States. MC saw this growth in demand as an opportunity and decided to enter the upstream area of farming. In 2011, we established a farming business in Chile, South America, with an annual production capacity of around 1,000 tons. The subsequent acquisition of a leading Chilean company immediately expanded our annual

production to 30,000 tons. We now had a supply chain encompassing production, processing, and sales. In November 2014, we acquired the Norwegian company Cermaq, which at the time was ranked third in the world in terms of market share, as a wholly-owned subsidiary. This brought our annual production of farmed salmon and trout to a total of

Our Advantages in the Salmon Farming Business

Scarcity of Suitable Production Areas, Steady Growth in Demand

Salmon can only be produced in calm waters, such as coves, fjords, and bays, with temperatures of 6-16°C. The scarcity of such locations around the world limits opportunities for new players to move into the farming business. MC has built a strong market presence by engaging in farming activities at three major facilities located in Chile, Norway, and Canada, which are among the few areas in the world where suitable conditions can be found.

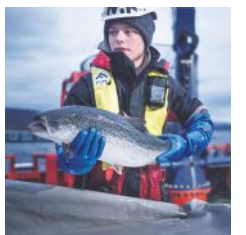
Consumers are becoming more health-conscious, and there is also

180,000 tons. Cermaq has production facilities not only in Norway, but also Canada and Chile, as well as sales channels to both European and North American markets. Through these moves, we have succeeded in building a global supply chain that combines production, processing, and sales operations across Europe, North America, Chile, and Asia.

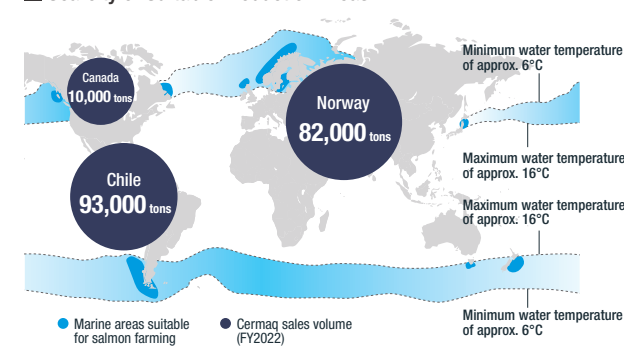
growing concern regarding sustainability. Factors such as these are expected to drive continuing strong growth in demand for salmon and trout as high-quality, sustainable sources of protein. We therefore believe that latent demand for these products will continue to exceed supply.

World-Class Profitability

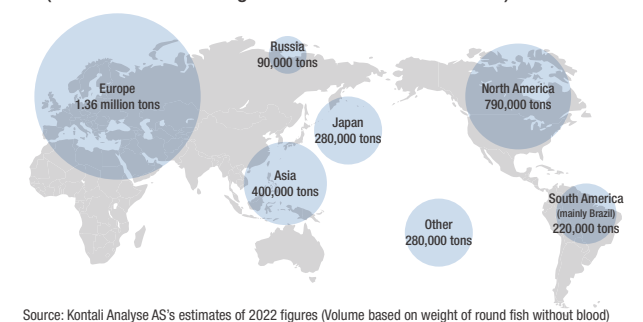
Since becoming a wholly-owned subsidiary of MC, Cermaq has consistently maintained world-class profitability by continually implementing measures designed to improve its production efficiency, profitability, and sales.



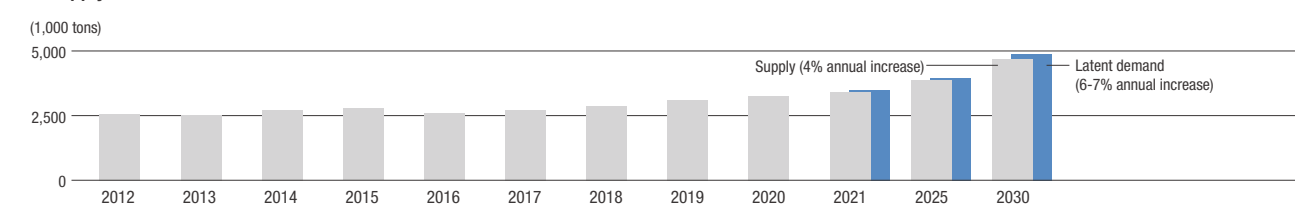
Scarcity of Suitable Production Areas



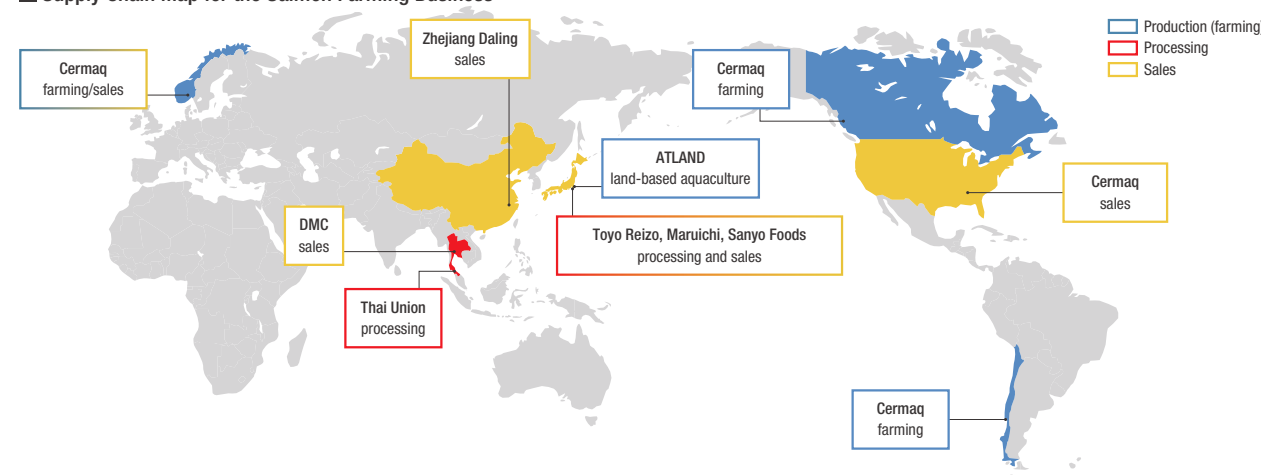
Farmed Salmon and Trout Market Size by Region (Volume based on weight of round fish without blood)



Supply and Demand Forecast



Supply Chain Map for the Salmon Farming Business



The Future of the Salmon Farming Business

Expanding Existing Farming Businesses and Enhancing Profitability

We will continue to expand the production capacity of our salmon farming business, while also striving to stably supply products in response to growing demand. At the same time, we will use digital technology and other methods to reduce environmental impacts, enhance productivity, and reduce costs.

Creating a New Future and Revitalizing Regions through Land-Based Aquaculture Activities

In October 2022, MC and Maruha Nichiro Corporation established ATLAND Corp. (ATLAND). ATLAND is a land-based salmon aquaculture company based Nyuzen, Toyama Prefecture. Given the constraints

placed on marine aquaculture operations due to the limited availability of suitable production areas, it is believed that the land-based aquaculture business has the potential for further growth. We view the establishment of ATLAND as an opportunity to develop a sustainable, stable, and efficient land-based salmon production system through the use of digital technologies, and establish a local-production-for-local-consumption business model. We also intend to further strengthen the foundations of our salmon farming business by creating synergies through collaboration and information exchanges between ATLAND and Cermaq.

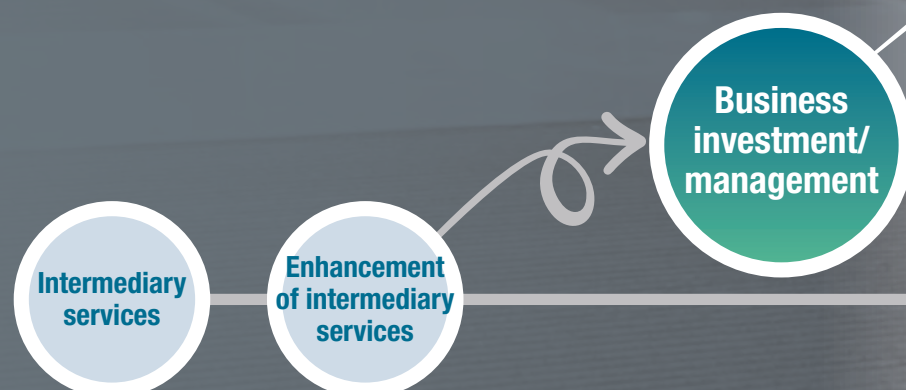


Creating MC Shared Value by combining our strong businesses to establish new earning methods and new businesses

MC's strength is that it has a diverse and resilient business portfolio as a result of constantly transforming ideas and perspectives in response to changes in the environment and flexibly changing its earning methods (business models) in each business area. Currently, the environment in Japan and overseas is changing rapidly, with the polarization and fragmentation of the international community, the growing geopolitical risks, the declining birthrate and aging of Japanese society, etc., making it increasingly difficult to address societal challenges. It is precisely because of these tough conditions that we will create new earning methods (business models) and new businesses by combining our strong businesses that have grown amid these significant transformations. Through this new combination, we will help address societal challenges and create MC Shared Value (MCSV).

Earning methods (Business models)

Transformation of earning methods (business models) in each business area to build a diverse and resilient business portfolio



Business model transformation

Trading Phase

Trading Evolution Phase

Business Investment Phase
(Business Model Transformation Phase)

Business Management Phase

Business Management Phase (MCSV Creation Phase)

Combine Strong Businesses, Build Future Growth Drivers

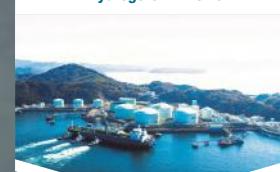
In Midterm Corporate Strategy 2024, MC presents “Integrated EX/DX initiatives to Create a New Future.” We will combine our strong businesses to build future Core Businesses and strive to address societal challenges including realizing a carbon-neutral society, providing a stable supply of energy, and maintaining and enhancing industry competitiveness.

Decarbonized Value Chain

Offshore Wind Power



Hydrogen/Ammonia



Urban Development/
Urban Management



EV/Battery Value Chain



Creating
MC
Shared
Value

We aim to maximize the value of human capital by creating a dynamic, spirited and vibrant organization.



Yutaka Kashiwagi
Representative Director, Executive Vice President,
Corporate Functional Officer IT, CAO,
Chief Compliance Officer, Officer for
Emergency Crisis Management Headquarters



HR Policy under Midterm Corporate Strategy 2024



Execution of HR Policies in Midterm Corporate Strategy 2024

Our most powerful asset and most vital management resource is our human capital. To continue creating MC Shared Value (MCSV) in a rapidly changing business environment, we must remain a dynamic, spirited and vibrant organization in which human capital, which is the source of all value creation, can work to overcome challenges with a sense of motivation and pride. We have been working to achieve this goal over the past 18 months through initiatives aimed at realizing the goals of Midterm Corporate Strategy 2024 that are based around three pillars. The first two pillars are “HR Strategy” and “Strengthen Engagement,” while the third, which supports the other two, is “Data Utilization.”

In terms of the first pillar, HR Strategy, we have prioritized the enhancement of our ability to respond promptly to management strategies. We have taken a flexible approach to the achievement of this goal, including through the establishment of the Industry Digital Transformation Group and the Next-Generation Energy Business Group, while also dynamically repositioning human resources through cross-organizational transfers and concurrent postings. We have also enhanced our ability to adapt to change by strengthening the leadership skills of the people responsible for leading initiatives to improve business value. At the same time, we have also implemented reskilling programs to better equip all officers and employees to address current needs, including DX skills training to facilitate the

integrated promotion of DX and EX.

The focus of the second pillar, Strengthen Engagement, is the realization of the full benefits of measures designed to maximize the capabilities of our organization and human resources by fostering an organizational culture in which a diverse and versatile talent pool can thrive. We have continually held town hall meetings between management and employees based on our belief that human resource networking across different organizations, age groups, and seniority levels leads to the creation of new value. MC also respects the values and aspirations of its employees in relation to their careers and work. We have expanded our open recruitment and reassignment policy and established a new sabbatical leave system so that our employees can gain greater motivation by making autonomous choices. In addition, our health management initiatives include the expansion of support for health promotion activities and initiatives that utilize our integrated strengths to promote well-being through collaborative efforts between the Industry Digital Transformation Group, the Healthcare Department, and medical clinics.

For the third pillar, Data Utilization, we are exploring effective approaches based on the collection and analysis of data about organizations, human capital, and policies, in order to promote and enhance the formulation and implementation of these strategies. In addition, we are demonstrating our commitment to our internal and external stakeholders through the disclosure of quantitative and qualitative data.

KPIs for Maximizing the Value of Human Capital

We have set targets for our efforts to maximize the value of our human capital in the form of KPIs that are closely connected with our management strategies. MC sees engagement as the most important theme for ensuring that our diverse human resources can flourish. Our KPIs for our organizational strength in this area are positive response rates of at least 65% every year for both “employee engagement” and “employee enablement” in the Employee Awareness Survey. Both of these indicators reflect various influences and interrelated factors, and there is no silver bullet that will dramatically improve our performance in these areas. Going forward, we will continue to implement policies and measures in response to changes verified and analyzed using a variety of methods.

Further Promoting the Active Role of Our Diverse and Versatile Talent Pool

MC regards diversity as essential to the achievement of continued improvement in its corporate value. We have enhanced our systems that support employees through various life events, and in March 2023 launched the DE&I Working Group to consider what steps are needed to ensure that our diverse and versatile talent pool can play an even more active role. The DE&I Working Group, which reports directly to the

President and CEO, is made up of people from a wide range of backgrounds. Their recommendations will be reflected in our ongoing efforts to promote career advancement for women and various other DE&I initiatives.

We are also currently working to create business environments in which our diverse human resources can focus on value creation activities. To achieve this goal, we are implementing business process reforms designed to improve efficiency and productivity. We have also launched new initiatives to enable our diverse human resources to contribute and achieve success in our organization, including the diversification of our recruitment methods. For example, we now hire graduates who have spent a few years working for other companies before seeking new opportunities. We will continue to prioritize practical and agile approaches as we adapt to accelerating change both within and beyond MC.

At the same time, we recognize that the single most important factor affecting the implementation and assimilation of these initiatives is communication. We will continue to use a variety of opportunities for dialogue to seek as much input as possible from our employees both in Japan and overseas, and to reflect their diverse views in our activities. Our goal is to cultivate a more robust organizational culture that enables each MC employee to work in a dynamic and spirited fashion while feeling a sense of commitment to their organization and work.

Focus: Human Capital

Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce

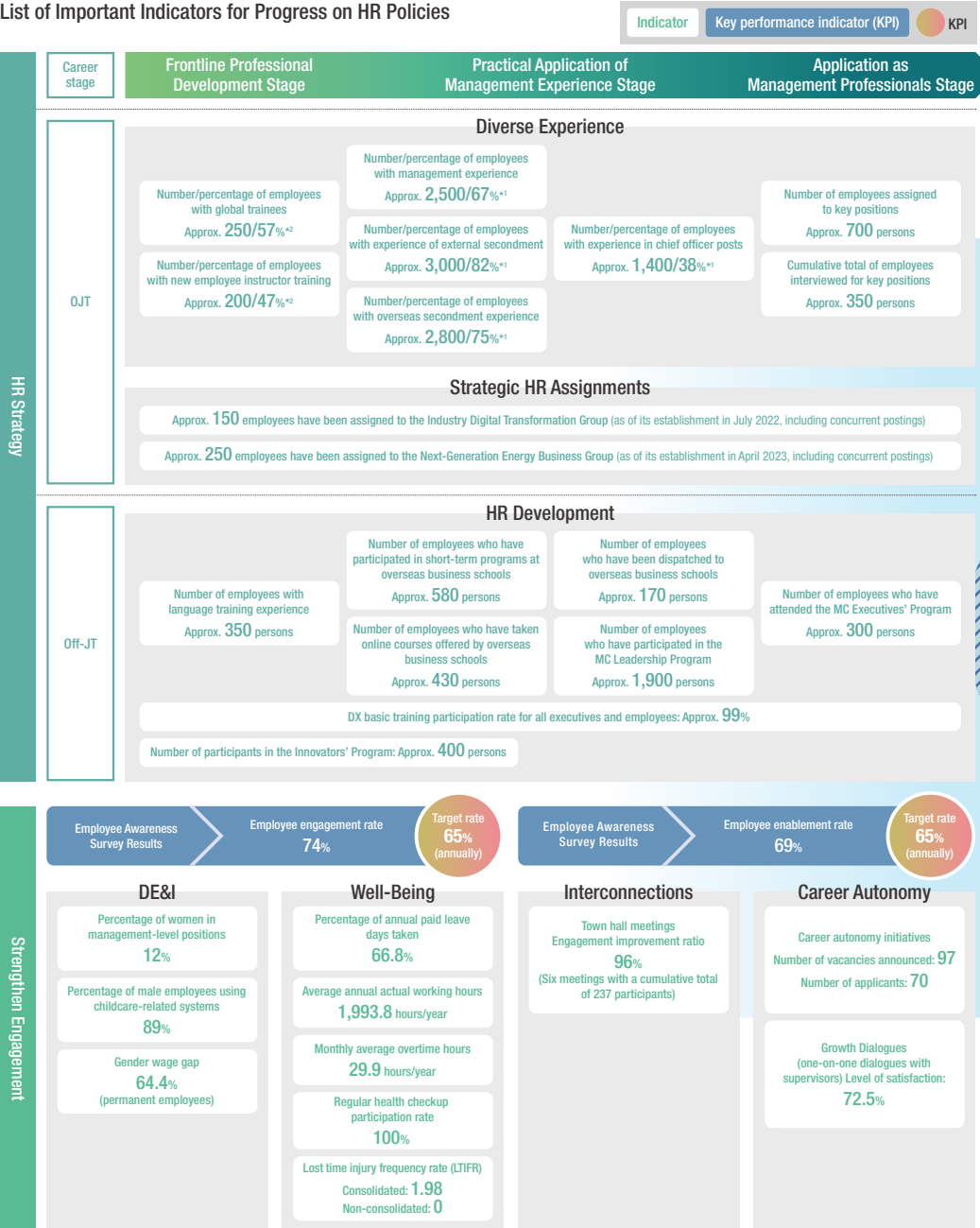


Maximizing the Value of Human Capital —Creating a Vibrant Organization by Interconnecting a Diverse & Versatile Talent Pool

Progress on HR Policies Aimed at Maximizing the Value of Human Capital

To ensure that we can continue to realize MC Shared Value (MCSV) creation in an extremely unpredictable business environment, we are working under Midterm Corporate Strategy 2024 to implement human resource initiatives designed to maximize the value of our human capital through a dynamic, spirited and vibrant organization. In line with our HR Strategy pillar, we are strategically developing the next generation of leaders by pursuing initiatives aimed at providing our employees with a range of experiences and training opportunities that are unique to MC. We are also working in accordance with the Strengthen Engagement pillar by implementing initiatives aimed at cultivating a strong organizational culture in which our diverse and versatile talent pool will be highly engaged and can work together across organizational lines to play an active role in our activities. In addition, we have listed and visualized important indicators to track progress on these measures. This information is also being used as reference data for deliberations about strategies and policies.

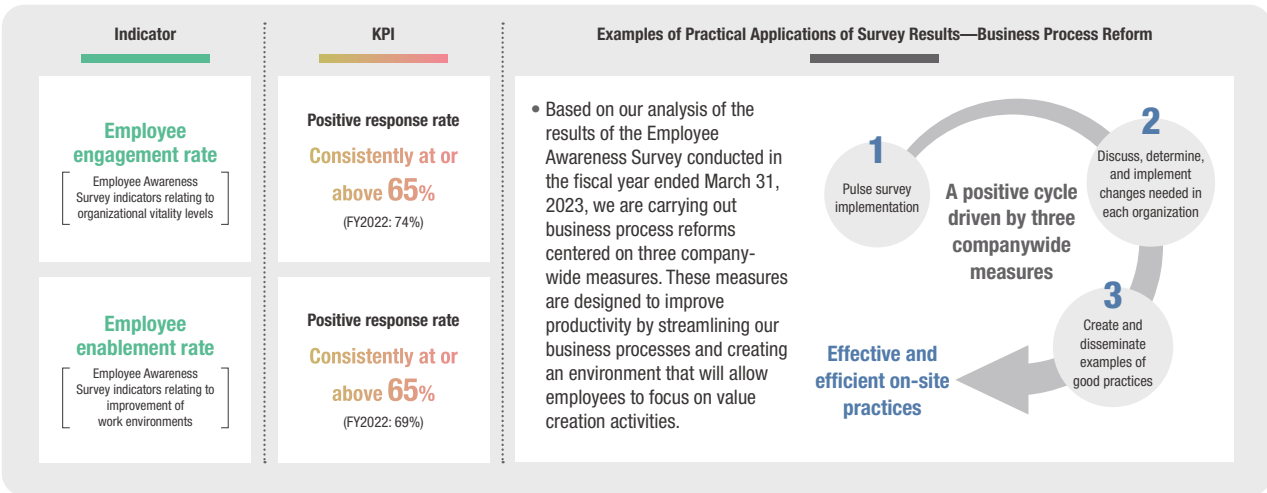
List of Important Indicators for Progress on HR Policies



Note: All figures are based on data that was current as of April 1, 2023.
 *1 All employees in managerial positions or higher as of April 1, 2023
 *2 General employees who have been promoted to managerial positions in the past three years as of April 1, 2023

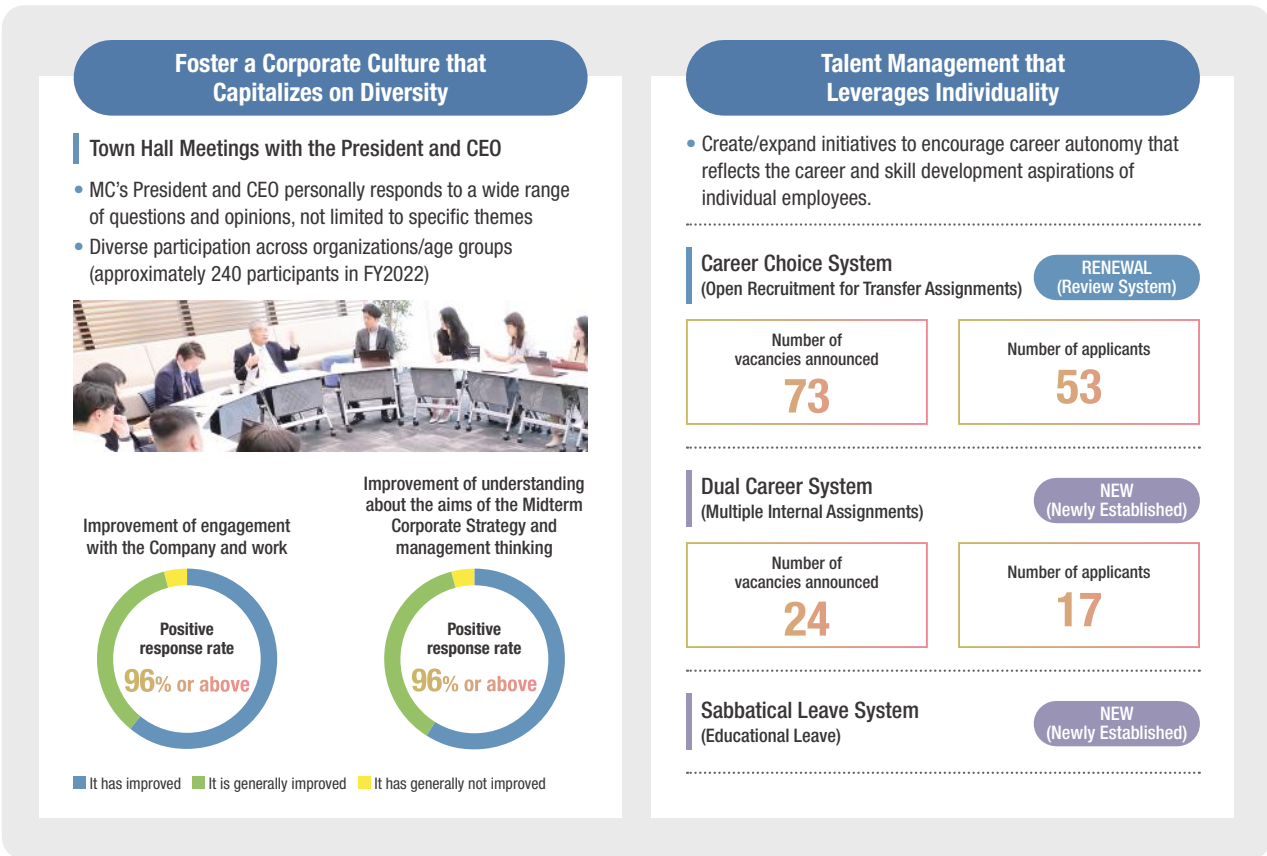
Employee Engagement—KPIs Relating to the Success of a Diverse Workforce

We see employee engagement as the most important factor in our efforts to develop a dynamic spirited, and vibrant talent pool and organization through HR policies linked to our management strategies. We have therefore increased the frequency of Employee Awareness Surveys from once every three years to annually and also established quantitative KPIs. Employees receive feedback about the survey results so that they can use this information to make improvements in their own organizations. At the management level, we analyze and discuss these survey results, identify issues that need to be addressed on a companywide level, and reflect our findings in policies.



Initiatives to Strengthen Engagement

We are working to foster a corporate culture that capitalizes on diversity by encouraging communication across organizational, occupational, and generational lines. We are also creating an environment in which people in our diverse and versatile talent pool can realize their full potential and develop their own careers. Through these efforts, we aim to enhance employee engagement and contribute to MC's sustainable growth.





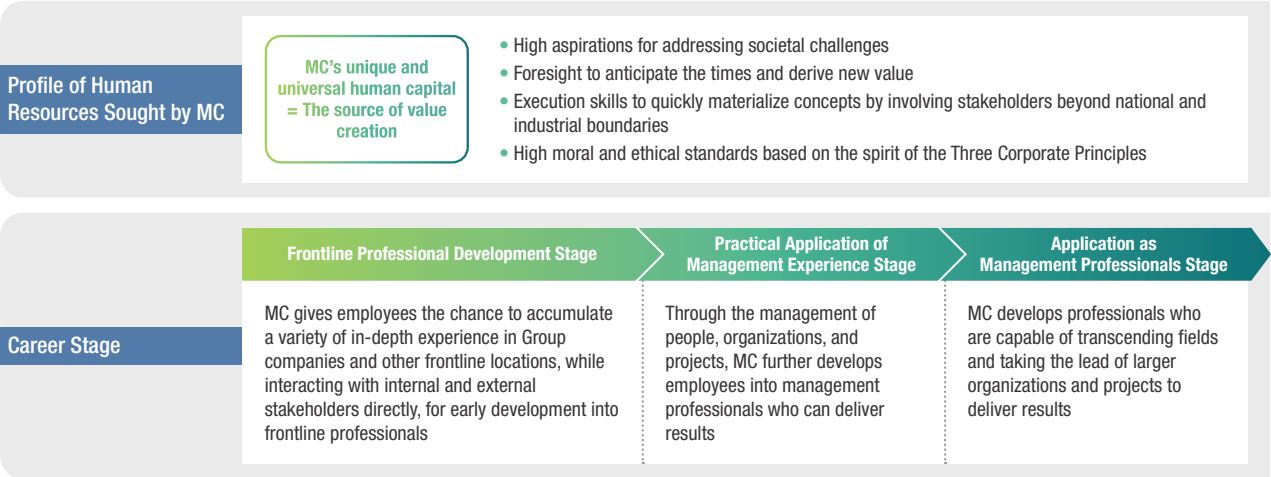
Next-Generation Leaders to Ensure MC's Future

—Strategic Development through Diverse Experiences



MC's Basic Policy on HR Development

The individuals that make up our diverse and versatile talent pool consistently use their foresight, their aspirations, and their ability to anticipate future needs to tackle the challenge of finding solutions to societal challenges. We believe that this talent pool is our greatest asset and the very source of value creation at MC.



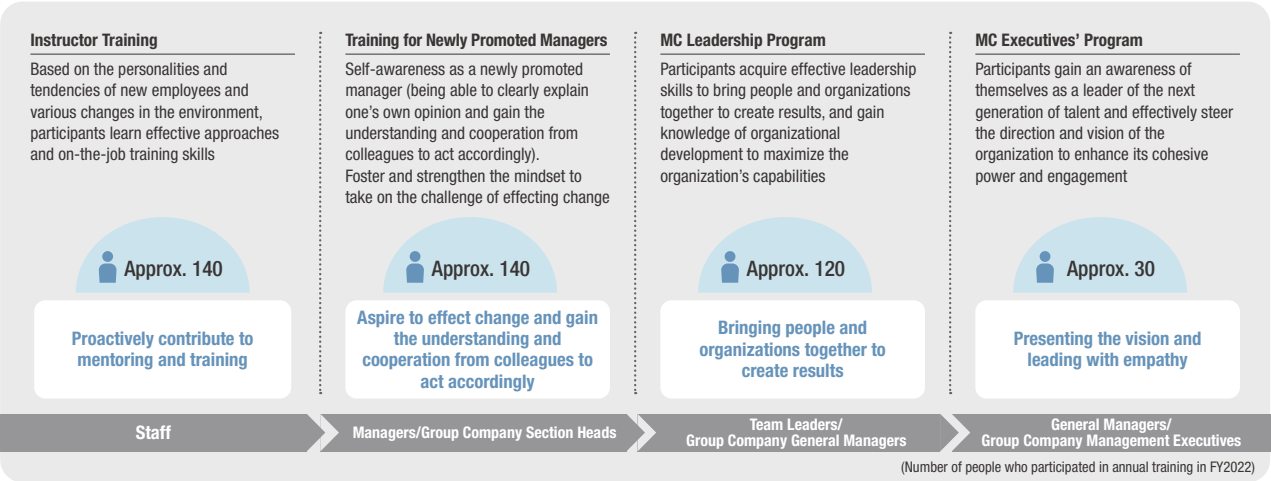
We continue to produce human resources with a management mindset and a commitment to increasing the value of the business by providing employees with opportunities to accumulate a variety of experience in stages through both on-the-job training (OJT) and off-the-job training (Off-JT) according to their career stage.

Specifically, we ensure that employees can steadily gain experience according to their career stage and gain the qualities that they will need to support the future success of MC, including leadership development and global experience. We also take steps to strengthen adaptability to changes in the business environment, including reskilling.

Leadership Development

We have introduced measures focused on the phased development of the leadership qualities needed to drive value creation under our business management model. Examples of the management skills that we seek to develop include the ability to support the growth of subordinates and utilize our diverse and versatile talent pool.

Training Structure for the Phased Development of Leadership Qualities



Global Experience

As we continue to expand our business activities around the world, we are working to enhance the global competitiveness of our human capital by providing opportunities for employees to gain overseas work experience. In addition, we ensure that employees acquire advanced management skills and have opportunities to build global human networks by sending them to attend courses at overseas business schools according to their career stage.

Eriko Matsumoto

General Manager, Business Promotion Dept., Head of Business Development and Pharmaceutical Business Unit and Manager, Pharmaceutical Business Unit Manager

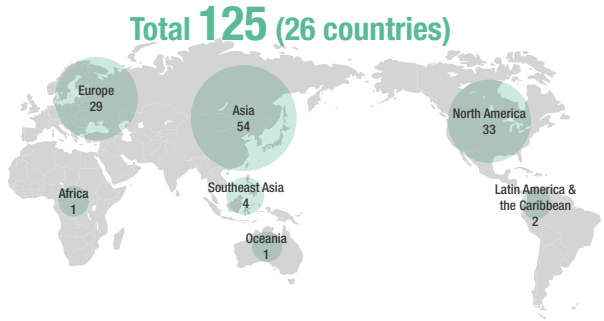
Practical Application of Management Experience Stage

Overseas Business School Alumni

The dream that inspired me when I went to study at business school in the United States was starting a business from the ground up. After learning about entrepreneurship, I gained experience in business development by investing in and collaborating with venture companies and startups that I had discovered myself. I am now seconded to MC Healthcare, Inc.*, where I have used what I learned to propose the creation of Cotocellar, a web platform for matching the needs of hospitals with DX products. As General Manager of the Business Promotion Department, I am involved in new business development activities. I aim to build Cotocellar into a key source of income while also using my leadership skills to create medical business models for each region.

* MC Healthcare, Inc. provides management and purchasing support for medical materials and pharmaceuticals, etc.

Number of Participants in the Global Trainee Program (FY2020–FY2022)



Overseas Business School-Related Systems

	Target group	Overview	Number of people/year
Dispatch to overseas MBA programs	Open recruitment	Participation in MBA programs at leading schools in Europe and North America	5–10 persons
Use of short-term online programs	For newly promoted managers	All newly promoted managers are given opportunities to attend online single-subject programs offered by overseas business schools	Over 100 persons
Dispatch to short-term programs	For top management	We send top management staff to attend short programs through which they can acquire comprehensive knowledge of management skills, such as administration and leadership, while also building global networks	Approx. 50 persons

Strengthening Adaptability in a Changing Business Environment—DX Training

We have introduced a range of measures to ensure that individual employees can utilize their core strengths, expertise, and DX knowledge and skills in cross-organizational initiatives. These measures include on-demand courses that are available to all MC employees, as well as six-month advanced training programs with practical content for those in charge of DX projects, new business launches, and related activities.

Naofumi Matsuzaki

Strategy and Planning Office, Logistics & Food Distribution Div., Consumer Industry Group

Frontline Professional Development Stage

Winner of the 2nd MIL Innovation Award

I joined the MC Innovation Lab (MIL) program because whenever I spoke with the executives and engineers of startup companies, I got the sense that I was being left behind in terms of my technical knowledge and skills. Initially, it was very challenging to develop an original app with zero programming experience, but I ended up winning the program's top award. My sense of accomplishment at that time was comparable to how people must feel after completing a full marathon. I am now engaged in strategic planning and new business development activities as a member of my division's Strategy and Planning Office. My work involves evaluating companies and businesses from a more in-depth perspective, including technical aspects and usability.

Number of employees who have completed training for DX/new business creation

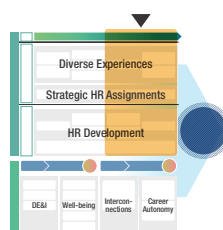
Approx. 90 persons

MIL MC INNOVATION LAB



Frontline Value Creation Leaders

—Matching Talent to Business Strategies through Talent Visualization

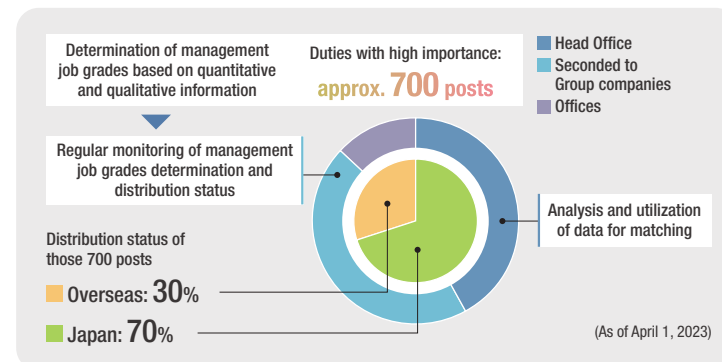


Contributing to Value Enhancement through Business Management Backed by High Aspirations

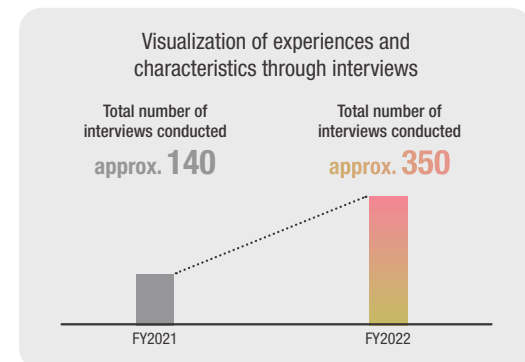
Approximately 700 people with a wide-range of experiences made possible by MC hold key positions and perform vital roles* on a consolidated basis. Through those roles, which include business management activities in various regions and at sites and Group Companies in Japan and overseas, these people contribute to the realization of management strategies, such as the Value-Added Cyclical Growth Model and the integration of EX and DX initiatives. We have prioritized the visualization of these extremely important and challenging duties and the talent needed to perform them as the basis for a matching process designed to promote the placement of the right people to the right positions.

* Including Officers, Division COOs and General Managers of MC, heads of business sites in Japan and overseas, as well as management executives of MC Group companies for which our employees are responsible.

Visualization of Duties

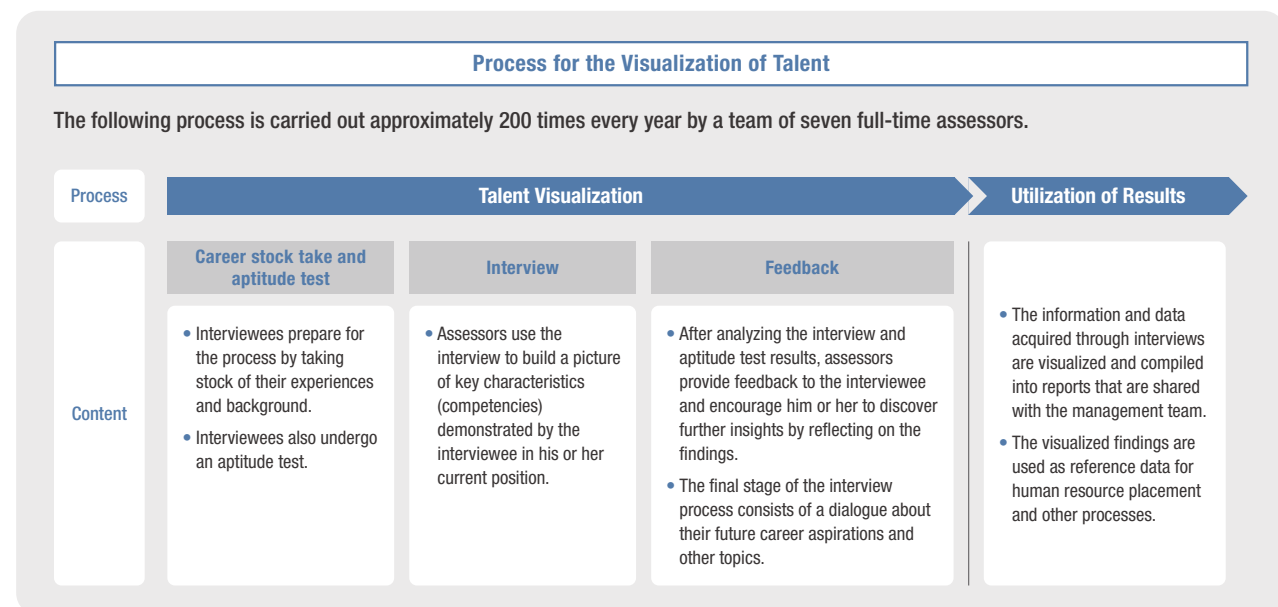


Visualization of Talent



Optimizing Human Resource Placement through Talent Visualization

We have equipped an HR subsidiary with the capacity to visualize the talent required for key positions and created a team of seven full-time assessors with backgrounds at MC to drive the visualization process. These assessors carry out individual interviews and provide interviewees with personalized feedback and dialogue based on various data, such as aptitude test results. To date, approximately 350 interviews have been completed. We will continue to pursue this process with the aim of matching people with tasks based on their abilities and motivation, regardless of age or gender. The resulting data resources will also be analyzed and used to develop the next-generation of leaders as well.



Application as Management Professionals

An interview with a Manager in a key position

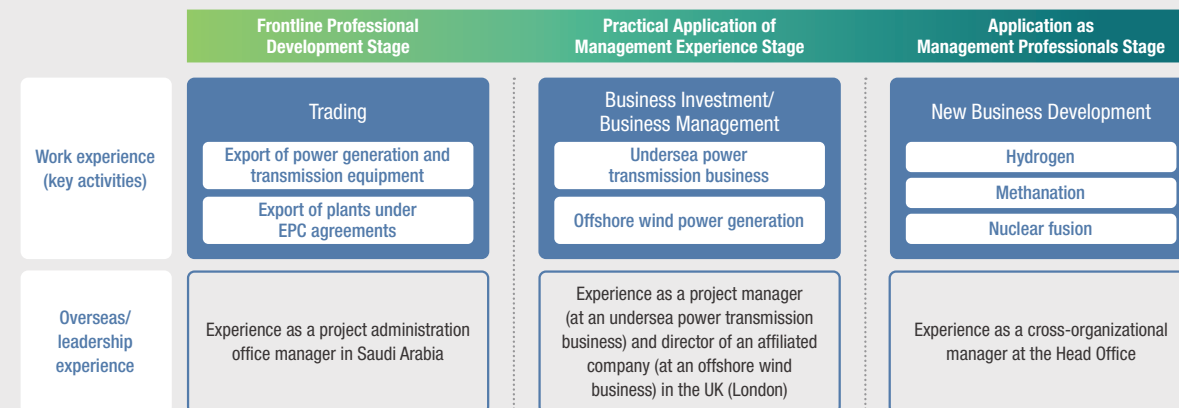
Overcoming challenges and creating cross-industry and cross-segment value by building “interconnections”

Toshiaki Nobuhara

General Manager,
Hydrogen Business Development Office,
Next-Generation Energy Business Group
General Manager, International Utility Dept.,
International Power Div., Power Solution Group



Key Career Experience



Realizing Bigger Ideas through Vertical and Horizontal Networking

I currently hold positions in two separate organizations. My most important role in this context is to create new value through networking.

My approach to organizational management in the Hydrogen Business Development Office of the Next-Generation Energy Business Group, which was recently established in FY2023, focuses on building organic interconnections among people gathered from a wide range of fields, including natural gas, industrial infrastructure, and power solution. Synergies are achieved by bringing together the passion and individuality of people with advanced expertise and extensive experience in their respective fields to generate a kind of “next-generation energy.” Another advantage resulting from my dual roles in both this new organization and in an organization that has evolved a business model based on our long tradition and involvement in the power sector, is that I am able to guide our efforts toward bigger concepts and new forms of convergence by bringing together human resources and intelligence from both of these organizations.

A Track Record of Overcoming Challenges through Networking

Looking back over my own experiences, I realize that the connections that I forged with various people within and beyond MC provided the driving force that has enabled me to withstand various pressures, overcome difficulties, and achieve successes without fear of failure. Those experiences made me who I am today. In my third year with MC, I was assigned my first overseas position as manager of the administration office for a power plant

construction project in Saudi Arabia. I still consider the experience of working alongside external partners and internal stakeholders to overcome challenges as one of my foundational experiences.

Later, when I was placed in charge of an offshore wind power development project in the UK, I faced challenges that included Brexit and the COVID-19 pandemic. Despite these issues, we completed the project through collaboration with both internal and external stakeholders. In fact, I still keep in touch with those involved in the project, whom I see as comrades who helped me to overcome various challenges.

Even today, my interconnections continue to expand, such as through my network with the gas industry as I engage in the development of our methanation business in North America.

Contributing to the Creation of MCSV

Going forward, I will continue to place a high value on my connections with various stakeholders. I am determined to play a central role in our efforts to create new cross-segment and cross-industry value.



DE&I as an Engine for Value Creation
— Creating a Spirited and Vibrant Organization —

MC established the Diversity, Equity, and Inclusion (DE&I) Working Group (DWG) as a step toward the realization of our vision as an organization in which diverse and versatile human resources can play a wider and more active role. We recently held a roundtable discussion with three members of the DWG, as well as an Independent Director and Independent Audit & Supervisory Board Member, both of whom are acting as advisors to the DWG. The discussion centered on MC's vision for its DE&I initiatives.

Note: The content of this section is based on a roundtable discussion held in July 2023.

Hiroaki Hayashi

Structured Finance, M&A Advisory Dept.
Corporate Staff Section
DWG Member

Yuko Kagawa

Global Consumer Products Dept.
Food Industry Group
DWG Member



Mari Sagiya

Independent Director
DWG Advisor

Mari Kogiso

Independent Audit &
Supervisory Board Member
DWG Advisor

Satoshi Sato

Senior Vice President
Industrial Machinery Div.
Industrial Infrastructure Group
DWG Leader

Establishment of the DWG

Sato: One of the themes of our Midterm Corporate Strategy 2024 is “optimizing the value of human capital.” MC has been working to ensure diversity and inclusion for some time. We recognize the effective utilization of human capital as a vital management priority, and in March 2023 we established the DWG as a cross-organizational team with the mission of considering the measures needed to support more participation by diverse and versatile human capital. My observations within the division to which I am assigned suggest that there has been an increase in the percentage of employees dealing with diverse circumstances, and for that reason I feel a personal sense of responsibility toward these initiatives.

Hayashi: I am an example of an employee balancing work and

personal circumstances, since I took childcare leave after becoming a parent and am juggling my work and childcare responsibilities. Since returning to work after childcare leave, I have been able to achieve a balance between my work and childcare responsibilities by utilizing the daycare facility service provided by the Company when returning from childcare leave, and adjusting my work hours. I attribute my success in achieving this balance to these systems, and to the understanding of those around me. Before joining MC as a mid-career hire, I saw it as an organization with robust decision-making processes. Based on my experiences since then, I have come to appreciate that MC has many people with extremely flexible minds, and that we are an organization in which people accept and support each other and work together as a group, regardless of any differences in our experiences and backgrounds. I never really had the opportunity to express these



It is not enough to create comfortable working environments for employees. DE&I must lead to new business creation and improvements in business performance.

—Mari Kogiso

Ms. Kogiso is the CEO of SDG Impact Japan Inc. Previously, she gained practical experience at The Long-Term Credit Bank of Japan, Ltd. and the World Bank before serving as the global head of diversity and human rights at FAST RETAILING CO., LTD.

thoughts in the past, so when I was approached about becoming a DWG member, I accepted the offer out of a desire to express my gratitude and give something back to those around me.

Kagawa: To be honest, when I was approached about joining the DWG, my initial thought was that I couldn't handle the task, since I was already extremely busy. In addition to being responsible for a business affected by time zone differences, I also had childcare responsibilities and was struggling to find a balance with the limited time available to me. However, after learning the reasons for the establishment of the DWG, I saw that many aspects of its work overlapped with my own issues and decided that working as a member of this team would help me find solutions to my personal challenges. I therefore decided to accept the offer in the end.

Sagiya: Soon after the DWG was established, its members provided a report about the reasons for its creation to the Independent Members of the Board. That was when I learned that the President and CEO had taken personal responsibility for the initiative, the purpose of which was to provide management with recommendations about policy administration and other matters. This was when I realized that MC was truly committed to the process. When I looked at the issues identified in the documentation, I saw that the challenges faced by employees were being reported very frankly and openly. Knowing that this information would be shared with the President and CEO, I realized that MC had been even more successful than I had thought with regard to developing a corporate culture of openness and good communication.

Kogiso: The Independent Members of the Board became very enthusiastic about the initiative after receiving reports about the DWG's activities and reading the various comments that they contained. I felt that MC had the potential to become an even better Company by adopting DE&I perspectives at a time when society is becoming increasingly focused on human capital. I also recognized the significance of creating a forum in which people from different generations and with different attributes could come together to discuss DE&I issues and build a consensus on the characteristics of a corporate environment in which people would feel motivated about their work.

Activities of the DWG

Sato: It was decided that the DWG would be active over a period of approximately six months, which would be divided into two phases. In the first phase, DWG members would identify current DE&I issues and develop a vision through debate and discussion. In the second phase, the DWG would provide recommendations to the Company in the form of a roadmap outlining the measures needed to address the issues identified. For the first phase, the DWG was divided into three discussion groups. The first discussed the need for DE&I activities. The second looked at related systems and structures and considered whether they were being utilized effectively. The third focused on the organizations and people needed to link these systems and structures.

Kagawa: I was part of the group that discussed the need for DE&I. It was clear that MC understood this need as a company, so our first step was to ascertain whether employees also understood this need. When we conducted an internal survey about this issue, most MC employees agreed that DE&I was necessary, but not many responded positively when asked if they had personally experienced diversity's strengths. This suggested that employees understood the need for DE&I on an intellectual level, but few seemed to see it as a high priority. We need to ensure that all MC employees understand the linkage between corporate strategy and DE&I, in the sense that evolution and transformation of existing businesses and new business creation are only possible when people can pool diverse knowledge to generate ideas and innovations. Ultimately, I believe that we must pursue an approach that will link this concept to behavioral change by embedding it into our corporate culture as something that all employees understand on an emotional as well as intellectual level.

Kogiso: I think that people prefer to belong to a homogeneous group. As long as they're in their comfort zone as part of a group of people with similar characteristics, people feel that everything is going well. However, it is said that groups that are not entirely homogeneous actually produce superior results. I believe that it is not enough for companies to create comfortable working environments for their employees. They also need to link their HR strategies with their corporate strategies in ways that lead to new business creation and improvements in business performance. I see DE&I as a concept with extremely profound implications for people. The question of why these things are necessary is a fundamental aspect of our work.

Sato: Approximately 90% of all MC employees submitted responses to the survey mentioned by Ms. Kagawa. The most noticeable feature of the survey results was the fact that responses from younger employees



I want us to demonstrate how DE&I is linked to where MC is heading, and create behavioral change by ensuring employees understand deeply the necessity for DE&I.

—Yuko Kagawa

I look forward to a movement to be formed to proceed DE&I within the Company, triggered by sharing the ideals discussed in DWG.



Mari Sagiya

Ms. Sagiya has held senior management positions at multiple global IT companies, including an executive role at IBM Japan, Ltd. She has also been involved in initiatives aimed at empowering women within these companies.

tended to show greater divergence in inverse proportion to the percentage of positive responses from management-level employees. For some questions, the level of divergence approached 30%, which I saw as indicative of significant variations in perceptions of DE&I. While carrying out the survey, we also conducted individual interviews. Whenever someone told us that they had an excellent manager, we met with that person and carried out 360-degree interviews that included both their superiors and subordinates. The DWG sub-group focused on systems and structures, and also conducted a survey that interviewed people about issues with current systems.

Hayashi: I agree. I was part of the group that discussed system operations. To deepen our understanding of how employees view systems from the perspective of their individual mindsets, we interviewed employees responsible for operating these systems, as well as those with experience using them. We also spoke to people, including some from other companies, who could serve as role models in relation to system operations. At the same time, members of our group refreshed their knowledge about systems. As someone with experience of using systems, this revision process confirmed to me that MC's systems are well designed. However, when we actually interviewed internally, we found that each Business Group had different ideas about how systems should be operated, and that values varied according to age. In the past, systems were operated on the basis that people with special circumstances should receive consideration. I've come to the conclusion that we need to shift to a perspective of how to operate systems on the assumption that everyone has their own circumstances.

Sato: As we worked through various issues, all three sub-groups encountered cases that led to the identification of similar issues. I saw this development as evidence that the activities of the DWG were organically linked. I was in the group that looked at organizations and individuals. As we conducted interviews, we discovered teams made up of employees with diverse backgrounds that could serve as role models for the achievement of excellent results. I felt that we could create better organizations by spreading these best practices throughout MC. Another important perspective was whether superiors and subordinates were able to build relationships in which all parties could express their thoughts and ideas. We discussed whether there was room for improvement in

MC's organizational culture in relation to this perspective.

Sagiya: I was a member of a diversity working group at another company for which I worked previously, and I'd like to speak briefly about that experience. The company concerned was a global IT company with a reputation for being progressive when it came to diversity, but we actually spent much of our time talking about the necessity of DE&I. The company's management philosophy included a long-standing commitment to DE&I as the natural state of things. However, it was decided to create a forum in which people could freely share their views about whether the company had really achieved DE&I in ways that reflected the present state of the world. The results of these discussions mirrored Ms. Kogiso's earlier comment, as we concluded that in an era when companies are making new transformations part of their medium- to long-term management policies, corporate growth is not possible unless people from all backgrounds can sit together at the same table and express their views on an equal footing. After these discussions, we frankly presented the views of all concerned, regardless of their seniority level in the company. The company's management recognized that they needed to change their values and courses of action, while employees realized that they needed to speak their minds. The formation of our own consensus about the need for change is vital, and communication itself can be a driving force for that. I am looking forward to a movement to be formed to proceed DE&I within the Company, triggered by sharing the ideals discussed in DWG.

Kogiso: I think the basic idea behind Ms. Sagiya's comments is that people are not really contributing unless they speak their minds, regardless of their position. I see this as the core focus of DE&I. I think the mindset that expressing your opinions is itself a form of contribution that will be extremely important in the future as diverse people work together to create value by leveraging DE&I.

Spreading the DE&I Message

Sato: I have found my work as a member of the DWG continually stimulating and enlightening, and I feel that it has changed me on a fundamental level. Even in day-to-day work-related conversations with employees or people outside of the Company, I am sometimes surprised to realize that the topic has shifted to DE&I. In fact, everyone seems to be getting more engaged in conversations about DE&I. My impression is that many people view DE&I as something that is important to them on a personal level, including not only people coping with a variety of circumstances, but also people of my generation, who are less burdened with childcare and other responsibilities. Ideally, I believe that discussing DE&I themes should become the norm for



It is ideal for DE&I to spread naturally without having to explain its necessity.

Satoshi Sato

people at all seniority levels, so that they come to adopt DE&I concepts, and the philosophy can spread naturally without the need to explain the necessity of it. To help achieve this goal, I would like to contribute to the spread of DE&I, including the ideas that we developed through our DWG activities, within MC, including the management organization.

Hayashi: I already knew what the term "DE&I" meant before I participated in DWG activities. However, those activities have given me the opportunity to listen to input from a wide range of people, and I am now able to talk about DE&I concepts in terms that reflect my own personal experiences. One comment that left a particularly strong impression on me was that "one's personal life and career are two sides of the same coin." Most people are likely to encounter challenging situations as they go through life, but still have to develop their careers while coping with those challenges. This is the core idea behind DE&I, and I believe that the long-term goal of the DWG should be to bring about changes in our basic thinking.

Kagawa: I want everyone to have a sense of ownership toward these activities. Our efforts shouldn't be limited to a small group of people. Instead, everyone should approach DE&I activities as a way to build their careers as they progress through life. That will require long-term initiatives rather than temporary measures. We are still in the initial phase of our activities, but I hope that all 16 DWG members will work toward the creation of mechanisms that will sustain these initiatives over the next 10 or 20 years. I have two daughters, and when they enter the workforce 20 years from now, I want it to be in a world in which people can realize their full potential by challenging the limits of their own abilities. I also want MC to contribute value toward the creation of that society. That is my motivation. I feel like I've changed since joining the DWG, and now think more about the kind of future that I'd like to see, and what I can do now to help realize that future. I also sense that the other DWG members, including those who had no previous experience in the DE&I field, have changed as a result of what



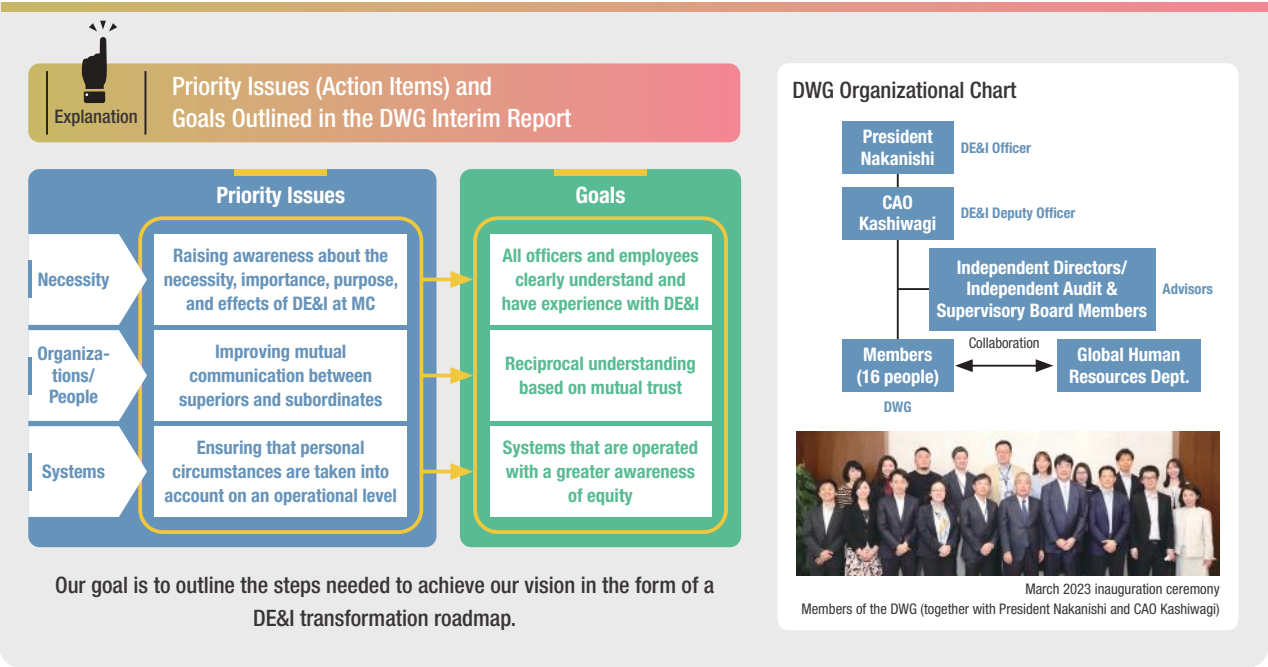
We need to think about how to operate systems on the assumption that everyone has their own circumstances.

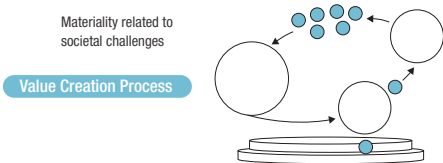
Hiroaki Hayashi

they have learned and discussed. If we could increase the number of people who have had this experience throughout the Company, I believe that MC could become an even better organization. I look forward to working together to build a brighter future.

Kogiso: DE&I concepts are often discussed in other forums, including at the Board of Directors. I believe that different companies will have different DE&I visions. Through these discussions, you have sought to identify the approach to DE&I that will best enable individual MC employees to play active roles and realize the collective capabilities of the Company. I believe that your work will be a driving force for the improvement of corporate value.

Sagiya: I sense that MC's management team really cares about the employees, and that MC compares favorably with other companies in this regard. For their part, MC employees have a strong sense of engagement and are deeply committed to the Company. You have all expressed your true thoughts through your DWG activities, and you have presented the results of your work objectively. I am sure that other employees will be very interested in your work. Indeed, some members of MC's management team are actively expressing their views about human capital. I hope that the activities of the DWG will inspire many more people to lend their support and help to accelerate future initiatives.





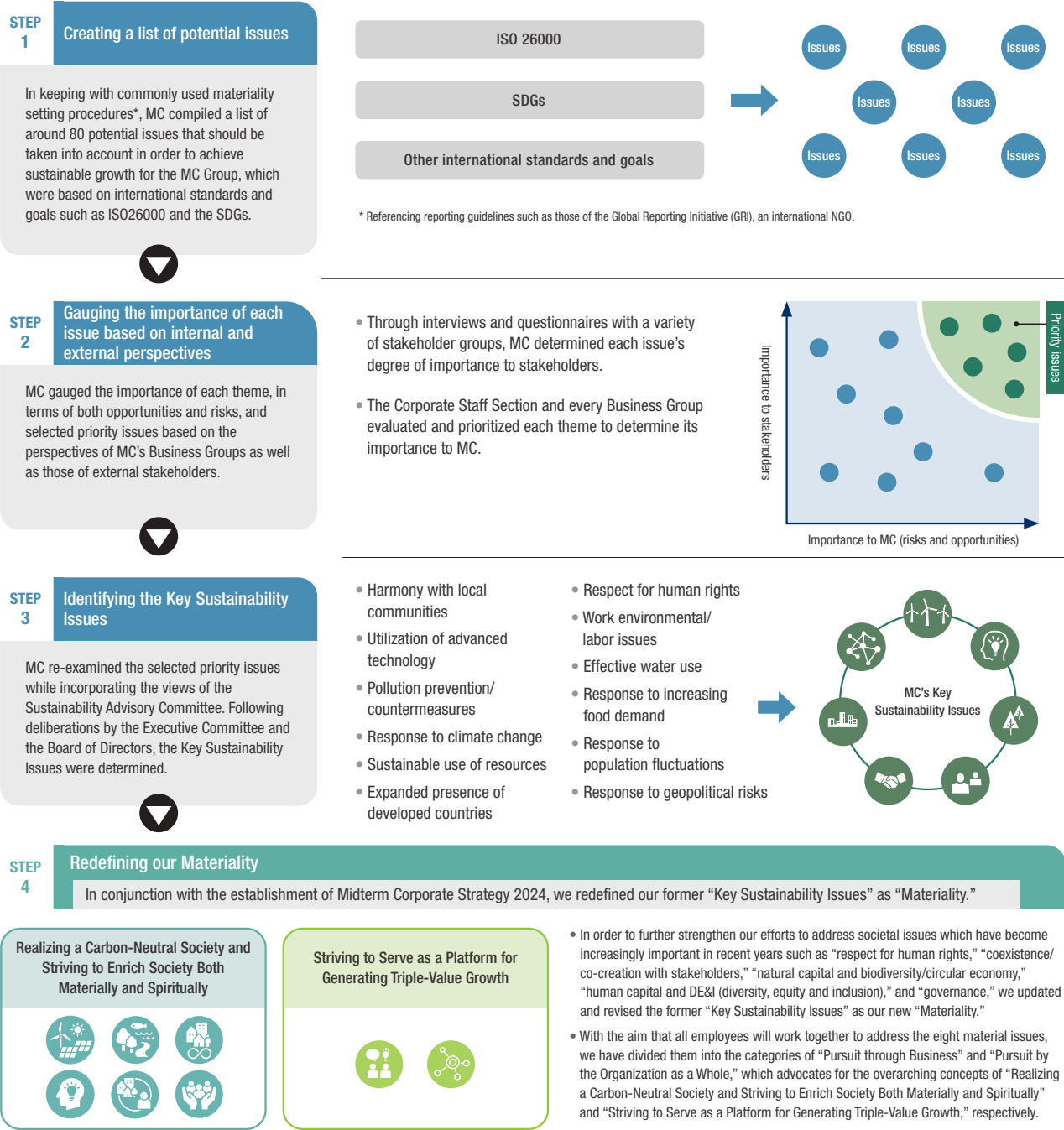
Overview of Materiality and Identification Process

Based on the Three Corporate Principles, which have served as MC’s core philosophy since its inception, MC identified a set of Key Sustainability Issues in 2016 as mileposts for proactively realizing “triple-value growth” through the simultaneous generation of economic, societal, and environmental value. While responding to the requests of all stakeholders, MC has worked to address various societal issues through its business activities and has contributed toward the sustainable development of society as well as value creation.

After reaching the seven-year point since the establishment of

the Key Sustainability Issues, stakeholder expectations of companies regarding issues such as climate change have grown even higher, and the issues that companies must address have evolved. Against this backdrop, in order to further raise our corporate value over the medium to long term, we conducted a review of our Key Sustainability Issues from the perspective of their importance to our business activities. The revised “Materiality” was announced in Midterm Corporate Strategy 2024 as a set of crucial societal issues that we will prioritize through our business activities, toward the strategy’s goal of continuous creation of MCSV.

Materiality Identification Process



MC’s Materiality

MC regards its Materiality as a guideline for the continuous creation of significant MCSV, as we aim to create this value by strengthening the MC Group’s collective capabilities to address societal challenges.

	Issues	Overview
Realizing a Carbon-Neutral Society and Striving to Enrich Society Both Materially and Spiritually	Contributing to Decarbonized Societies	Contribute to the realization of decarbonized societies by striving to reduce GHG emissions, while providing products and services that support decarbonization during the transition period.
	Conserving and Effectively Utilizing Natural Capital	Recognizing the earth itself to be our most important stakeholder, strive to maintain biodiversity and conserve natural capital, and work to create circular economies while reducing our environmental footprint.
	Promoting Stable, Sustainable Societies and Lifestyles	Promote sustainable societies and lifestyles of the future through businesses in a diverse range of countries and industries, while fulfilling our responsibility to provide a stable supply of resources, raw materials, products, services, etc., in line with the needs of countries and customers.
	Utilizing Innovation to Address Societal Needs	Create businesses that help to address societal needs while working to spur major industry reforms that are supported by business innovation.
	Addressing Regional Issues and Growing Together with Local Communities	Strive to contribute to the development of economies and societies by addressing issues facing countries and regions, while seeking to grow together and collaborate with diverse stakeholders, regions and communities.
	Respecting Human Rights in Our Business Operations	Respect the human rights of all stakeholders involved in promoting our diverse operations worldwide, and pursue solutions for value chain-related issues, while considering the local conditions in each country.
Striving to Serve as a Platform for Generating Triple-Value Growth	Fostering Vibrant Workplaces that Maximize the Potential of a Diverse Workforce	Recognizing that our human resources are the great assets of our businesses, foster a diverse and versatile talent pool that drives efforts to generate triple-value growth throughout our organization, and also seek to develop an organization where diverse human resources share common values and grow together while furthering their connections and inspiring one another to excel.
	Realizing a Highly Transparent and Flexible Organization	While swiftly responding to changes in the business environment, strive to realize effective governance on a global, consolidated basis and maintain/strengthen a sound organization that is transparent and flexible.

Representative Action Plans for Each Material Issue

To effectively achieve the creation of MCSV, each Section/Business Group establishes “Action Plans,” which serve as mid term plans related to the relevant material issues for each business or initiative, and tracks their progress through annual reviews. MC has thereby established a mechanism to confirm how our Materiality serves our business strategies, initiatives and organizational management that lead to the creation of MCSV.

Materiality	Typical Action Plans	Relevant SDGs*
Contributing to Decarbonized Societies	• Doubling Renewable Energy Power Generation Capacity • Implementation of Next-Generation Energy Supply Chains • Supply of Mineral Resources to Promote an Electrified Society • CCUS Initiatives	7, 9, 13
Conserving and Effectively Utilizing Natural Capital	• Promotion of a Circular Economy • Assessment of Environmental Dependencies and Impacts	6, 7, 12, 14, 15
Promoting Stable, Sustainable Societies and Lifestyles	• Fulfilling Our Responsibility for Ensuring a Stable Energy Supply to Support the Transition Period • Ensuring a Stable Supply of High-Quality Metallurgical Coal • Sustainable Food Supply	2, 3, 6, 7, 8, 9, 12, 14, 16
Utilizing Innovation to Address Societal Needs	• Building a Cross-Industry Digital Ecosystem • Reduction of Food Waste • Providing Solutions for Wasteful, Inconsistent, and Burdensome Practices by Optimizing the Entire Supply Chain through Digital Technology • Contributing to the Realization of a Carbon-Neutral Society through Technological Innovation	7, 9, 13
Addressing Regional Issues and Growing Together with Local Communities	• Creating Self-Sustained Decentralized Communities • Development and Management of Smart Cities • Providing Solutions for Regional Transportation Challenges through On-Demand Mobility Services	4, 6, 7, 9, 11
Respecting Human Rights in Our Business Operations	• Implementing Human Rights Due Diligence for Business Activities • Ensuring the Safety of Employees	1, 8, 10, 16
Fostering Vibrant Workplaces that Maximize the Potential of a Diverse Workforce	• HR Strategy • Strengthen Engagement • Data Utilization	5, 8, 10
Realizing a Highly Transparent and Flexible Organization	• Incorporating Global Intelligence into Management • Flexible Organizational Restructuring • Transparent and Effective Operation of the Board of Directors	5, 16, 17

* The 17 global development goals adopted as a global agenda at the UN summit held in September 2015, forming the core of “The 2030 Agenda for Sustainable Development.”

Climate Change

Our Approach

At MC, we believe that while climate change poses significant business risks, it also presents us with new business opportunities for innovation, disruption, and growth. Accordingly, MC has set “Contributing to Decarbonized Societies” as one of its material issues as we strive to achieve sustainable growth.

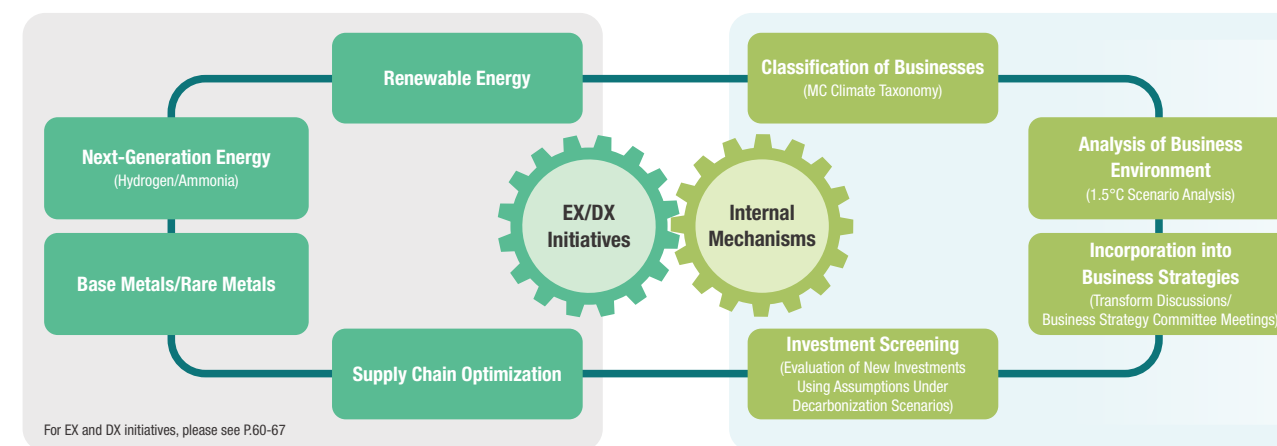
In shifting to a decarbonized society, it is necessary to formulate specific policies that take into account the actual conditions (energy and power mix, geographical conditions and constraints, stage of economic development, population, etc.) that differ from country to country and region to region, and to steadily implement them one by one. Through our global network of offices, subsidiaries and Group Companies, we work with a wide range of stakeholders around the world each day in developing our business.

MC will promote the decarbonization and reinforcement of its portfolio to create MC Shared Value (MCSV). We will achieve this through various EX- and DX-related initiatives, the growth strategy under Midterm Corporate Strategy 2024, and the internal mechanisms to realize a Carbon-Neutral Society, which were also announced in Midterm Corporate Strategy 2024.

Reference

MC expressed its support for TCFD recommendations in 2018 and is promoting disclosures in line with its guidelines. See below for an overview of our response to the TCFD recommendations.

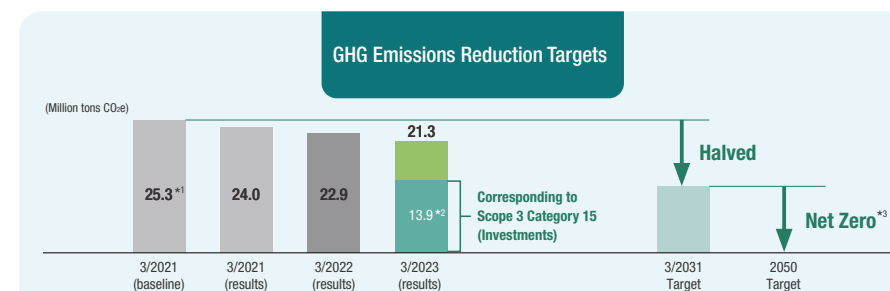
https://mitsubishicorp.disclosure.site/pdf/themes_161/mc_tcf2023_en.pdf



Roadmap to a Carbon-Neutral Society

In October 2021, MC formulated its Roadmap to a Carbon-Neutral Society in which we declared our goal of halving GHG emissions by FY2030 from a FY2020 baseline and achieving net zero emissions by 2050. We are currently working toward achieving these goals. As an active player in a variety of industries including resources and

energy, we have formulated a number of goals and action plans, including to invest 2 trillion yen in EX-related initiatives by FY2030, in order to fulfill our responsibility to provide a stable supply of energy while striving to achieve a carbon-neutral society.



^{*1} The above figures represent the Scope 1 and Scope 2 emissions of MC and its consolidated companies, including affiliates, based on the GHG Protocol's equity share approach. Furthermore, base year figures include emissions from thermal power generation and natural gas projects, which comprises (i) assumed peak emissions from pre-operational committed projects and (ii) projected full-capacity emissions for partially operational projects.

^{*2} 13.9 million tons would be equivalent to Scope 3 Category 15 (Investments) under the GHG Protocol's financial control approach.

^{*3} Any residual emissions, after reduction efforts have been made, will be neutralized using internationally-accepted offsetting methods including carbon removal. The specific reduction plan and measures for the GHG emissions reduction targets will be adjusted as required in line with progress of technological developments, economic viability, and policy/institutional support.

Other Targets to Achieve a Carbon-Neutral Society

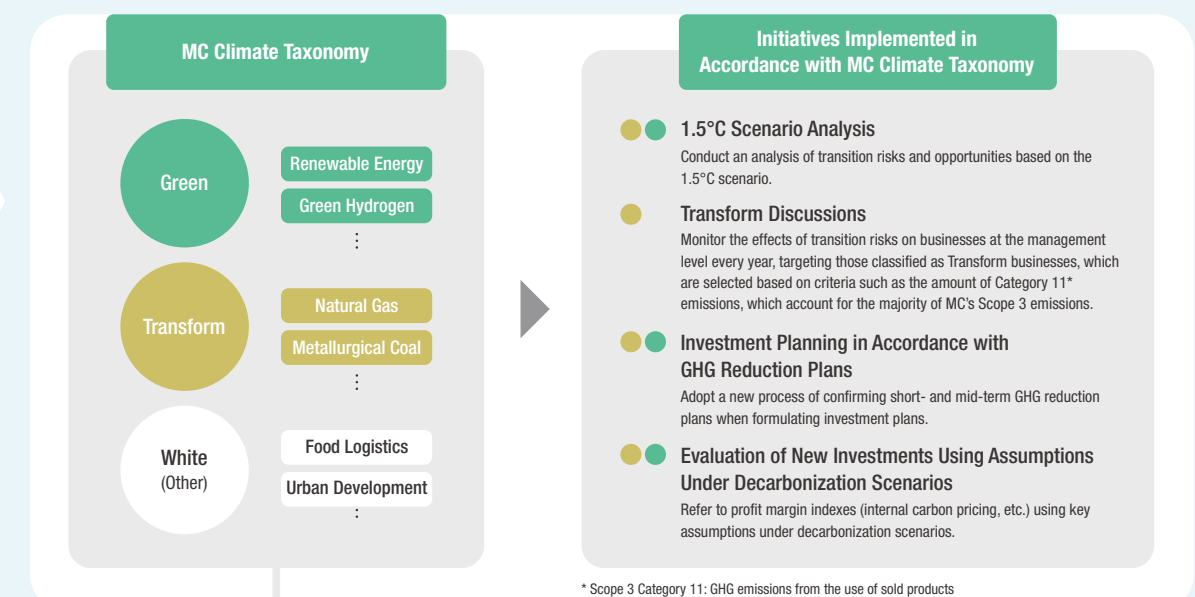
- **Non-Fossil % in Power Generation Business:**
Aim to reduce existing thermal power capacity and switch to zero-emission thermal power, targeting 100% non-fossil by 2050.
- **Renewable Energy Power Generation Capacity:**
Doubling MC's renewable energy power generation capacity compared to FY2019 levels by FY2030.

Introducing Mechanisms for Simultaneously Decarbonizing and Reinforcing Our Portfolio

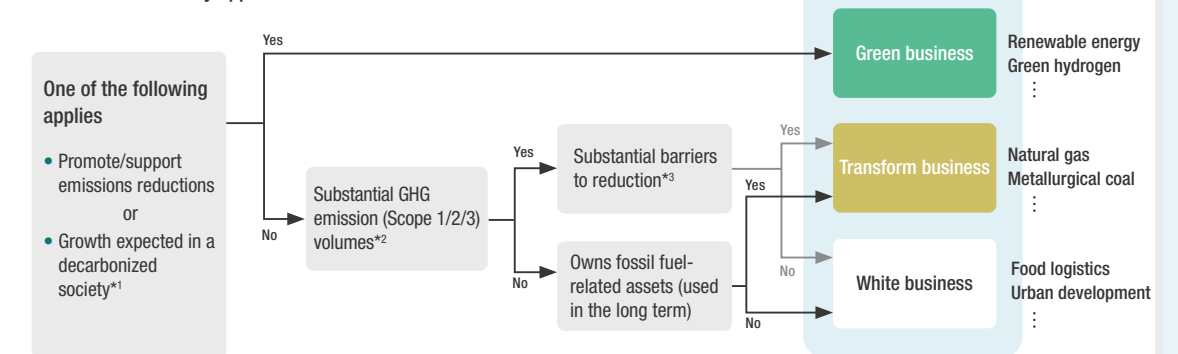
In order to achieve the GHG reduction targets, outlined in “The Roadmap to a Carbon-Neutral Society,” we have introduced mechanisms for simultaneously decarbonizing and reinforcing our portfolio in Midterm Corporate Strategy 2024.

The basis for this mechanism is our “MC Climate Taxonomy,” a new business classification system implemented in FY2022. MC Climate Taxonomy, which covers all of our approximately 130 business units, classifies each into 3 categories: Green (businesses with significant climate-related transition opportunities), Transform (businesses with significant climate-related transition risks), and White (Other).

For businesses classified as Green or Transform, appropriate governance and risk management systems have been adopted to carry out evaluations using assumptions under decarbonization scenarios when screening individual investment proposals, confirm GHG reduction plans when formulating investment plans, and confirm that our business is aligned with a 2050 net zero scenario in terms of both individual projects and companywide business strategy. Please see the next page for the current progress of FY2022 initiatives.



MC Climate Taxonomy Approach



^{*1} Businesses where demand in 2050 under the 2°C scenario will increase by 20% or more compared to the current business

^{*2} We first identified industries with high GHG emissions based on the EU Taxonomy. All other businesses are also classified into this category if they have exceptionally high emissions compared to other industries, based on internal Scope 1 data and external Scope 3 Category 11 data.

^{*3} Determined based on Scope 1 and Scope 3 Category 11 emissions

FY2022 Initiatives to Address Climate Change

Governance Process

MC's basic policy on climate change and important matters therein are deliberated and decided upon by the Executive Committee. As stipulated in the regulations governing MC's Board of Directors, the Executive Committee reports its findings regularly to the Board of Directors. This governance system enables the Board of Directors to provide appropriate oversight.

In FY2022, the content and frequency of deliberations by the Board of Directors on sustainability-related measures was expanded.

The Board of Directors	Supervises MC's climate-related actions and initiatives	Convenes approx. three times a year
Executive Committee	Makes decisions regarding MC's basic policy on climate change/Makes decisions regarding important matters pertaining to climate change	Convenes approx. twice a year
Sustainability & CSR Committee (reports directly to Executive Committee)	Deliberates MC's basic policy on climate change and important matters therein, and reports findings to the Executive Committee	Convenes approx. twice a year
Sustainability Advisory Committee	Offers advice and recommendations regarding MC's basic policy on climate change and important matters therein	Convenes approx. twice per year
Officer in Charge	Kenji Kobayashi (Senior Vice President, Corporate Functional Officer, CSE0)	
Department in Charge	Sustainability Department	

Example of a Specific Matter Discussed: Policy for Sustainability-Related Measures and Activities (July 2022 and January 2023 regular meetings of the Board of Directors)

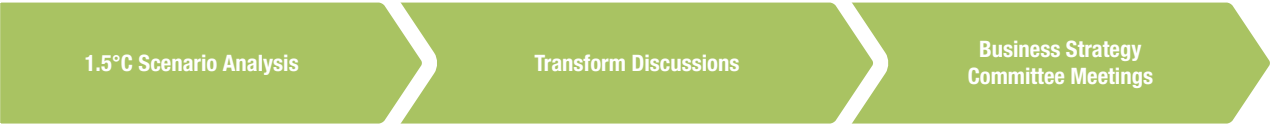
The Board of Directors mainly discussed the disclosure policy for Scope 3 Category 11 Emissions (Use of Sold Products). The Independent Directors and Independent Audit & Supervisory Board Members (the "Independent Members of the Board") agreed to the disclosure of MC's Scope 3 Category 11 emissions in a highly transparent manner, even though internationally unified calculation methods have yet to be established, and commented on the importance of working toward decarbonization at the societal level by leveraging MC's collective capabilities to address societal challenges.

Progress on Internal Mechanisms

Incorporating 1.5°C Scenario Analysis into Strategy

In FY2022, MC collaborated with a third-party organization to create a customized 1.5°C scenario while aligning key assumptions with the International Energy Agency's Net Zero Emissions by 2050 Scenario (IEA NZE) wherever possible, thus allowing for a detailed level of granularity on topics like demand by region and product. Based on this scenario, MC then conducted and disclosed the results of a detailed scenario analysis for three businesses: Natural Gas/LNG, Metallurgical Coal, and Renewable Energy, which includes quantitative aspects that take into account factors such as the specific characteristics of MC's businesses and regional strategy.

After identifying climate change-related risks and understanding the current status and trends in the Natural Gas/LNG and Metallurgical Coal businesses (which were subject to the same 1.5°C scenario analysis), MC then held "Transform Discussions" to deliberate the impact of those risks on business strategy. Furthermore, through the subsequent meetings of the Business Strategy Committee, the results of these Transform Discussions were utilized to advance deliberations and develop business strategies that take into account the relevant climate change risks.



Evaluation of New Investments Using Assumptions Under Decarbonization Scenarios

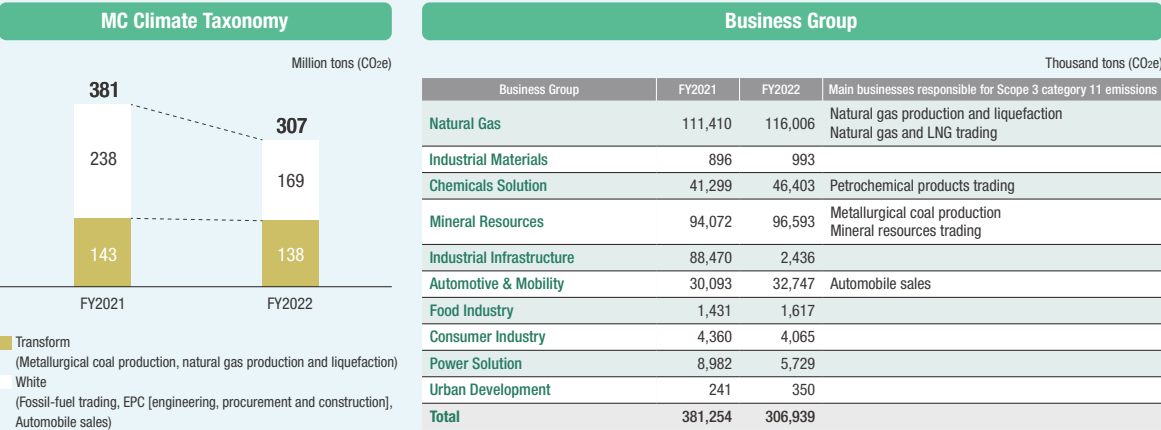
Since August 2022, when screening new investment proposals for "Transform" and "Green" businesses, which MC identifies as having significant climate change transition risks and opportunities*, MC has been conducting profitability assessments using key assumptions (internal carbon pricing, etc.) under the 1.5°C scenario. The results of these assessments are referred to in making investment decisions.

* Risks/opportunities faced by businesses if climate action progresses and the world transitions to one in which the global average temperature increase is limited to 2°C or 1.5°C above pre-industrial levels

Disclosure of New Metrics

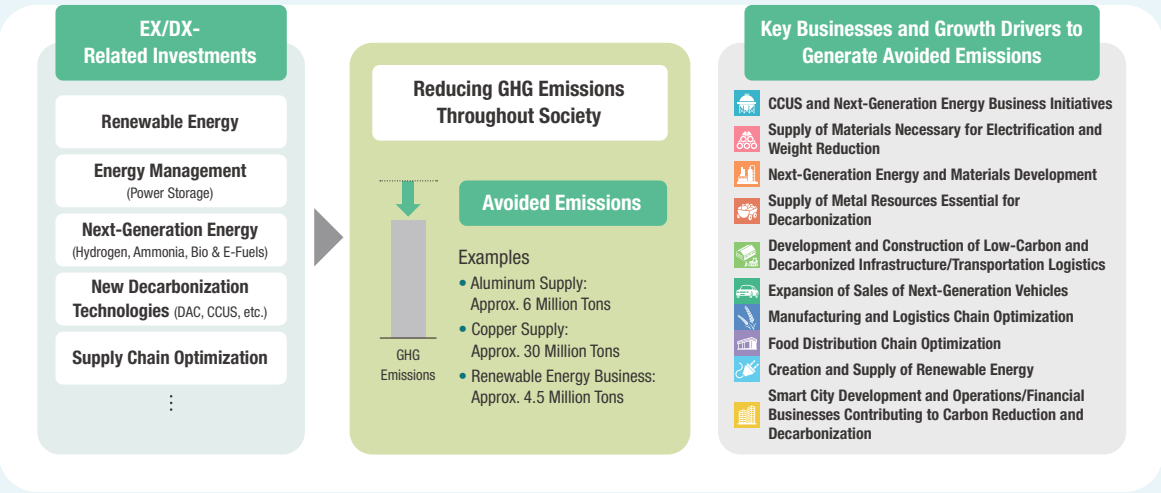
Scope 3 Category 11 Emissions (Use of Sold Products)

Based on dialogues with stakeholders, MC has considered the management and disclosure of Scope 3 emissions of particularly large emissions categories. For MC, that is Scope 3 Category 11 emissions (Use of Sold Products), and we have started to disclose this figure from FY2022 (FY2021 results were disclosed in February 2023, FY2022 results were disclosed in July 2023). Since Scope 3 emissions, including Category 11, are generated by other companies, MC will need to work with a wide range of partners throughout its supply chains to tackle the societal challenge of reducing Scope 3 emissions. MC will address this challenge through its Integrated EX/DX initiatives (e.g., development and supply of renewable and next-generation energy, next-generation climate technology investments through Breakthrough Energy Catalyst, etc.) and will collaborate with various stakeholders to achieve the decarbonization of societal and economic activities.



Disclosure of Avoided Emissions

At the end of February 2023, MC disclosed avoided emissions as a quantitative indicator of progress made under the EX Strategy. This represents the quantified contribution to the reduction of GHG emissions achieved by providing low-emission products or services compared to how much would be emitted if those products and services were not provided. They indicate the degree of contribution MC is making to GHG emissions reductions as well as the extent to which we are able to capture business opportunities in the transition to a decarbonized society. While continuing to foster relationships with our partners, customers, and other stakeholders, based on the goal of addressing societal challenges and creating MCSV through our business, we will continue to vigorously promote our EX Strategy, co-create businesses that generate avoided emissions, and contribute to the realization of a carbon-neutral society.



Biodiversity and Environmental Conservation Initiatives



Our Policy on Biodiversity

As stated in our Environmental Charter, MC recognizes the critical importance of natural capital, including biodiversity, and is committed to maintaining, protecting, and restoring it. We have positioned “Conserving and Effectively Utilizing Natural Capital,” including consideration of biodiversity, as part of our Materiality, which are issues for management to address in order for MC to achieve sustainable growth. Based on these policies and materiality analysis, MC analyzes its nature-related dependencies and impacts using the TNFD framework and strives to minimize negative impacts on its natural capital from its business activities. Natural capital issues are taken into account when reviewing and making decisions on loan and investment proposals.

Forests are regarded as one of the most important types of natural capital because of their vital role in preserving biodiversity as well as capturing and storing GHGs. Therefore, MC is working to reduce the deforestation impact of its activities to zero, including through the establishment of individual guidelines for each of the forest risk commodities we handle (palm oil, paper and wood) with the aim of ensuring that procurement of these commodities is not connected to deforestation.

In addition, we are engaged in environmental conservation projects such as the Global Coral Reef Conservation Project, the Forest Conservation Project, and the Rangeland Restoration Project as part of our initiatives to conserve biodiversity.

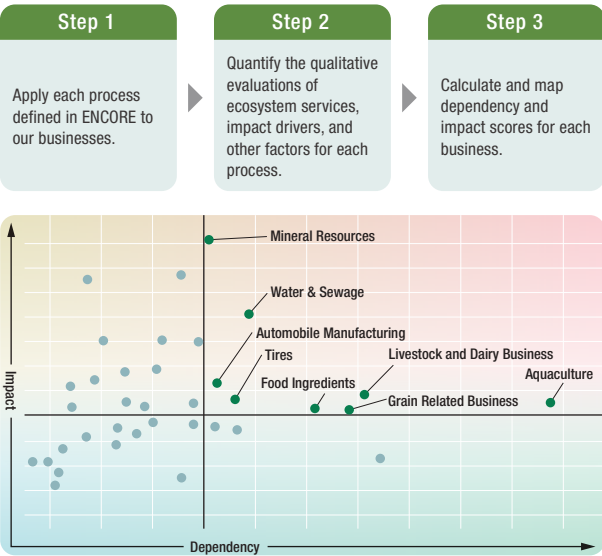
Identifying and Responding to Dependencies and Impacts on Nature Using the TNFD Beta Framework

MC conducted a trial analysis based on the beta version of the TNFD framework in FY2022, ahead of the release of the final framework. When conducting analyses under the TNFD framework, it is necessary to obtain detailed information on the natural environments surrounding each business site. We therefore split the analysis process into two phases. In Phase 1, we identified businesses with high levels of dependence and impact on nature, which allowed us to single out those businesses that needed to be analyzed in further detail. In Phase 2, the businesses selected during Phase 1 were analyzed on an individual basis.

Phase 1 Portfolio Analysis

We used ENCORE*, a tool recommended by the TNFD, to map the overall levels of dependence and impact on nature for each business. Both the analysis methods and the results obtained are described below. Please note that Phase 1 of the analysis did not take into account the location of each business or any environmental initiatives.

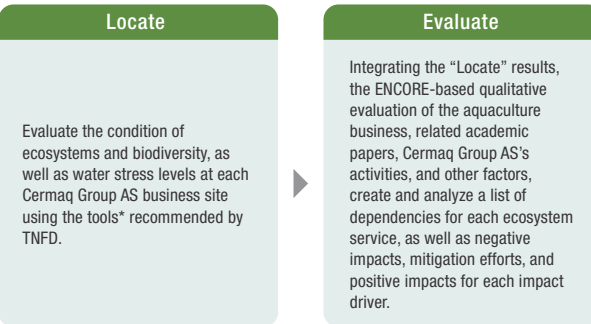
*A tool jointly developed by the UN Environment Programme and various international financial industry groups.



By using ENCORE to calculate the averages of environmental dependency and impact on nature across all processes, we were able to identify eight businesses with scores in these areas that were higher than the averages. The business with the highest dependence on nature was in the aquaculture business, while the business with the greatest environmental impacts was active in the mineral resources business.

Phase 2 Individual Business Analysis

Of the companies identified in Phase 1, we chose to analyze our salmon and trout farming business, Cermaq Group AS, which had the highest level of dependence on nature. This analysis was conducted in accordance with the TNFD’s Locate, Evaluate, Assess, and Prepare (LEAP) process. We began by focusing on the Locate and Evaluate steps of the process in an effort to gain a better understanding of Cermaq Group AS’s levels of dependence and impact on nature.



* Integrated Biodiversity Assessment Tool (IBAT) developed by organizations including the International Union for the Conservation of Nature (IUCN), and water stress assessment tools such as Aqeduct developed by the World Resources Institute (WRI)

The results obtained from this analysis allowed us to clarify some of Cermaq Group AS’s interactions with the environment, as well as its dependencies and impacts on nature. Going forward, we will work with Cermaq Group AS to analyze business risks and opportunities and consider responses to those risks and opportunities.

Environmental Conservation Projects

Global Coral Reef Conservation Project

In FY2005, MC started the Global Coral Reef Conservation Project in Okinawa with the goal of conserving coral reefs around the world. Today, the project is developing research for coral reef conservation from many different aspects in Okinawa as well as in Australia. In Japan, the Project is directed by Professor Yoshimi Suzuki from Shizuoka University’s Graduate School of Science and Technology, one of the country’s foremost authorities on coral research. The Project’s research focuses on the coral bleaching phenomenon and is conducted at Sesoko Station, which is operated by the University of the Ryukyus in Motobu, Okinawa. In addition, Professor Suzuki’s scientific paper summarizing his research received acclaim from many peers, and also received the Best Paper Award by the International Coral Reef Society. In FY2011, the Australian Institute of Marine Science began conducting research on coral reef diseases in the Great Barrier Reef. In particular, the project assesses the role of light, temperature, and water quality on the progression of black band disease, as well as any seasonal dynamics that may exist.



Forest Conservation Project: Mitsubishi Corporation Thousand Year Forest

MC carries out a forest conservation project in Aki City, Kochi Prefecture, the birthplace of Mitsubishi founder Yataro Iwasaki. MC entered into a forest conservation agreement with Aki, Kochi Prefecture and the Kochi Tobu Forestry Association with the aim to conserving natural environments in Japan, and collaborations have been ongoing since 2009. The area has been named the “Mitsubishi Corporation Thousand Year Forest” (also known as Yataro’s Forest) and consists of a 263-hectare expanse of forest, 143 hectares of which are owned by MC. Aside from conducting forest conservation activities to improve functions that serve the public interest such as watersource conservation, the area is also being used as a place for carrying out environmental education and volunteer activities for MC employees. In March 2020, MC concluded an agreement with the Shikoku Regional Forest Office, Aki City, and the Kochi Tobu Forestry Association to introduce management in the Becchaku area of Yataro’s Forestry in line with the Shikoku Regional Forest Office’s policy of establishing “green corridors,” in an effort to conserve biodiversity.



© Kochi Tobu Forestry Association

Natural Climate Solutions Project: Rangeland Restoration Project

In FY2022, MC launched Natural Climate Solutions (NCS) as a new initiative designed to address climate change by leveraging nature. There are various methods for NCS, and MC will focus on methods of preventing degradation and decline in rangelands, with the goal of preserving the amount of CO₂ absorbed by plants, and to prevent CO₂ stored in soil and vegetation from being released into the atmosphere. The activities will be carried out near Durban, South Africa, where the population is rapidly growing. Due to the increase in grazing caused by an increase in population, the amount of rangeland consisting of grasses and shrubs has begun to decrease. As a result, there are concerns about the decline in the amount of CO₂ absorbed and that the CO₂ stored in the soil will be released. In this project, MC will work together with Conservation International, an environmental NGO, to conserve rangeland in cooperation with local communities. At the same time, the project aims to improve the living standards of local residents by improving the quality of livestock farming and conserving water resources.



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