

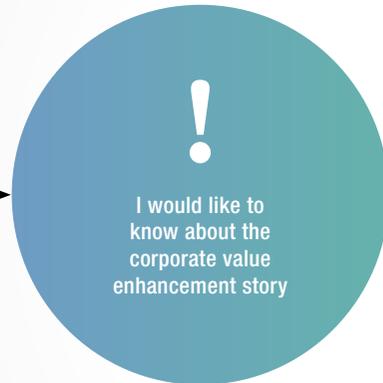
Integrated Report

MSCS
MCS

MC Shared Value

Disclosure Framework

In light of the needs of our stakeholders, MC has reorganized its disclosure framework. Please read this integrated report for the corporate value enhancement story, which is the core of our Company's growth. For other disclosed materials and data that supplement this story, please refer to other disclosures and read them based on your interests and goals.



I would like to know about management and strategy

- [Midterm Corporate Strategy](#)  MC Group's short- to medium-term corporate strategy
- [Presentation Materials on Financial Results](#)  Regular briefing on financial results and strategy progress
- [MC Shared Value Creation Forum – Dialogue on Business Strategy](#)  Interactive discussions on business strategy
- [Corporate Governance Report](#) 

I would like to know about financial information

- [Annual Financial Report](#) 
- [Flash Report](#) 

I would like to know about sustainability

- [Sustainability Website](#)  Provides extensive information by ESG topic
- [MC Shared Value Creation Forum: ESG Dialogue](#)  Interactive discussions on ESG initiatives

Videos

[A short movie for investors to get to know MC](#) 



[Looking beyond the horizon | MITSUBISHI | FT Partner Content](#) 



Integrated Report



Our Company's core information disclosure resource covering the key points needed by all readers to understand MC's corporate value enhancement story

Overall Structure of the Integrated Report

Editorial Policy

Publication of Mitsubishi Corporation's Integrated Report

In this integrated report, we present the initiatives taken to enhance our corporate value in the form of a logic tree, focusing on how these initiatives are linked together and lead to an integrated enhancement of corporate value.

In terms of detailed and supplementary information, we have strengthened the link with other disclosure media, such as our global website, to enable smooth access to required information.

Financial Information

From the fiscal year ended March 31, 2014, MC has prepared its consolidated financial statements based on the IFRS. Unless stated to the contrary, the information given in this integrated report is based on the IFRS. Please refer to the "Annual Financial Report" for detailed information for the fiscal year ended March 31, 2024.

<https://www.mitsubishicorp.com/jp/en/ir/library/afr/>

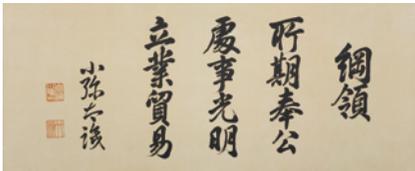
Scope of Reporting

Period: Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024). However, some activities after April 2024 are included.

Organizations: Mitsubishi Corporation and Mitsubishi Corporation Group

Corporate Philosophy

The Three Corporate Principles



Corporate Responsibility to Society

"Shokai Hoko"
Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

Integrity and Fairness

"Shoji Komei"
Maintain principles of transparency and openness, conducting business with integrity and fairness.

Global Understanding Through Business

"Ritsugyo Boeki"
Expand business, based on an all-encompassing global perspective.
(The modern day interpretation of the Three Corporate Principles, as agreed on at the Mitsubishi Kinyokai meeting of the companies that constitute the so-called Mitsubishi group in January 2001.)

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The Questions We Want to Satisfy

I would like to know the management's personalities and their enthusiasm for management

I would like to know more about medium- to long-term growth strategies and growth logic

I would like to know about extensive financial indicators and financial and capital policies

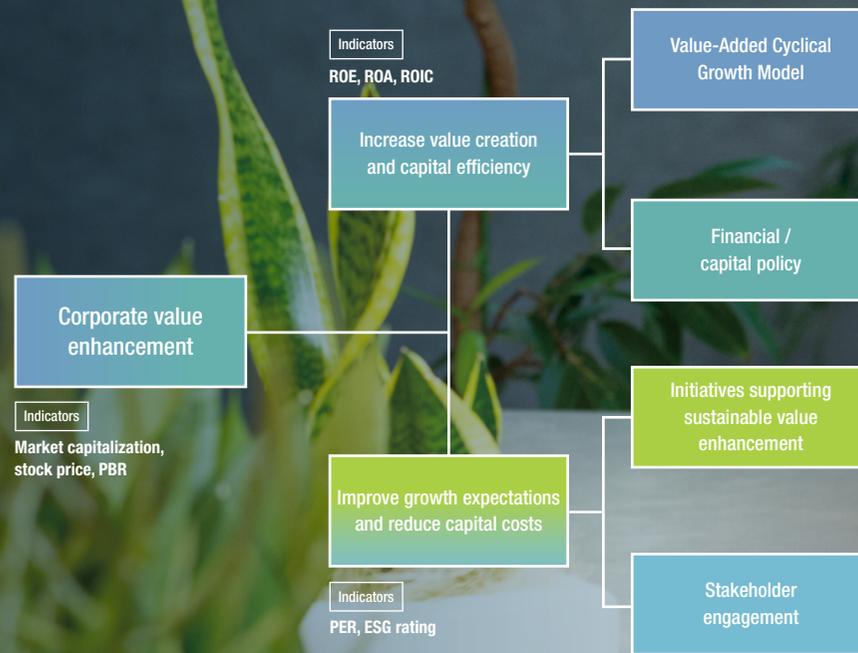
I want a firm understanding about growth potential and response to risks from a sustainability perspective

I want to know in detail about the business models of each Business Group and their growth strategies

SECTION 01

- 03 Message from our President and CEO
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MCSV Creation Forum

Corporate Value Enhancement Story



Katsuya Nakanishi
Representative Director,
President and CEO

We aim to further enhance our corporate value by leveraging the strengths and core competencies we have accumulated over the years through the Value-Added Cyclical Growth Model and MC Shared Value (MCSV).

Message from our President and CEO

The 70th Anniversary of the Founding of Mitsubishi Corporation

On July 1, 2024, we marked the 70th anniversary of the founding of MC. We have faced challenging business environments during our long history as a trading company (*sogo shosha*). There were even times when people argued that *sogo shosha* were in decline or redundant. However, MC has survived these difficult times and continued to achieve growth. In every era, MC has been defined by its broad touchpoints across multiple industries on a global scale and this dates back to our founding as a trading company. In every era, we have continued to capture new growth opportunities by flexibly reshaping our business models—from trading to business investment, and from business investment to business management—to adapt to the changing business environment. The industry expertise we have accumulated through this evolution remains a vital source of our core competencies and is the cornerstone of the way we do business.

In recent years, there has been a clear shift in perceptions of the role of companies, which are increasingly expected to work toward the realization of a sustainable society by resolving societal issues. However, we recognize that finding resolutions to today's societal issues is far from simple. For example, decarbonization has emerged as a shared global challenge. A key solution to this problem is the transition to the local production and consumption of renewable energy, in part because of energy supply constraints due to heightened geopolitical risks. However, this approach raises the question of how electric supply can be reliably secured using renewable energy, which is weather-dependent and inherently intermittent. The rapidly advancing field of AI technology is also expected to contribute to the resolution of societal issues, such as through the improvement of productivity. However, the massive computing power required for AI depends on semiconductors and electric power, which have been characterized as the bread and butter of industry in the 21st century. At the same time, we must try to provide

the electric power required to support our social and living infrastructure while considering the affordability of this resource. To solve these issues, we will need to ensure that energy is used efficiently and without waste through energy management. We need to pursue a variety of initiatives, including the commercialization of next-generation energy sources, such as hydrogen, ammonia, and sustainable aviation fuel (SAF), to optimize electric power systems and reduce or eliminate carbon emissions. There is no silver bullet for today's increasingly diverse and complex societal issues.

This is why we have identified the augmentation of our core competencies as a priority under our Midterm Corporate Strategy. By leveraging these capabilities in ways that help resolve societal issues, we aim to achieve corporate growth by contributing to the development of a sustainable society.

I was appointed as President and CEO of MC in April 2022. In the two-and-a-half years since, I have continuously pondered about what MC can do for society through initiatives that address current issues and needs. Our corporate philosophy is embodied in our Three Corporate Principles, of which "Shoki Hoko" or "Corporate Responsibility to Society" is one, expresses our determination to improve society, Japan, and the world. I believe that our commitment to the initiatives that can make these improvements a reality is vital from the perspective of improving our corporate value.

We have achieved continuous growth by evolving our business models. The real drivers of this growth are our employees, who have worked with high aspirations to address changing societal issues. I would also like to acknowledge the support of our stakeholders,

including our shareholders, investors, business partners, and customers, without whom our continuous growth over the past 70 years would not have been possible. On behalf of MC, I would like to take this opportunity to express our deepest gratitude for your continued support and trust.

Reflecting Shareholder and Investor Feedback in Management Policies

Since taking office as President and CEO, I have worked to create more opportunities for management, including myself and our independent directors, to engage in dialogue with institutional investors in Japan and overseas, analysts, and shareholders (including individual shareholders), and investors. The feedback and advice we have received through this dialogue is immediately shared with our management team and reflected in management initiatives, starting with changes that can be introduced immediately. One example of this approach relates to shareholder and investor returns. We carefully determine expectations through our discussions and make decisions based on our cash position, the state of our investment pipeline, and our financial soundness. In May 2024, we decided to increase MC's dividend from 70 yen to 100 yen per share, maintaining our progressive dividend policy. This decision reflects the growth in our earning power and the increased predictability of our cash flows. Although this dividend is relatively high given our current performance outlook. I believe that we have gained a certain degree of recognition in the capital markets thanks to our stance of providing robust shareholder returns through our commitment to both growth-related investments and the maintenance of our financial soundness as a company.

We are determined to achieve further growth through continued two-way communication with shareholders and investors.²



Message from our CSEO (page 07) [↗](#)

We see enhanced dialogue and disclosure as a path to enhancing corporate value.



Investor Day
MCSV Creation Forum (page 11) [↗](#)

This event was an opportunity to brief stakeholders about our MCSV creation track record to date.

Message from our President and CEO

MC Today

Since its founding, MC has evolved in step with a changing business environment by shifting from a trading company to a Company which invests in and actively manages businesses across a broad range of industries. For example, the relationships of trust that we built with our customers through our import and sale of oil served as the foundation for the development of our LNG business. When Japan began to introduce LNG in the 1960s, we established ourselves as a trader in this area by becoming an import agent for Alaskan LNG. In the years that followed, we expanded the scope of our trading activities through investment in areas such as natural gas liquefaction and upstream gas field development. Today, the evolution of our business models toward active business management is evident from our involvement in LNG plant operations and direct selling of LNG, and

from the growth of our LNG activities into a core business.

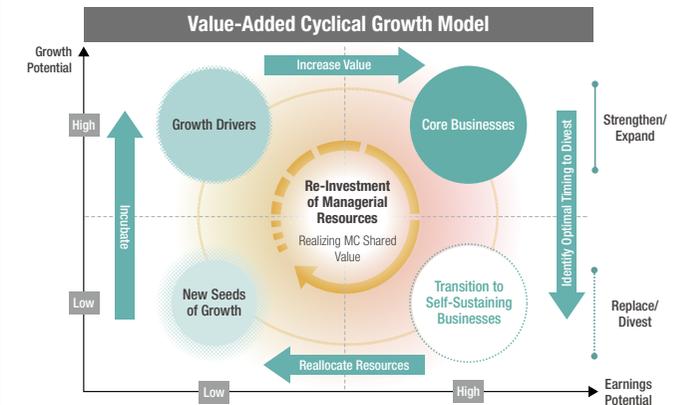
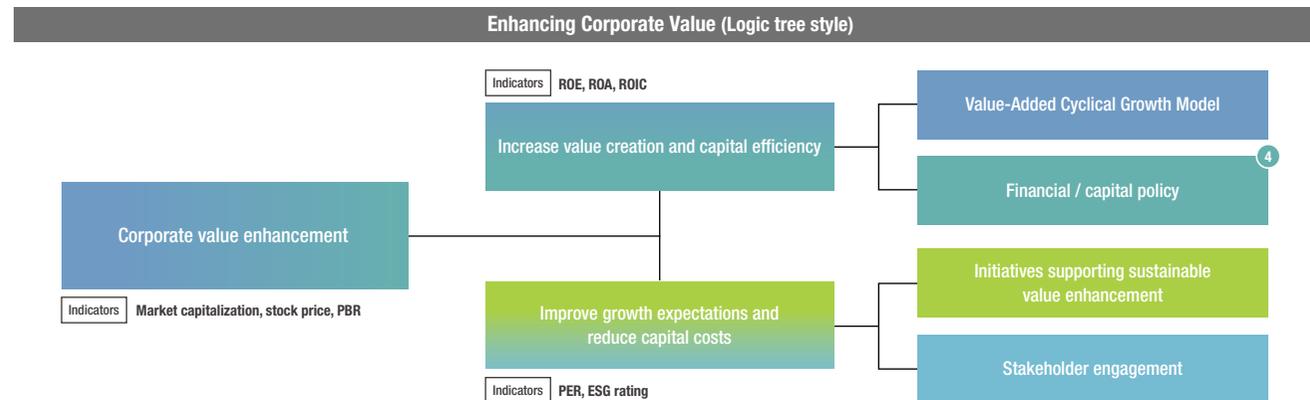
Thanks to MC's core competencies across a wide range of industries and a global network, we are able to make flexible decisions about investment strategies, structures, and time horizons based on industry-specific characteristics, and business phases. I see this as a key strength for MC. Our growth is also attributable to the industry expertise we have gained through our deep involvement in all industries and our engagement in business and operational management. That expertise, together with our diverse business segments, form a foundation for the continuous creation of new businesses that can contribute to the resolution of societal issues.³ When our initiatives lead to an increase in our earning power, we gain recognition from the stock market. This, together with our commitment to have an open dialogue with our shareholders and investors, is reflected in the growth of our market capitalization, which has climbed from approximately ¥6 trillion in April 2023 to ¥12 trillion as of October 2024. We see this growth as indicative of a

significant rise in the expectations shareholders and investors have of MC.

We are determined to maintain our lead in an environment of increasing global competition, and we cannot afford to be complacent with our current state. Rather, we will work to increase our corporate value by targeting sustained growth and improved ROE through robust investments and initiatives, while also providing detailed disclosures regarding these efforts to our stakeholders.

Achieving Further Growth through the Value-Added Cyclical Growth Model

MC has a diverse business portfolio. We continuously adjust the strategies we employ for each business based on assessments of the prevailing market



Trajectory of Corporate Value Enhancement (page 09) [↗](#)

MC has always worked to create value by flexibly transforming its business model in response to changes in the business environment.



Message from our CFO (page 17) [↗](#)

We are working under Midterm Corporate Strategy 2024 to ensure that capital costs are reflected in management decision-making.

Message from our President and CEO

environment as necessary.

Under our Value-Added Cyclical Growth Model⁵, even if businesses are currently contributing to our earnings, we will, if necessary, make decisive changes to our portfolio based on compatibility with the market environment, future growth potential, and our future business strategies, so that our resources can be reallocated to drive the next stage of growth. Under this management policy, I am confident that we have successfully embedded control systems based on profitability and growth performance within the Company over the years, and that our employees are fully aware of the importance of capital recycling and increasing capital efficiency. We will continue to use the Value-Added Cyclical Growth Model to improve value creation and capital efficiency.

Our consolidated net income for FY2024 is expected to remain at the same level as FY2023. We will raise our profit threshold by applying the Value-Added Cyclical Growth Model, while also strengthening our business foundations by maximizing the value of existing businesses a.k.a. "Reinforce" activities. Once investment decisions have been made, we will ensure that projects can get off to a strong start and progress toward profitability a.k.a. "Enhance" activities. Another priority is leveraging our robust investment pipeline based on our growth strategy a.k.a. "Accelerate" activities. [↗](#)

Creating MCSV

While the Company has a basic policy under which our segments work independently to build strong businesses, we have also capitalized on our collective strengths by disclosing information and achieving synergies across business segments.

Current trends, such as decarbonization and reinforcing our supply chain, are reflected in the view that it is more efficient to adopt a broad perspective spanning multiple related fields rather than focusing on individual business areas. For

example, in the mobility segment, which is a core business area for MC, a medium- to long-term trend toward electrification is creating many opportunities spanning multiple sectors. In addition to the sale of EVs, these include services, such as smart battery charging, as well as the repurposing of used auto batteries, and the production of raw materials through battery recycling. Our challenge going forward will be to generate MCSV by creating new business combinations and integration touchpoints.

To achieve that, we executed a reorganization in April 2024, resulting in the establishment of an organizational structure optimized for the new growth story that has emerged under our current Midterm Corporate Strategy, as well as related growth drivers. In addition, in June 2024 we modified our corporate governance structure and transitioned to an Audit & Supervisory Committee structure, to rapidly capture growth opportunities and accelerate decision-making processes. ⁶ While individual business segments will continue to pursue growth in their respective sectors, we will also implement initiatives to create new business models that combine the strengths of multiple business segments in ways that go beyond simple synergies.

To help find solutions to today's increasingly complex societal issues, we need to create MCSV and apply MC's unique strengths across multiple existing business areas. We see this as a driver to enhance corporate value over the medium to long term.



People Initiatives to Advance to a New Stage of Growth

Our people are our greatest strength. As mentioned earlier, MC has been able to adapt to change by transforming the capabilities of individual employees into an organizational strength. However, uncertainty in the business environment continues to increase, and values and perspectives toward work are diversifying as new generations enter the workforce, leading to more independent relationships between companies and their employees. Given these conditions, we have developed a medium- to long-term people vision designed to ensure that we can continue to recruit and retain high-quality talent as an attractive employer and train people with the ability to anticipate changes in the business environment over the next 10 years.⁷ As our employees acquire business experience, they evolve into professionals in various fields and gain the capacity to create or enhance the value of our businesses. In addition, we aim to cultivate individuals who can pursue the creation of MCSV across multiple business areas, by rotating employees through multiple roles to allow them to gain an overall understanding of their own business segment, as well as MC as a whole. We are never satisfied with the status quo and will continue to innovate through DE&I initiatives and other measures in order to develop environments and systems that maximize the strengths of our employees, leading to the recruitment and development of individuals who can vigorously promote our continual evolution. I believe that my most important mission as President and CEO of MC is to train large numbers of people with these qualities as the next generation of leaders.

While FY2024 marks the final year of our current mid-term corporate strategy, we aim to treat it as year zero of the next mid-term strategic period. We are committed to creating a new, enhanced version of Mitsubishi Corporation that is befitting a new stage of our evolution.



Components of the Value-Added Cyclical Growth Model (page 15) [↗](#)

We are working to improve our capital efficiency by enhancing the effectiveness of our Value-Added Cyclical Growth Model as an engine for recycling our resources and pursuing growth initiatives in each business area.



Special Feature: Discussion with the Board Advisory Committee Chairpersons (page 28) [↗](#)

Chairman of the Board Takehiko Kakiuchi and Independent Director Sakie Akiyama discuss the MC's governance systems following the transition to a new corporate structure.



Our 10-Year People Strategy: "DEAR" (page 21) [↗](#)

Looking ahead to the next 10 years, we established the MC People Vision "DEAR" (Diversify, Energize, Accelerate, and Reward).

Message from our CSEO



Connecting shareholder engagement to corporate value enhancement

Kenji Kobayashi

Kenji Kobayashi

Senior Vice President
Corporate Functional Officer, CSEO

Establishing the CSEO Organization

The Chief Stakeholder Engagement Officer (CSEO) organization was established in April 2023 in order to strengthen engagement with all of our stakeholders. While we have always prioritized our communications with stakeholders, and consider them crucial for improving corporate value, in order to further grow in this time of great change in the industrial and societal landscapes, an awareness was strongly felt at the management level that we must create even more opportunities for discussions with stakeholders, and to incorporate those perspectives in our management of the Company. This was the background for establishing the CSEO organization. In our daily efforts, the organization's Corporate Communications, Sustainability, and Investor & Shareholder Relations teams each have a responsibility for different stakeholders, so that we may provide them with comprehensive engagement. Furthermore, this organization has gathered personnel with a wide range of expertise, including those from our business groups, to create a framework for effective communication internally and externally.

In our discussions with stakeholders, we are striving to create opportunities for two-way communication, where we not only unilaterally communicate issues

such as strategic updates or our financial position, but also hear their opinions on how our Company is viewed by the capital markets and what moves we might make to improve corporate value. By quickly sharing the opinions and advice we receive with management, including the President and CEO and others, we look to encourage changes in internal awareness and incrementally improve our business execution.

Strengthening Stakeholder Engagement

Since establishing the CSEO organization, we have reexamined both the qualitative and quantitative aspects of our communications and disclosures. First, for our communications, we have arranged many opportunities for our President and CEO, CFO, and independent directors to have direct discussions with domestic and overseas institutional investors, analysts, and individual shareholders. Specifically, we have held the [MCSV Creation Forum](#) twice (Dialogue on Business Strategy and ESG Dialogue), to give institutional investors and analysts the opportunity to hear about, and give their opinions on, our MCSV creation initiatives. In addition to

that, we are continuously strengthening our initiatives to communicate our Company vision and strategy to individual shareholders. We have also created [short videos to introduce MC](#) to primarily individual shareholders, providing easy-to-understand information to those who have not had many points of contact with our Company until now.

For disclosures, we are constantly reviewing and expanding the content of our financial disclosure materials based on the feedback of our shareholders and investors. We are also expanding disclosures of our GHG emissions and we were the first in the industry to disclose emissions of Scope 3 Category 11.

While we are expanding disclosure information, one issue has been that our disclosure materials, including integrated reports, have not been effectively leveraged in our communications. To that end we have reexamined our disclosure framework, rearranging the information necessary for readers' analysis and comprehension. As a result, the integrated report, which explains in a comprehensive manner our initiatives for corporate value enhancement, has been repositioned as a core disclosure for stakeholder engagement, and the information shared has been carefully selected and slimmed down with consideration for ease of use. Because we have provided an overview of our corporate value enhancement story in the integrated report, and rearranged more detailed initiatives and data in other media such as our [sustainability website](#), we hope that our stakeholders will use the integrated report as a guide, to be read together with other disclosure materials in accordance with their own objectives.

Future Outlook

Stakeholder engagement has become increasingly important with changes in the market environment and MC's future growth, and we are aware of the necessity of strengthening initiatives through continuing dialogue and disclosure, in order to meet our stakeholders' expectations.

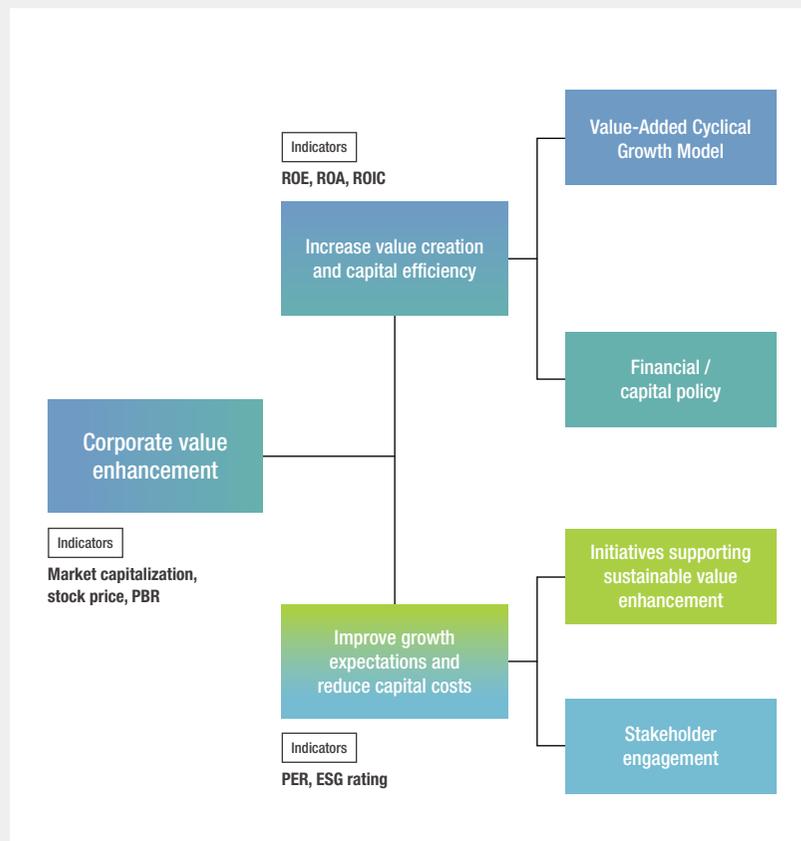
One issue in particular is the appropriate evaluation of our potential for growth, and so we believe that it is necessary to work towards communicating MC's value as an industrial conglomerate. While we aim to make use of our strengths as a conglomerate by creating new integrations between our businesses to generate MCSV, we have strengthened these dialogues and disclosures to increase the clarity of our medium- to long-term growth. In addition, our next Midterm Corporate Strategy will have been formulated with a greater awareness of the capital markets. Through these kinds of initiatives, we aim to enhance our corporate value by reducing capital costs and improving growth expectations.

→ [Stakeholder Engagement \(page 37\)](#)

Enhancing Corporate Value

We are enhancing our medium- to long-term corporate value through the two viewpoints of “increased value creation and capital efficiency” and “improved growth expectations and reduced capital costs.” On this page, we show components tied to these two viewpoints and their related actions. Specifically, we are conducting reexamination of allocated management resources in response to changes in the business environment through the Value-Added Cyclical Growth Model, and realizing “increased value creation and capital efficiency” by promoting disciplined financial and capital policies based on capital costs, along with continuous strengthening of initiatives to realize growth. Furthermore, we are steadily implementing initiatives for medium- to long-term growth such as stakeholder engagement and materiality guidelines, so that we can “improve growth expectations and reduce capital costs.”

Components of corporate value enhancement



Primary Actions

- ▶ MCSV creation through new integrations of our businesses
- ▶ Sustainable investments for growth in each business segment
- ▶ Maintenance and improvement of earning power in existing businesses (including replacements)
- ▶ Accelerated growth through a flexible capital policy
- ▶ Strategically rebalancing our business portfolios
- ...
- ▶ Maintenance of financial soundness with the goal of achieving a single A credit rating
- ▶ Balanced and flexible shareholder returns
- ...
- ▶ People Strategy: “DEAR”
- ▶ Initiatives guided by materiality
- ▶ Strengthening corporate governance
- ...
- ▶ Strengthening of dialogue regarding initiatives to enhance corporate value
- ...

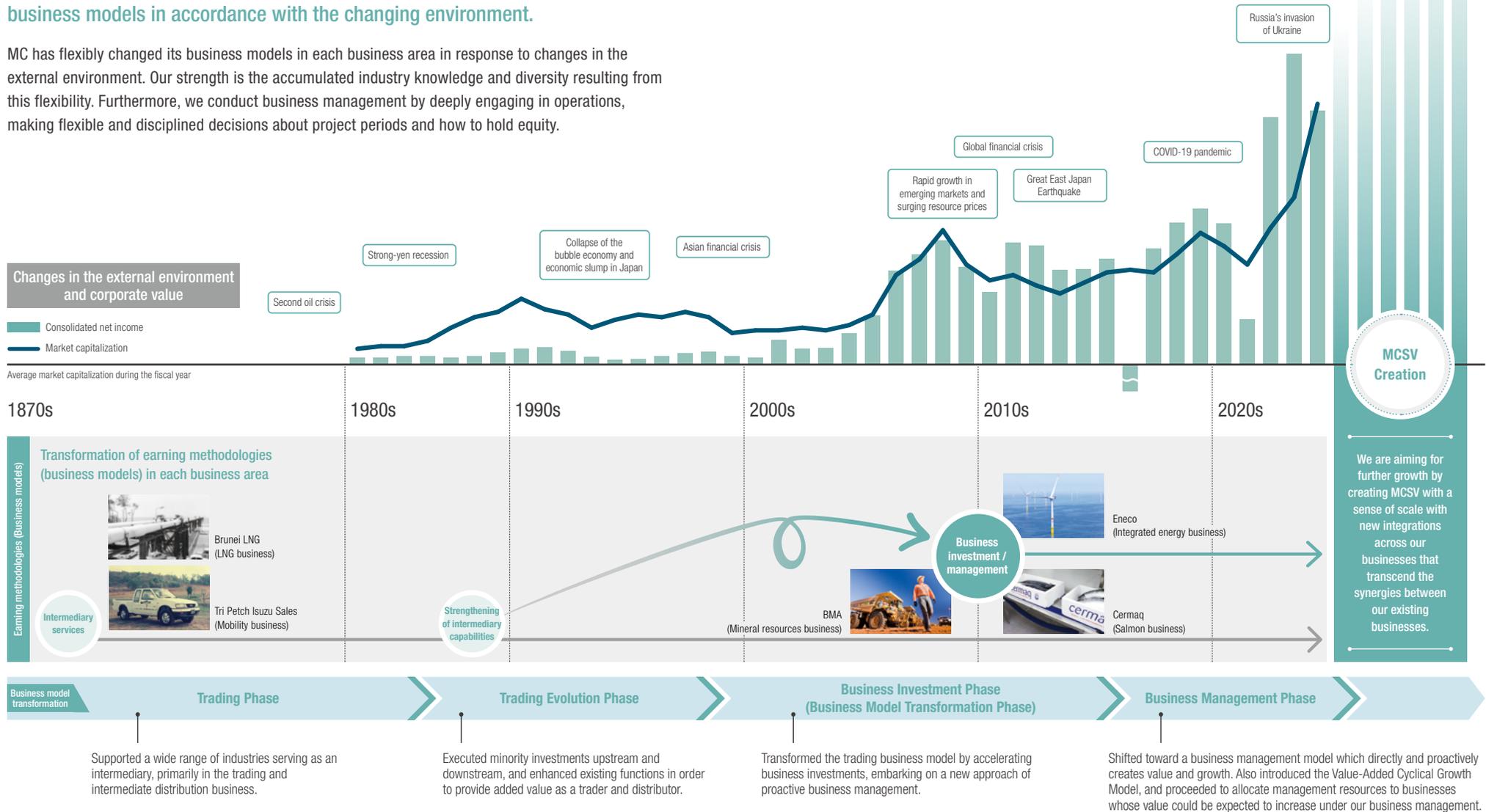
Points

- We are working to maintain and improve capital efficiency by reallocating our management resources, and raising the effectiveness of the Value-Added Cyclical Growth Model which promotes growth initiatives in each business segment.
 - ▶ [Components of the Value-Added Cyclical Growth Model \(page 15\)](#)
 - ▶ [Business Group Initiatives \(page 39\)](#)
 - ▶ [Investor Day—MCSV Creation Forum \(page 11\)](#)
- We will balance our financial soundness and shareholder returns based on a progressive dividend policy with a total payout ratio of 40%.
 - ▶ [Financial and Capital Policies/Message from our CFO \(page 18\)](#)
- Hiring and retaining talent that can contribute to value creation
 - ▶ [Our People \(page 20\)](#)
- Integration of sustainability management to enhance corporate value
 - ▶ [Sustainability at MC \(page 25\)](#)
- Transition to a Company with an Audit & Supervisory Committee
 - ▶ [Special Feature: Discussion with the Board Advisory Committee Chairpersons \(page 28\)](#)
- Makes use of stakeholders' voices to improve management, while working to expand disclosures and make communications easy to understand.
 - ▶ [Message from our CSEO \(page 7\)](#)

Trajectory of Corporate Value Enhancement

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

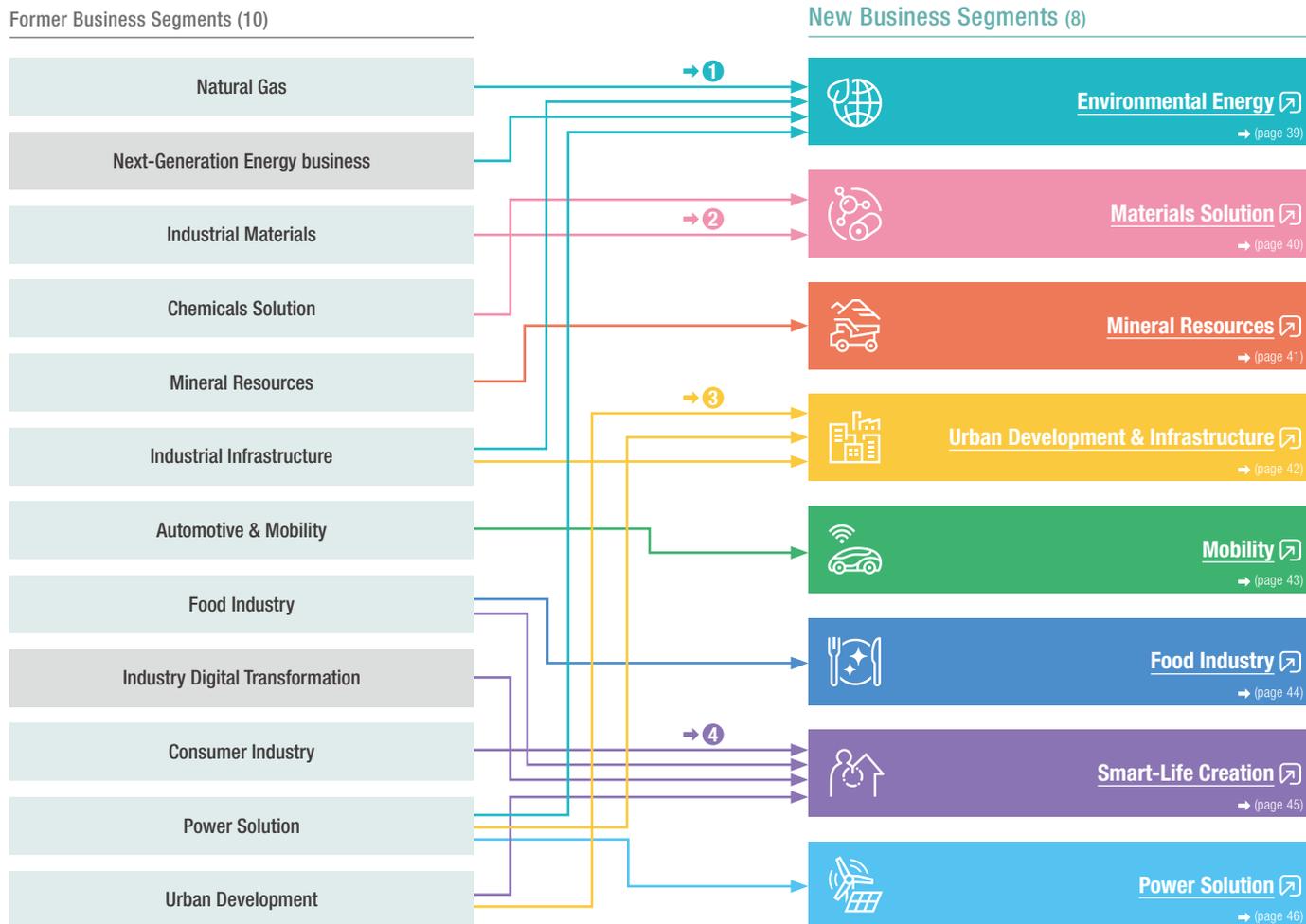
MC has flexibly changed its business models in each business area in response to changes in the external environment. Our strength is the accumulated industry knowledge and diversity resulting from this flexibility. Furthermore, we conduct business management by deeply engaging in operations, making flexible and disciplined decisions about project periods and how to hold equity.



Reorganizing for Further Growth

Reorganizations for FY2024

In Midterm Corporate Strategy 2024, we implemented a number of growth strategies, namely our EX Strategy, DX Strategy, and Creating a New Future (fostering new industries/regional revitalization) with the goal of creating MC Shared Value, and have worked to develop cross-industry businesses and strengthen the capabilities of each business segment. As a result, with expanded coordination among the eight business segments, and the clarification of the business strategy of each segment and the areas into which they should focus in the future, we implemented a reorganization to shift to a framework that creates MCSV on a larger scale. Beginning in FY2024, we shifted from ten business segments to eight business segments.



Key Points Regarding the Reorganization

→ 1 Environmental Energy

To create a scaled EX business, we have integrated our next-generation energy business such as hydrogen, with the natural gas, the energy infrastructure, and gas carrier businesses.

→ 2 Materials Solution

We have consolidated two business segments connected to the materials industry into one. From a supply chain perspective, this new segment promotes competitiveness and decarbonization in the materials industry.

→ 3 Urban Development & Infrastructure

In anticipation of synergy expansion in business areas that use infrastructure and urban development as their starting points, we have integrated the industrial infrastructure, real estate, urban development and urban management, and water businesses.

→ 4 Smart-Life Creation

We have integrated consumer-related businesses, the industry digital transformation segment, and the bio and financial businesses, aiming to build a value creation platform primarily in the mid to downstream areas.

→ Business Group (pages 39–46)

Investor Day

MCSV Creation Forum

MCSV Creation

MCSV Creation Forum



In June 2024, we hosted the MCSV Creation Forum, which was attended by 67 institutional investors and analysts. We explained and discussed our MCSV creation track record, the management and operational capabilities that are the source of our value creation, as well as the growth strategies of the newly established Environmental Energy and Smart-Life Creation business segments. We also held discussions with our independent directors, in a frank exchange of our views on MCSV creation from a monitoring perspective.



We enhance the value creation capabilities of individual businesses by leveraging our collective capabilities.
For the next stage, we aim to realize MCSV by creating synergies with other businesses.

Example of Project Resulting in MCSV Creation: Eneco

The Eneco case is an example of value enhancement as a result of our collective capabilities, such as having wide industrial networks and intelligence, deep business insights, and flexible business models.

Eneco is an integrated energy company, mainly engaged in the production and supply of electricity, gas, and heat, with power generation, trading, and retail divisions. Prior to our acquisition of Eneco, it was formed by multiple local Dutch municipalities. Since our joint acquisition of Eneco with Chubu Electric Power in 2020, it has continued maximizing its strengths as a power generator, by local production and consumption, clean power, and on-site capabilities. We have deployed specialized teams with extensive business insights to work for Eneco on providing financial and corporate functions, transforming the corporate culture and business mindset, providing a diverse customer base, and creating sustainable value. As a result, Eneco's net income grew from €120 million at the time of acquisition to recently, €250-€350 million, growing EBITDA at a compound average growth rate of 10%, which was in line with the target we set at the time of acquisition.

For further possibilities in the medium term, we are considering expanding our B2C businesses by combining our mobility business insights with power supply for EVs, our virtual power plant (VPP) business, and our retail businesses. In the long term, we are looking at combining Eneco's power generation capabilities with our power-to-X businesses, such as green hydrogen and related products production businesses and a comprehensive approach targeting hydrogen consumers. We believe that these initiatives will lead not only to growth for Eneco, but also to growth acceleration and strengthening of our core competencies.

Note: This content is adapted from the MCSV Creation Forum presentation.

Investor Day

Towards the Provision of Optimal Energy Solutions

Environmental Energy Business Segment

Our business segment makes the most of networks, business development business development, and marketing capabilities, and marketing capabilities cultivated through our LNG, crude oil / petroleum products, and LPG businesses, aiming for selective development of our next-generation energy businesses. Our segment mission is to provide optimal energy solutions that meets the energy and decarbonization needs of various industries. Also, because the raw materials for next-generation energy is a field where other business segments are deeply involved and have strengths in, we aim to create MCSV by multiplying the strengths among segments.

→ Please see "[Environmental Energy Group](#)" for details (page 39)



Masaru Saito
Group CEO,
Environmental Energy
Business Segment

Leader's Profile

Since joining MC, Mr. Saito has been engaged in the oil and natural gas business and possesses deep insights in this field. He has a wide range of experience from trading to business management and new project development. He promoted MC's EX strategy as head of the next-generation energy businesses. He is pursuing synergies by using his experience and knowledge of natural gas, next-generation energy, and oil in the newly combined business segment.

Towards Building a Smart-Life

Smart-Life Creation Business Segment

Smart-Life Creation (S.L.C.) covers a wide range of business areas including retail, apparel, food distribution and logistics, healthcare, finance, and digital solutions. Based on the concept of MCSV creation through addressing societal challenges under Midterm Corporate Strategy 2024, as the business segment handling the business areas closest to consumers, S.L.C. will launch multiple appealing businesses that meet societal challenges and consumer needs from a C2B* starting point, and coordinate closely with B2B businesses in other business areas where we have strengths, such as mobility solutions, natural gas, renewable energy, and urban development, to build a Smart-Life economic zone that leverages our core competencies.

→ Please see "[Smart-Life Creation Group](#)" for details (page 45)



Shota Kondo
Group CEO,
Smart Life Creation
Business Segment

Leader's Profile

Since joining MC, Mr. Kondo has been engaged in the LNG business. Based on his deep insights in this field, he promotes business development that meets customer needs. He led the LNG Canada Project and through his experience as General Manager of the Houston Branch, he has extensive insights regarding the North American market, from the energy and infrastructure industries to the materials industry. As General Manager of the Corporate Strategy & Planning Department, he formulated and promoted Midterm Corporate Strategy 2024, pursuing a Smart-Life based on consumers' ideas.

*MC has formulated a growth strategy originating from consumers' demand, based on the idea that consumers have choices in today's society comprised of all kinds of goods and services. To emphasize the "market-in" way of thinking to match consumers' demand, MC also defines and uses "C2B" businesses in lieu of "B2C" businesses.

Q&A with Investors and Analysts

Q

What kind of projects will create MCSV in the future?
Is the aim to create MCSV by acquiring platform businesses like Eneco?

A

Nakanishi: In terms of creating MCSV, I think that creating new businesses while making use of the existing business base is very important. For example, I believe that operating businesses that combine the growing lease demand for electric vehicles (EV) in Europe, the use of in-vehicle batteries, and the use of green power, while leveraging Eneco's customer base as an integrated energy company, will lead to the creation of MCSV. Recently, with an increase in energy demand in the semiconductor and digital businesses, the Japanese government is reexamined its energy policies, but also, beyond Japan, in Europe and the United States as well, there is more attention given to energy, and so there are opportunities to make use of an integrated energy company like Eneco in a variety of regions. For future development, we do not want to immediately pursue a sense of scale, but to prepare projects so that we can attempt expansion of businesses while carrying out Proof of Concept (POC).



Q

How will MC make the most of its distinguishing features, particular characteristics, and strengths in the next-generation energy business?

A

Saito: We are conducting studies in the United States on clean ammonia and e-methane production, and are exploring the possibility of providing them to Japanese customers in the future. The next-generation energy business is similar to the LNG business model, and we will promote next-generation energy projects by taking advantage of our strengths cultivated through our LNG business.



Note: This content is adapted from the MCSV Creation Forum presentation.

Investor Day

Q&A with Investors and Analysts

Q You mentioned that although the S.L.C. segment holds significant assets in Japan, it will build a Smart-Life economic zone overseas. What does it mean for MC to engage in this kind of business, and what are its chances of success?

A **Kondo:** The creation of MCSV means achieving sustainable growth while addressing societal issues with our core competencies, and societal issues do not have borders. Although 90% of the segment's assets are located in Japan, MC as a whole has strong networks and relationships with local conglomerates in major ASEAN countries that it has built up over many years. We will use these to create businesses within these countries. The value we can provide, such as bringing LAWSON overseas, lets us aim for win-win solutions.



Q From the perspective of an independent director, how do you view the degree of MCSV definition and penetration, and MC's strengths towards achieving MCSV?

A1 **Sagiya:** At the outset of formulating Midterm Corporate Strategy 2024, the discussion centered on leveraging synergies among the business segments to demonstrate MC's core competencies and enhance profitability through large-scale projects unique to MC. Afterwards, specific measures were discussed and carried out at the frontline level, and as a result, there are currently many ideas around MCSV. From the perspective of DX, the speed of the cycle in carrying out POCs, gauging the market's response, and deciding whether to execute these ideas, is accelerating. Within the decision-making framework as well, I feel collaboration that transcends organizational barriers has been strongly built through the establishment of task forces, and organizational restructuring.



A2 **Akiyama:** For example, in the case of conglomerate manufacturers with strong IP, carrying the IP across to multiple business sectors shows in the balance sheet, and it is easy to see that value has been created. On the other hand, MC does not make products, and while we have followed the path of upgrading our value chains in line with current trends, this is hard to explain without something "tangible" like IP. However, I see MC as having the organizational strength to learn from its failures, and utilize what it has learned to increase the probability and reproducibility of our success. MC gathers highly accurate information from a variety of perspectives, determining where the world's highest quality assets are and how best to access them, and tirelessly checks this information on a macro and quantitative level, and if the information is highly reliable, makes bold decisions. At the same time, there is an established methodology for making contextual decisions to determine if MC should continue with a project when the outlook is uncertain. I think MC's structure to maintain a certain probability of success and increase reproducibility, in any initiative, is its strength.



Q To the independent directors: How did you view the Value-Added Cyclical Growth Model and MCSV outlined in Midterm Corporate Strategy 2024 when you first learned of them, and how do you evaluate the current initiatives in this context?

A1 **Akiyama:** Midterm Corporate Strategy 2024 was formulated together with the independent directors' involvement, and for that reason I feel that we have been able to conduct thorough monitoring right from the start. With regards to current initiatives, I have a real sense that they are steadily progressing, including the parts for which results are hard to see. I think it is extremely important to think about how to show shareholders and the market the parts that are hard to see, for example, investments that MC is committed to but has not yet executed, and investments in the preparation phase.



A2 **Sagiya:** The Value-Added Cyclical Growth Model was implemented before Midterm Corporate Strategy 2024, and the Board of Directors has been able to confirm its results with numbers. When I was first appointed as an independent director, I imagined that the withdrawal from legacy businesses or businesses with some emotional attachment would be met with some internal resistance, but after logical and objective debate within each business segment, cyclical growth reviews were conducted, and progress was reported to the Board of Directors, and monitoring effectively achieved. With regards to MCSV, my personal understanding has deepened with continuous and consistent discussion. In the course of continuing to explore MCSV, initiatives that are considered to be wrong are discontinued, and further studies of new ideas are progressing. Regarding the pros and cons, and timing of investments, we feel that preparation is always being made so that investments can be executed at the appropriate time.



Note: This content is adapted from the MCSV Creation Forum presentation.

SECTION 02

HIGHLIGHTS

- To execute the Value-Added Cyclical Growth Model, we established investment and financing management processes to increase the effectiveness of our efforts to increase value created and capital efficiency.
- We are pursuing cross-segment business opportunities for further growth, leveraging the market intelligence, industry expertise and global networks we have cultivated over the years.

15 Components of the Value-Added Cyclical Growth Model

16 Industry Expertise and Networking to Support MCSV Creation

Enhancing Corporate Value

Business Assets

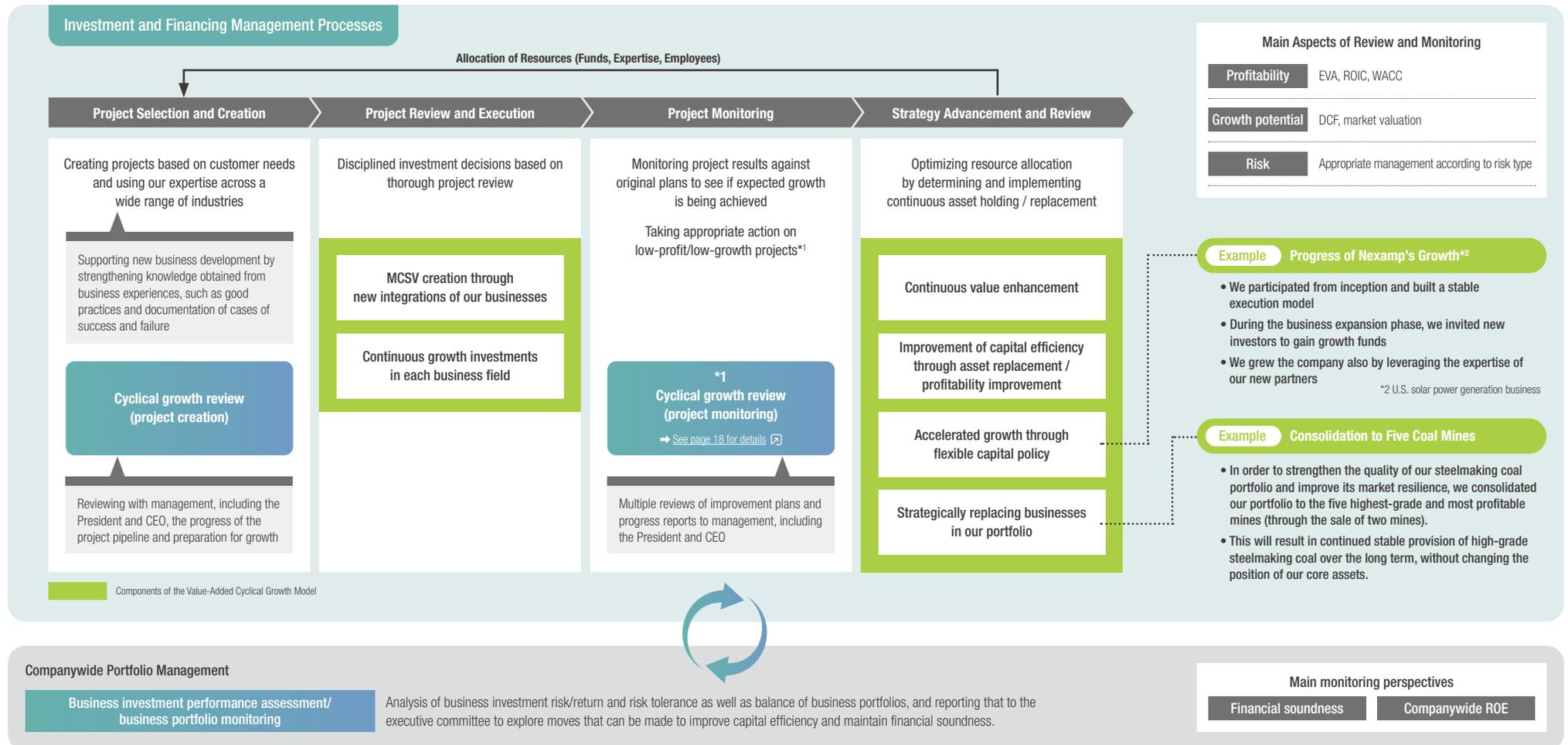


Components of the Value-Added Cyclical Growth Model

Initiatives to enhance corporate value through the Cyclical Growth Model [↗](#)

Risk Management (Sustainability Website) [↗](#)

We have established a structure underpinning our implementation of the Value-Added Cyclical Growth Model through our investment and financing management processes. Specifically, this structure allows top management to regularly check on progress to promote disciplined improvement and replacement of yields from low-profit/low-growth projects, and also create new businesses with a sense of scale by leveraging our industry expertise. Also, from the perspective of our overall portfolios, by regularly monitoring [our business's risks](#) [↗](#) we can consider measures we can implement to maintain financial soundness and improve capital efficiency.



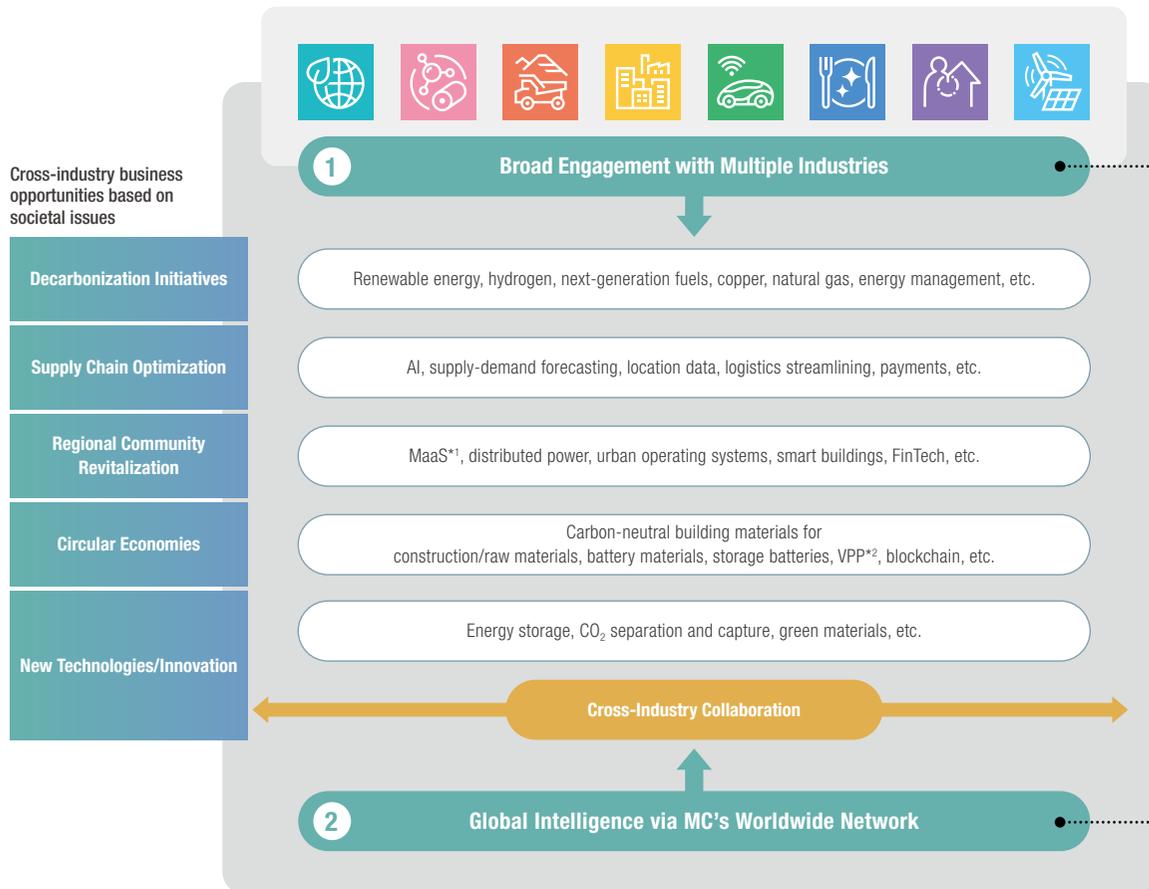
→ [Business Groups \(page 39\)](#) [↗](#)

→ [Trajectory of Corporate Value Enhancement \(page 9\)](#) [↗](#)

Industry Expertise and Networking to Support MCSV Creation

To Optimize our Core Competencies

In a cross-industry business environment that is changing continuously and a macro environment marked by geopolitical and other uncertainties, we use our global network and expertise in a wide range of industries through our business activities, strengthening initiatives for MCSV creation through strengthening the core competencies of multiple business segments and growth investments in each business field.



*1 Mobility as a Service (MaaS)

*2 Virtual Power Plant (VPP): Energy supply services that function like power plants by controlling/managing multiple power sources, such as dispersed renewable energy assets.

1

Industry Expertise

We are engaging in new business opportunities having built our industry connections over time, and having accumulated industry expertise and know-how by diving deep into each industry and developing a wide range of businesses.

Also, we have built a culture and system to share past successes and failures to make the best use of them when reviewing new business opportunities as well as to support implementation of the Value-Added Cyclical Growth Model.

Furthermore, from the perspective of researching cutting-edge technologies and accelerating socialization of advances in technology, we are engaging in early and late-stage investments to spread technological advances ([participation in Breakthrough Energy Catalyst](#) ) and industry-academia collaborations ([program with Kyoto University](#) ). By strengthening the driving force of businesses in each industry over time, and crossing digital and new technologies with execution, we strive to provide new value.

2

Consolidated Global Network

We have companies across about 80 countries which are constantly collaborating to enhance our ability to respond to change and generate the next source of significant growth.

We strive to maintain a constant state of preparedness that envisions a range of possibilities, and by leveraging the market intelligence we obtain from connecting the high-quality information, networks, and business knowledge we have cultivated through our offices and trading businesses throughout the world, we want to remain half a step or even one step ahead, predicting and responding to changes appropriately, and in a timely manner.

Also, we receive advice with an international perspective from our Board's [International Advisory Committee](#) ([page 32](#)) , leading to the strengthening of our global intelligence.

SECTION 02

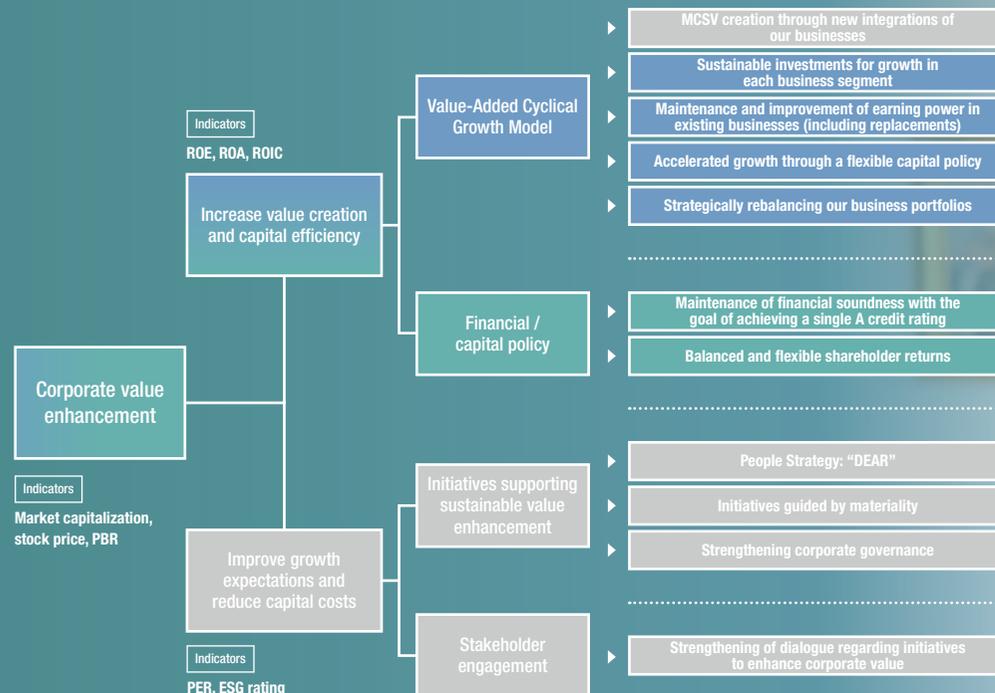
18 Financial and Capital Policies/Message from our CFO

HIGHLIGHTS

- MC is practicing management with an awareness of capital costs through the Midterm Corporate Strategy 2024.
- We are working to maintain and improve capital costs through the implementation of the Value-Added Cyclical Growth Model and the reduction of listed cross-shareholdings, while also lowering our capital costs through strong investment discipline and risk management initiatives.
- In addition, we are allocating cash flow in line with market expectations, underpinned by shareholder returns and financial soundness.

Enhancing Corporate Value

Financial Capital



Yuzo Nouchi

Yuzo Nouchi
 Representative Director
 Executive Vice President
 Corporate Functional Officer, CFO

Financial and Capital Policies

Message from our CFO

The results of management with an awareness of capital costs through Midterm Corporate Strategy 2024

We are aiming for stable growth that exceeds the capital cost required by the stock market, with a stable double-digit ROE as a quantitative target of our Midterm Corporate Strategy 2024. To achieve this, we are prioritizing four key points, (1) promoting replacement and yield improvement of existing businesses, (2) leveraging a disciplined approach to growth investment and risk management, (3) making market-conscious shareholder returns, and (4) maintaining financial soundness. With regards to existing businesses and new growth investments in particular, a structure is in place so that each business segment can be independently aware of its capital efficiency, through a Business Management System introduced during Midterm Corporate Strategy 2024. As a result, we have been able to steadily maintain a double-digit ROE, and aim to improve that even further in the future.

Value-Added Cyclical Growth Model: Promoting new business creation, and the replacement and yield improvement of existing businesses

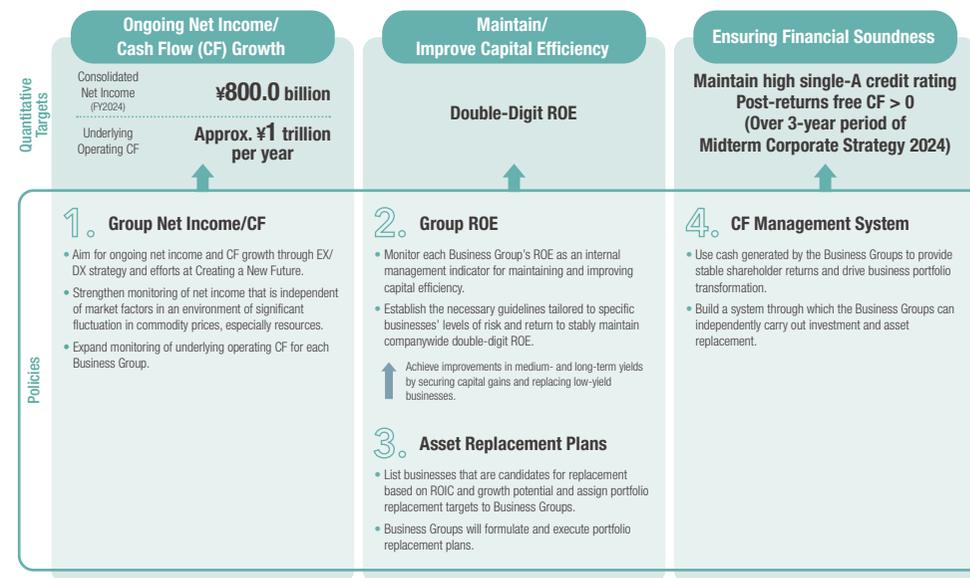
In order to improve our corporate value, we have accelerated initiatives under the [Value-Added Cyclical Growth Model \(page 15\)](#). Even for profitable businesses, we are proactively and strategically replacing our portfolio, in addition to promoting reinvestment of managerial resources and working to create new businesses for further growth. As part of this model, we are listing candidates for replacement based on ROIC and growth potential, allocating targets to each business segment, and encouraging independent asset replacement and yield improvement. We are attempting to enhance capital efficiency by securing capital gains and replacing low-yield businesses. For the businesses that are on the list, a dedicated team checks their progress every month, while monitoring projects through Value-Added Cyclical Growth Model reviews (discussions with management), ensuring the reliable execution of these initiatives.

For example, at one of our holdings which was put on the list for the Value-Added Cyclical Growth Model because of low performance, we strengthened the management foundation by seconding MC personnel to the company, and leveraging our knowledge of strategic planning of overseas production sites, and exploring tie-ups in regions and fields where we have strengths to enhance product sales, all working together to maximize corporate value. As a result, the consolidated operating income target originally expected to be achieved in FY2025 was actually achieved in FY2023. This is just one case, but by concentrating such efforts toward yield improvement and replacing our assets, the earnings improvement of these businesses in FY2023 was ¥60 billion compared to FY2021, and is expected to reach ¥100 billion in FY2024. Also, overall Company ROE, introduced as a monitoring tool to increase awareness of capital efficiency in each business segment, has made steady inroads, leading to independent initiatives by the business segments.

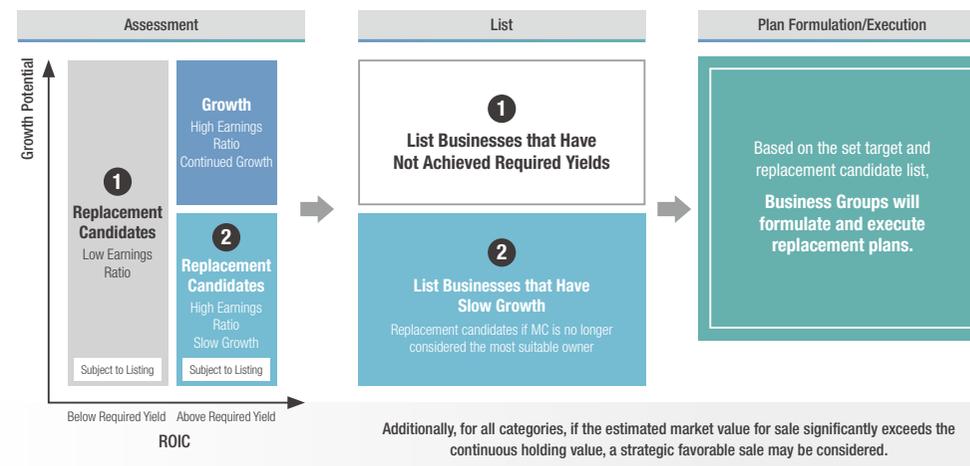
With regards to reducing listed cross-shareholdings, we recognize that this an important initiative from the perspective of capital efficiency improvement. Every year the Board of Directors verifies the significance of existing holdings, including their economic rationale, and proceeds with proactively reducing our listed cross-shareholdings as the significance of those holdings diminish. In FY2023, we sold ¥66 billion (sales amount on a market value basis), including ¥19.6 billion of shares held by the Company, a reduction of about 10% from the previous fiscal year.



Business Management Systems under Midterm Corporate Strategy 2024



Asset Replacement Process



Financial and Capital Policies

Message from our CFO

Strengthening the business portfolio and controlling capital costs through disciplined growth investment and risk management

For new investments, we have established quantitative standards based on factors such as industry and country for each individual project, and strictly choose projects upon comprehensive evaluation of their quantitative and qualitative characteristics. Also, from the perspective of business portfolios as a whole, we have put in place a framework to regularly monitor the general situation from such angles as headquarters, industry, country, and currency, allowing for companywide management to regularly review for concentrated risks and downward performance resilience.

In addition to strengthening our business portfolio through this kind of risk management, we are also working to suppress capital costs by continuously strengthening corporate governance for sustainable value creation, as well as strengthening stakeholder engagement, by addressing environmental and societal risks and enhancing information disclosures.

→ Please refer to [Our People \(page 20\)](#) and [Environmental and Social Capital \(page 24\)](#) for each initiative.

Raising dividends with consideration of market expectations

With regards to shareholder returns, we are basing our approach on a progressive dividend policy, aiming for a total payout ratio of 40% or more, and our policy is to flexibly execute additional returns while keeping a close eye on cash flow trends. When exploring yearly dividend increases and share buybacks, we are conscious of responding to market expectations while fully coordinating with the CSEO organization, which is in direct contact with the stock market. In FY2023, in addition to a dividend of ¥70 per share (totaling ¥290 billion), we executed share buybacks totaling ¥600 billion, including ¥500 billion of flexible additional returns announced in February 2024. In FY2024, in response to the growth in our earning power and the increased predictability of cash flows, and following a review of the balance between dividends and share

buybacks, we announced a dividend increase to ¥100 per share, based on the assumption of the continuation of our progressive dividend policy. The total dividend amount of approximately ¥400 billion is sufficient to cover the entire 40% total payout ratio for the full-year forecast, and we recognize that this is a reasonably high dividend level considering that the current business stage is a period of "Reinforce," "Enhance," and "Accelerate." However, we have decided on this with the belief that even if this level of dividend is maintained in the future, it will allow us to both promote growth investment and maintain financial soundness.

The final year of Midterm Corporate Strategy 2024 is FY2024, and while we will continue to be disciplined and aggressive in pursuing growth investment opportunities, we will also consider flexible additional returns based on the level of cash inflows and the status of our investment pipeline.

Maintaining high financial soundness through positive free cash flow after returns

We have long set a goal of achieving a single A credit rating, and as of June 2024, MC has been rated highly by S&P: A (stable), Moody's: A2 (stable), and R&I: AA (stable). In Midterm Corporate Strategy 2024, in order to maintain and improve our financial soundness, we have adopted a policy of maintaining positive post-returns free cash flow over a three-year period. Since then, due to strong performance and further progress in the Value-Added Cyclical Growth Model, the three-year cumulative cash inflow, which is the source of capital allocation, has increased from the ¥4.5 trillion forecasted at the time of the release of Midterm Corporate Strategy 2024 to ¥5.5 trillion, and the financial soundness of the Company has remained at a level above expectations. As a result, we recognize that in the future there is increasing room to utilize financial leverage as needed while maintaining our current credit rating, and we intend to continue to balance the expansion of growth investments with the enhancement of shareholder returns by taking advantage of our high cash generation capability, which is one of our strengths.

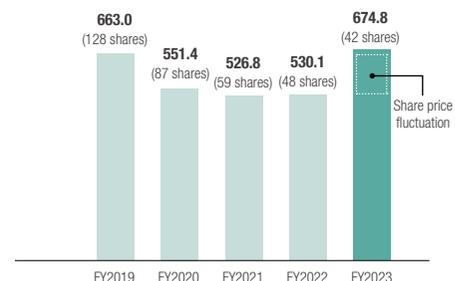
Cash Flow Allocation (As of June 30, 2024)

| | Items | Three Months Ended June 30 | Details | Cumulative Progress as of June 30 |
|----------|--|---------------------------------------|--|--|
| Cash In | Underlying operating CF ¥3.5 trillion | ¥313.6 billion | Solid progress in each segment. | ¥2.8 trillion (¥2,776.8 billion) |
| | Divestitures ¥2.0 trillion | ¥339.9 billion | Solid progress in asset replacement plan including gains from the divestiture of two steelmaking coal mines. | ¥1.8 trillion (¥1,807.1 billion) |
| Cash Out | Investments ¥3.0 trillion | ¥196.5 billion | Maintain/expand earnings base EX investments DX/Growth investments (Cumulative results under Midterm Corporate Strategy 2024) | Approx ¥150.0 billion (¥1.2 trillion) Approx ¥35.0 billion (¥0.6 trillion) Approx ¥15.0 billion (¥0.2 trillion) ¥2.0 trillion (¥2,047.0 billion) |
| | Adjusted FCF | ¥457.0 billion | Total underlying operating cash flows and investing cash flows | ¥2.5 trillion (¥2,536.9 billion) |
| Cash Out | Shareholder returns Latest forecast: ¥2.1 trillion | FY2022 FY2023 FY2024 (forecast) | ¥0.7 trillion (includes buybacks of ¥370 billion) ¥1.0 trillion (includes buybacks of ¥600 billion) ¥0.4 trillion (¥100 per share) | |

Status of Our Listed Cross-Shareholdings

(FY2019 to FY2023 at fiscal year-end)

(¥ billion)

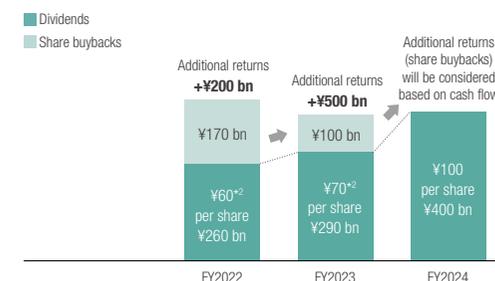


| Sale amount | ¥112.2 billion | ¥84.9 billion | ¥87.8 billion | ¥37.7 billion | ¥53.5 ^{*1} billion |
|-------------|----------------|---------------|---------------|---------------|-----------------------------|
|-------------|----------------|---------------|---------------|---------------|-----------------------------|

^{*1} Sales amount on a stock price basis at the end of fiscal 2022

Shareholder Returns during the Midterm Corporate Strategy 2024

(¥ billion)



| Total Payout Ratio (excl. additional returns) | 36% | 40% | Approx. 42% ^{*3} |
|---|---------|---------|---------------------------|
| Consolidated net income | 1,180.7 | 964.0 | 950.0 ^{*4} |
| Underlying operating CF (reference) | 1,284.7 | 1,178.5 | 950.0 ^{*4} |

^{*2} Historical dividends are adjusted in line with the January 1, 2024 stock split (three-for-one; pre-split dividend x 1/3; rounded to the nearest whole number).

^{*3} An estimate based on the FY2024 forecast.

^{*4} FY2024 forecast.

SECTION 02

21 Our 10-Year People Strategy: "DEAR"

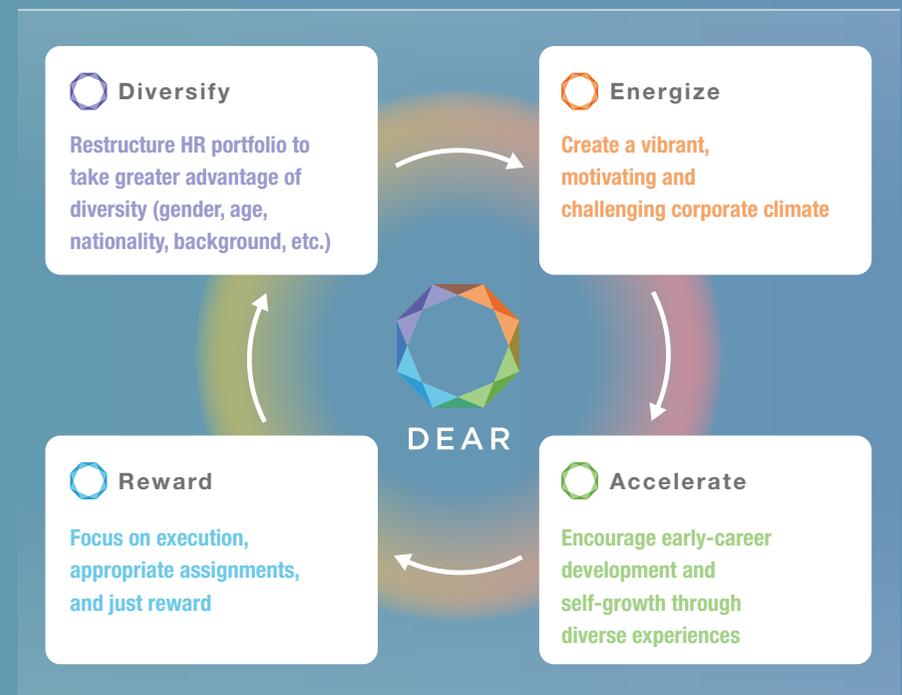
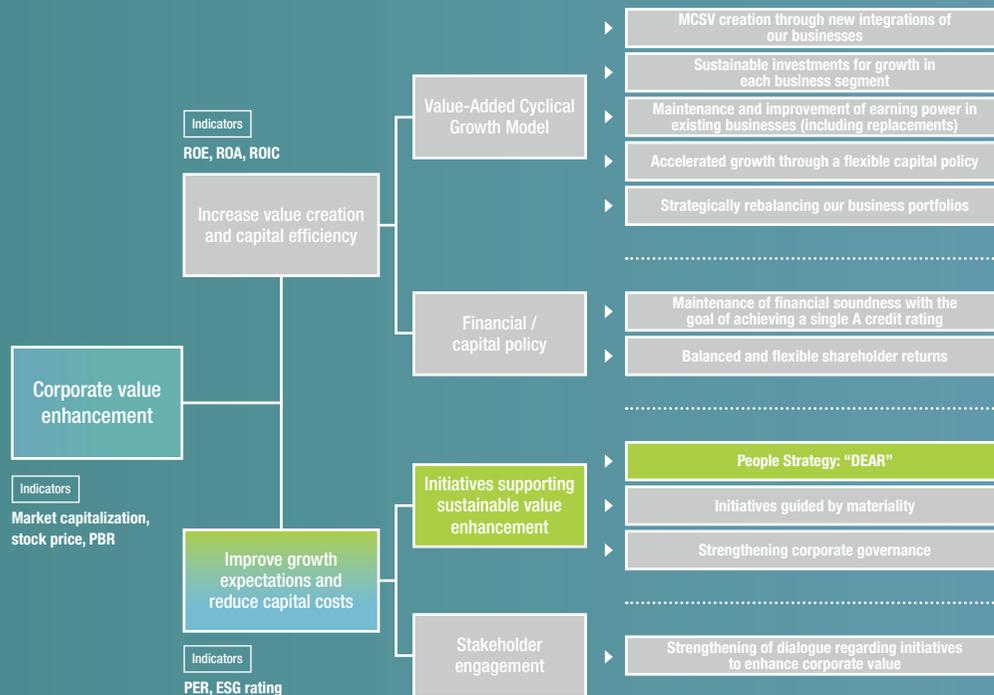
22 Key Themes in Talent Management

HIGHLIGHTS

- We conceived our MC HR Vision "DEAR" people strategy to solidify our position as an attractive employer in a rapidly changing business environment, to hire and retain outstanding talent, and to continue to develop professionals that contribute to value creation.
- "DEAR," which stands for "Diversify, Energize, Accelerate, and Reward," enables the development of versatile and diverse employees to successfully take on societal and industrial challenges as set out in Midterm Corporate Strategy 2024.

Enhancing Corporate Value

Our People



Our 10-Year People Strategy: “DEAR”

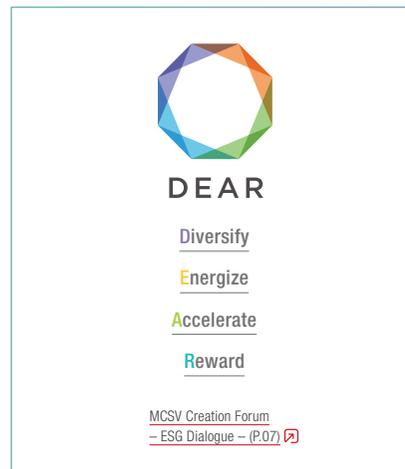


MC has worked to address societal challenges and create new value over the years, undergoing various transformations. During this time, our people have continued to be our greatest asset, and the source of our value creation. Recent trends in people management include the increased difficulty of talent acquisition and the diversification of employee values. In addition, the relationship between companies and employees is shifting from traditional hierarchical structures to more of a partnership-style approach, where both aim to grow together. With these changes, we believe that a key focus for us as a company is our ability to attract and retain exceptional talent, to continue to produce the next generation of leaders, and to continuously create and enhance corporate value and MCSV.

As a result, we established our Vision “DEAR” (Diversify, Energize, Accelerate, and Reward), looking ahead to the next 10 years.

“DEAR” is comprised of four components 1. develop a diverse talent base to work together to create value (Diversify), 2. foster a corporate culture where employees can challenge themselves and leverage their capabilities (Energize), 3. enable diverse work experiences and support independent career development (Accelerate), and 4. provide the right mix of compensation, talent placement and responsibilities, to attract diverse talent (Reward).

We also chose to pick the acronym “DEAR” because we have strong belief that each one of our employees are “dear” and valued asset of the company.



Initiatives promoted based on the concepts of “DEAR” to achieve our management strategy

By addressing societal challenges and creating MCSV, our employees contribute to MC’s value creation, having cultivated conception and execution skills as well as high moral and ethical standards through their unique work experiences, while connecting our people and businesses with each other to create new value and address societal issues. From a people perspective, we aspire to be a “company that connects diverse and versatile human capitals who take on the challenge of

addressing societal and industrial issues with satisfaction and pride,” based on the concepts of “DEAR”. We are developing and implementing various people-related initiatives as mentioned in our Midterm Corporate Strategy: 1. Strategic experience-based HR development model for sustainable “value creation leaders” provision, 2. Organization culture cultivation and work environmental evolvments for MCSV creation.

| Corporate Strategy | MC HR Vision “DEAR” | Human Capital Theme | Initiatives | Details | Performance Indicators (Example) |
|--------------------|--|--|--|---|---|
| MCSV Creation | Goal The company boasts diverse and versatile professionals who together embrace the challenges posed by society and industry and work hard to come up with innovative solutions | People Strategy Strategic experience-based HR development model for sustainable “value creation leaders” provision A R | Talent visualization | Optimize talent placement based on interviews with personnel in key positions | <ul style="list-style-type: none"> Number of employees assigned to key positions: 700 approx. Number of employees interviewed for key positions: 500 approx. |
| | | | OJT | Versatile experience provision based on career stages and our diverse business portfolio | <ul style="list-style-type: none"> Percentage of employees with external secondment experience: 82% Percentage of employees with overseas secondment experience: 74%*1 |
| | | | OFF-JT | Provide off the job training opportunities to obtain skills that cannot be learned on the job | <ul style="list-style-type: none"> Investment in HR: ¥3.3 billion per year*2 approx. |
| | | | Strengthen Employee Engagement | DE&I policies and Women empowerment | <ul style="list-style-type: none"> Employee engagement: 77%*3 Employee enablement: 71%*4 Percentage of women in management-level positions: 12% approx. Number of career autonomy transfers: 61*5 |
| | | Strengthen Employee Engagement Organization culture cultivation and work environmental evolvments for MCSV creation D E | Creation of a corporate culture conducive to MCSV creation | Expansion of career autonomy activities and process innovation | |

*1 All employees in managerial positions or higher as of April 1, 2024.

*2 Detailed definitions of values listed on P.22

*3, 4 KPI indicator and target value is 65% affirmative response rate maintained every fiscal year

*5 Includes planned transfers

Key Themes in Talent Management

Human Capital Theme

Strategic experience-based HR development model for sustainable “value creation leaders” provision

In order to enhance corporate value through MC’s Value-Added Cyclical Growth Model, we require our employees to exhibit exceptional conception and execution skills, as well as high moral and ethical standards. In addition to assigning the right people to the right positions, we have set up a rotational system to develop the next generation of talent by exposing our people to a wide range of experiences and business models, e.g.,

management, corporate/group companies, domestic/overseas offices etc.

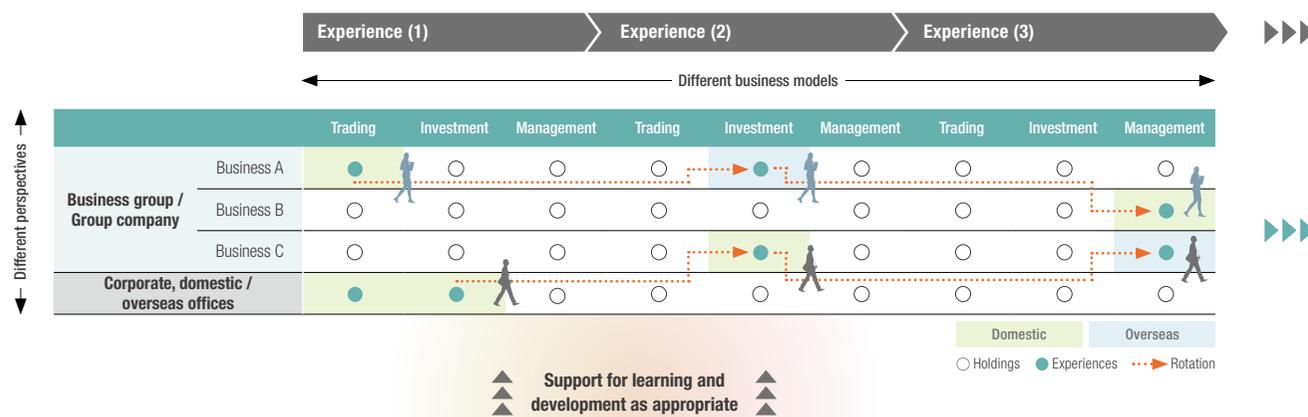
Also, to enhance the employee experience during this on-the-job training (OJT), we provide diverse and full training opportunities based on each individual employee’s development stage and needs.

As a result, our employees are able to develop conception and execution skills, as well as high moral and ethical standards, which are

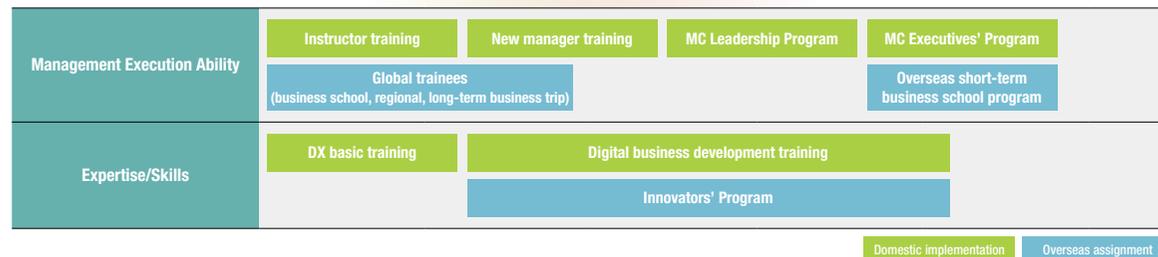
critical for shared value creation, as well as individual career development.

Moreover, these initiatives will help us identify and optimize the placements of high-performing individuals for key roles in the organization. We will also analyze and leverage the data we collect to develop the next generation of leaders.

Leveraging our broad business portfolio to provide our people with a wide range of work experiences



Learning and Development Support



Results of our Talent Development Model

Employees assigned to key positions

We are working to create value by filling approximately 700 key positions (on a consolidated basis) with our employees who developed their capabilities and leaderships based on our unique employee lifecycle.

Number and Type of Positions

Visualization of duties

- 700 positions approx.
- Overseas: 30% / Domestic: 70%
- Head Office: 40% approx. / Seconded to group companies: about 45% / MC offices: 15%

In addition, we are capturing the capabilities of these assigned employees by conducting approximately 500 interviews.

Talent Visualization



OJT

Analysis of 500 interviews. Capability development through the following kinds of experiences:

Indicators

- Experience with overseas management: 89%*
- Experience in starting new businesses/ internal projects: 77%*

*Percentage of the approximately 500 employees interviewed and assigned to key positions who have this experience (based on self-reporting)

OFF-JT

Maximization of actual work results, provision of diverse training opportunities as appropriate.

Indicators

- HR investment: ¥3.3 billion / year* approx.

*Includes training/education supervised by the Global HR Dept., external training, and incidental expenses incurred in training for long-term overseas stays.

Key Themes in Talent Management

Human Capital Theme

DE&I and Women Empowerment

MC is promoting DE&I initiatives in order to improve employee engagement and further value creation. In FY2023, we established a company-wide working group (DE&I Working Group) comprising a diverse range of members, which set out to clarify the positioning of DE&I, identify priority issues, and propose a roadmap, including initiative proposals. In FY2024, we began rapidly implementing these initiatives, and have also begun new initiatives to foster a corporate culture that accepts diverse and versatile employees.

DE&I Positioning, Vision and Initiatives

Positioning

DE&I is necessary for Mitsubishi Corporation to achieve sustainable growth.

- Expansion of businesses: Evolution/transformation of existing businesses, creation of new businesses
- Enablement of each employee's capabilities: Fully bring out the true potential of each employee
- Recruiting talent: Attracting diverse and versatile talent through creation of an attractive workplace

Vision

A strong, flexible organization in which all of our diverse and versatile employees fulfill their potential and are highly adaptable to change

Diversity

Promoting diversity and versatility

Equity

Provide resources, opportunities, and the necessary information to realize one's capabilities in response to a variety of situations and circumstances.

Inclusion

Welcome the diversity and versatility of each employee and ensure they can realize their maximum potential.

Initiatives

Company-wide Initiatives

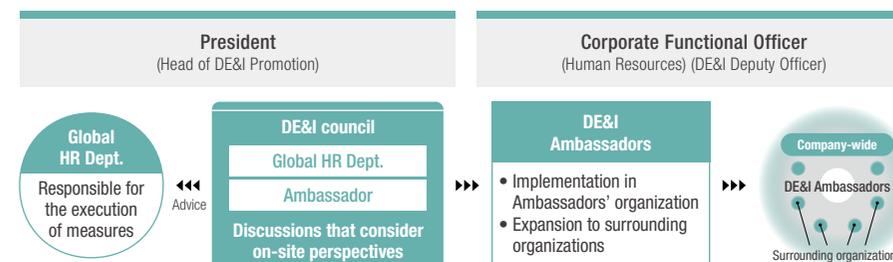
- Education: Training, VR experience (LGBT, family care, working mothers), sessions for SVPs, DE&I awareness week
- Implementation: Establishment of a DE&I council/DE&I ambassadors (see right)
- Assessment: DE&I survey
- Improvement of work environment: Free-addressing system, multipurpose restrooms, prayer rooms
- Support systems: Work-life balance support systems for childcare and family care (MC Childcare Concierge, MC Gakudo service, etc.), support for employees on overseas assignments accompanied only by children, reemployment system for accompanying spouse transfers

Initiatives for each category

- Women: Setting goals and milestones of women ratio (see right)
- Seniors: Private counseling by the Career Design Center, support for external career changes
- Disabilities: Expansion of employment opportunities through a special-purpose subsidiary

Establishment of the DE&I council/the DE&I ambassadors

Establish a company-wide DE&I ambassadors, and implement initiatives including trial initiatives in "the specified departments/offices." Promote DE&I through creating good practices. Furthermore, the general manager of the DE&I ambassadors serves as a member of the DE&I council, and along with the Global HR Dept., is responsible for the execution of these initiatives, and engages in discussions that consider on-site perspectives.



Goals and milestones for women empowerment

Empowering women is positioned as an important driver for the promotion of DE&I. To enable the sustained development of management executives, we have set appropriate milestones for the end of the fiscal year ending March 31, 2028 and the end of the fiscal year ending March 31, 2031, and are working to strengthen the pipeline and increase the percentage of women hired by MC.

| | | Milestones | | | Goal |
|-------------|----------------------------|---------------------|--|--|---|
| | | As of April 1, 2024 | End of the fiscal year ending March 31, 2028 | End of the fiscal year ending March 31, 2031 | |
| Pipeline | General Managers | 2.6% | 5% | 10% | Percentage of women at all levels 30% |
| | General Manager Candidates | 7.8% | 10% | 15% | |
| | Managerial Staff | 11.9% | 15% | | |
| Recruitment | Mid-Career Hires | 11% | Through FY2025-FY2027 25-35% | Set based on initiatives and progress | |
| | New Graduate Hires | 27% | Through FY2025-FY2027 30-40% | | |

Notes:
 1. Data is as of April 1, 2024. Also the percentage of women executives under the Company Act is 26.7% (as of June 21, 2024).
 2. "General Manager Candidates" refers to those who are in positions of leading people, organizations, and projects.
 3. Each milestone set for the end of the fiscal year will be monitored according to the data as of April 1, 2028 and April 1, 2031.
 4. 30% is considered as a critical number of personnel needed in order to to affect corporate culture and decision-making as an influential body.

SECTION 02

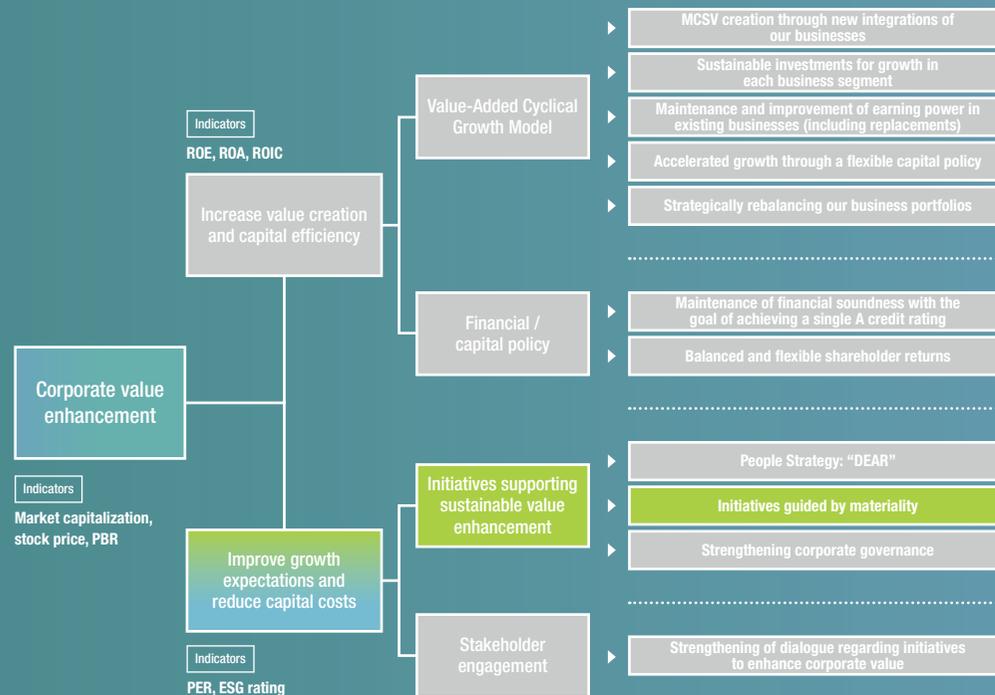
25 Sustainability at MC

HIGHLIGHTS

- We are implementing initiatives to enhance medium- to long-term corporate value, as guided by our Materiality.
- We are integrating our eight material issues into our internal mechanisms to effectively pursue business opportunities and respond to risks appropriately.

Enhancing Corporate Value

Environmental and Social Capital



Sustainability at MC

Sustainability Website [↗](#)

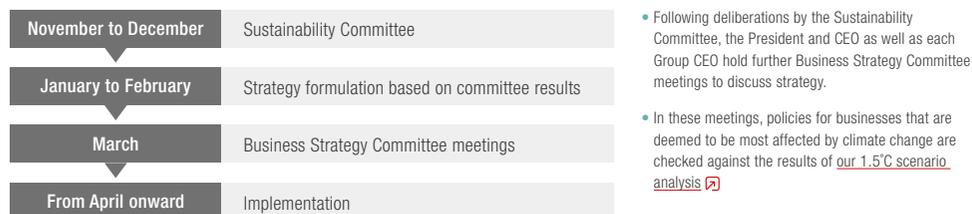
MC's "Three Corporate Principles" call upon us to "strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment."

In recent years, as expectations and demands for companies to address various societal challenges have been increasing, the importance of addressing these societal challenges has also increased in order to enhance sustainable corporate value. MC has set out its Materiality as a set of crucial societal issues that we will prioritize through our business activities, and in order to appropriately take advantage of the business opportunities surrounding these issues and respond to risks in a timely fashion, we have formulated a business strategy that takes sustainability into account, and we have established a progress management process based on predefined goals.

1. Promoting Sustainability Through Business (Taking Advantage of Business Opportunities)

We view changes in the external environment and societal issues as both business opportunities and risks. As a result, we have established a framework through which both corporate staff as well as business groups proactively promote sustainability.

Cycle for Integrating Sustainability into Business Strategy



Specifically, we are expecting to create and expand new businesses in the medium to long-term towards a carbon-neutral society. In areas where cross-industry initiatives will be required, we believe that MC, with its extensive industrial footprint, will play a significant role and we are working to build a business model based on a global perspective while consolidating our expertise.

Case Studies

[Please click here for details on our signature decarbonization businesses](#) [↗](#)

Business 1: Renewable Energy Business Initiatives

Enhancing a wide variety of initiatives from power generation to retail centered on renewable energy both in Japan and overseas.

Business 2: Expanding our Supply of Next-Generation Resources Critical for Electrification

Working to expand our businesses related to critical minerals such as copper and aluminum, which will underpin next-generation societal electrification.

Management Reference Indicator (Example)

We disclose avoided emissions as a quantitative indicator to measure the degree of contribution we are making to the reduction of GHG emissions of society as a whole, as well as the extent to which we are capturing business opportunities in the transition to a decarbonized society.

- Renewable energy: Approx. 3 million t-CO₂e (per year); copper: approx. 50 million t-CO₂e (lifetime)

Note: [Calculation formulas, points to note, and avoided emissions of other products](#) [↗](#)

2. Sustainable Growth Support for Individual Businesses (Appropriate Responses to Environmental and Social Risks)

MC confirms the significance of each project against our Materiality when making decisions on [individual investment and finance proposals](#) [↗](#), while conducting evaluations on environmental and societal risks and opportunities. Furthermore, after a project has been implemented, we check on the project's sustainability by evaluating the status of our response to these risks and opportunities, considering external trends, stakeholder demands, and international standards that change on a yearly basis.

Key Environmental and Social Risks

Climate Change (GHG Emissions)

Based on the understanding that reducing GHG emissions is essential for enhancing sustainable corporate growth, we have formulated our "Roadmap to a Carbon-Neutral Society," and we ensure that our business development is consistent with it.

Business Management Indicator and Target

Scope 1 and 2 reduction targets: Halve by FY2030 (FY2020 baseline)

- FY2023: 22.08 million t-CO₂e (down 530,000 t-CO₂e from the previous year)
Down 13% from FY2020 baseline

→ [Please see "ESG Data"](#) [↗](#) in the data section for details (P.49)

Scope 3 Initiatives (Value chain emissions)

- MC was at the forefront of disclosure of Category 11 emissions, which represents our highest Scope 3 emissions category. Going forward, we aim to collect emissions data on a consolidated and global basis in order to expand our disclosure categories.
- To reduce Scope 3 emissions, we will work together with customers and partners to contribute to tackling this societal challenge of reducing emissions, while leveraging our broad industrial network.

Human Rights (Occupational Safety and Health)

Establishing environments where employees and contractors can work with peace of mind is essential to creating sustainable corporate value, and we are promoting groupwide occupational safety and health management.

Business Management Indicator and Target

Reduce Lost Time Injury Frequency Rate (LTIFR) every year

- FY2023: 1.75 (down 0.23 from FY2022)

→ [Please see "ESG Data"](#) [↗](#) in the data section for details (P.50)

Natural Capital (Biodiversity)

Conducting [risk analysis using the TNFD Framework](#) [↗](#) to grasp to what extent our businesses have dependencies and impacts on nature.

Business Management Indicator and Target

Deepen the TNFD trial analysis conducted in FY2022 and FY2023 and aim to disclose results in line with the TNFD by FY2025.

Sustainability at MC



List of Materiality-related Measures

To promote the effective creation of MC Shared Value, MC's corporate staff and business groups establish "Action Plans", which serve as medium-term plans relevant to the material issues for each business or initiative, and track their progress through annual reviews. MC has thereby established a system to confirm how our businesses and initiatives lead to the creation of MCSV.

| | Materiality | Overview | Typical Measures / Action Plans |
|---|--|---|--|
| Realizing a Carbon-Neutral Society and Striving to Enrich Society Both Materially and Spiritually | <u>Contributing to Decarbonized Societies</u> | Contributing to the realization of decarbonized societies by striving to reduce greenhouse gas (GHG) emissions, while providing products and services that support decarbonization during transition period. | <ul style="list-style-type: none"> Roadmap to a carbon-neutral society Doubling renewable energy power generation capacity Implementation of next-generation energy supply chains Supply of mineral resources to promote an electrified society CCUS initiatives 1.5°C scenario analysis Response to physical risks |
| | <u>Conserving and Effectively Utilizing Natural Capital</u> | Recognizing the Earth itself to be our most important stakeholder, we strive to maintain biodiversity and conserve natural capital, and work to create circular economies while reducing our environmental footprint. | <ul style="list-style-type: none"> Promotion of a circular economy Assessment of environmental dependencies and impacts by utilizing the TNFD framework |
| | <u>Promoting Stable, Sustainable Societies and Lifestyles</u> | Promoting sustainable societies and lifestyles of the future through businesses in a variety 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. | <ul style="list-style-type: none"> Fulfilling our responsibility to ensure a stable energy supply to support the transition period Ensuring a stable supply of high-quality steelmaking coal Ensuring a sustainable food supply |
| | <u>Utilizing Innovation to Address Societal Needs</u> | Creating businesses that help to address societal needs while working to spur major industry reforms that are supported by business innovation. | <ul style="list-style-type: none"> Building a cross-industry digital ecosystem Reducing food waste Providing solutions to 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 |
| | <u>Addressing Regional Issues and Growing Together with Local Communities</u> | 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. | <ul style="list-style-type: none"> Creating self-sustained decentralized communities Developing and managing smart cities Providing solutions for regional transportation challenges through on-demand mobility services |
| | <u>Respecting Human Rights in Our Business Operations</u> | We respect the human rights of all stakeholders involved in promoting our diverse operations worldwide, and pursuing solutions for value chain-related issues, while considering the local conditions in each country. | <ul style="list-style-type: none"> Implementing human rights due diligence for business activities Ensuring the safety of employees Supply chain management |
| Striving to Serve as a Platform for Generating Triple-Value Growth | <u>Fostering Vibrant Workplaces that Maximize the Potential of a Diverse Workforce</u> | Recognizing that our people are the greatest assets of our businesses, we 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 employees share common values and grow together while furthering their connections and inspiring one another to excel. | <ul style="list-style-type: none"> Talent management strategy Strengthen employee engagement Data utilization |
| | <u>Realizing a Highly Transparent and Flexible Organization</u> | While swiftly responding to changes in the business environment, we strive to realize effective governance on a global, consolidated basis and maintain/strengthen a sound organization that is transparent and flexible. | <ul style="list-style-type: none"> Incorporating global intelligence into management Flexible organizational restructuring Transparent and effective operation of the Board of Directors |

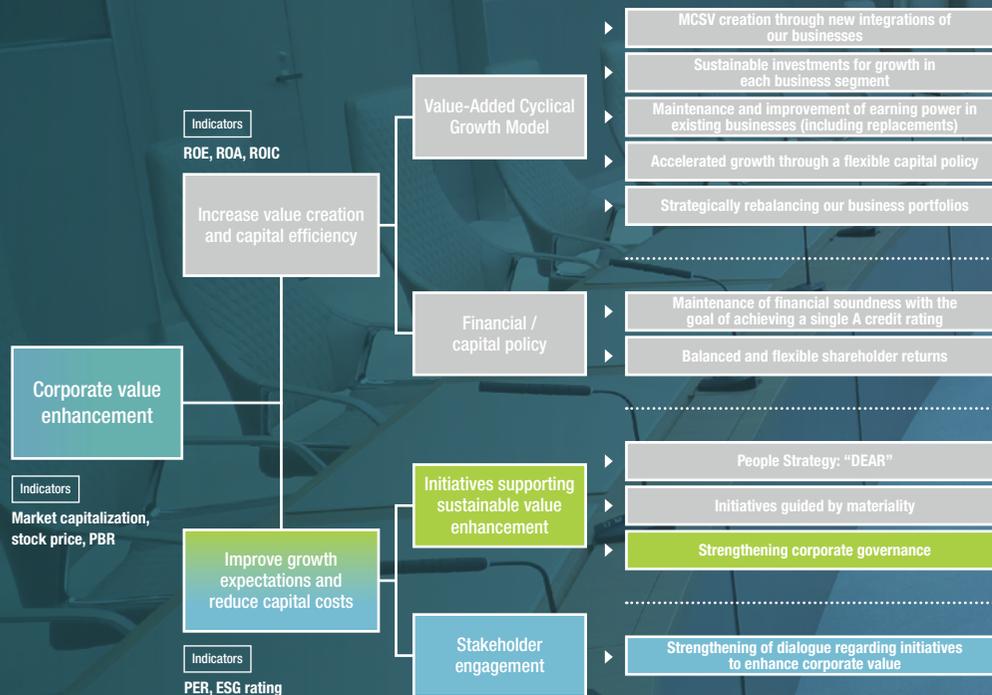
SECTION 03

Corporate Governance

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Discussion with the Board Advisory Committee Chairpersons
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- 37 Stakeholder Engagement

HIGHLIGHTS

- By transitioning to the Company with an Audit & Supervisory Committee, we have strengthened and augmented the monitoring function of the Board of Directors, while enhancing our ability to quickly respond to changes in the business environment and working toward improving corporate value.
- Executive compensation is linked to business performance and is designed to highlight the need to enhance medium- to long-term corporate value.
- We have strengthened two-way engagement with stakeholders and continue to promote initiatives for corporate value enhancement.



Special Feature: Discussion with the Board Advisory Committee Chairpersons

DIALOGUE

Further Strengthening of Corporate Governance to Support Corporate Value Enhancement

When MC transitioned to an Audit & Supervisory Committee structure in June 2024, the Governance, Nomination and Compensation Committee, an advisory body to the Board of Directors, was split into two committees: the Corporate Governance and Nomination Committee, and the Compensation Committee. Chairperson of the Board, Mr. Kakiuchi, who is the Chairperson of the Corporate Governance and Nomination Committee, and Independent Director Ms. Akiyama, the Chairperson of the Compensation Committee, discussed MC's corporate governance following this transition.



Takehiko
Kakiuchi
Chairman
of the Board



Sakie
Akiyama
Independent
Director



What are your thoughts on MC's transition to the Company with an Audit & Supervisory Committee in June 2024, as well as the process that led to the enhancement of the corporate governance system?

Akiyama: It is extremely important to have essential dialogue and transparency to build trust between the executive board members and monitoring board members and ensure the effectiveness of the Board of the Directors. I think that one of MC's strengths is that both in-house and independent directors are always aware of this point. With this in mind, I believe that we have been able to engage in continuous and thorough discussions via the Board of Directors and the Governance, Nomination and Compensation Committee to determine what the most appropriate corporate structure is for MC. What are your thoughts, Mr. Kakiuchi?

Kakiuchi: I agree. To build an appropriate governance structure, the most important thing is to establish mutual trust between the executive and supervisory sides. Therefore, I believe it is important to create an environment in which the executive side effectively shares necessary information with the supervisory side, including the independent directors, so

that they have the full picture of MC's situation, and can quickly make decisions. As Chairperson of the Board of Directors, I am the bridge between the supervisory and executive sides, so I am strongly aware of this. In preparation for this corporate transition, we have had continuous discussion regarding what would be the most suitable corporate design and structure to enable such an environment.

Akiyama: In the Governance, Nomination and Compensation Committee, we had multiple debates about this transition's targets, considering the history of MC's governance.

Kakiuchi: Up to this point, MC had been a company with an Audit & Supervisory Board, which is a typical example of a management board that places importance on the Board of Directors' decision-making function. However, even under that structure, we had strengthened our corporate governance by advocating for the separation of oversight and execution. Specifically, we raised the thresholds for Board review of investment and financing proposals, expedited decision-making, and reviewed the role of the Board of Directors, as well as the items to be discussed and the methods of deliberation, thereby increasing the time available to closely discuss the overall direction of the Company. These efforts have helped the Board of Directors evolve into their so-called monitoring role, or, in other words, the new

structure emphasizes the monitoring function of the Board of Directors.

As we have discussed many times at both the Board and committee levels, the external environment surrounding the Company has changed in a complex and surprisingly fast manner, especially in recent years. It has become increasingly important to stay ahead of these changes and flexibly and decisively respond to them.

Now as a company with an Audit & Supervisory Committee, the authority to execute important operational decisions can be transferred to the executives. As a result, the speed of executive decision-making has increased, and at the same time, the Board of Directors can place greater focus on its monitoring function. I believe that this is a governance structure that can rapidly respond to changes in the business environment.

Akiyama: Listening to Mr. Kakiuchi just now brought back clearer memories of the discussions from that time. As he says, the monitoring function of the Board of Directors as a company with an Audit & Supervisory Board had matured, and based on that, the decision was made to transition to a new corporate structure after many years of discussions to further evolve the effectiveness of the Board of Directors, which I think is highly commendable.



With regards to the Board Advisory Committee structure, what was the background for moving to the two-committee system with both a Compensation Committee and a Corporate Governance and Nomination Committee?

Kakiuchi: I believe the ideal corporate governance structure is always changing. In other words, because the in-house and external environments are changing every day, it is necessary to constantly seek out the ideal structure based on those changes.

Akiyama: That is why, although MC previously had a single committee structure consisting of a single Governance, Nomination and Compensation Committee, we ultimately decided that it would be appropriate to split the committee into two to allow for deeper discussions of each of these subjects.

Kakiuchi: Exactly. I am sure Ms. Akiyama remembers that we spent many hours discussing how to split the original committee. Ultimately, we determined that discussions involving "nomination," meaning the selection of directors and successors to the President and CEO, and all facets of

Special Feature: Discussion with the Board Advisory Committee Chairpersons

corporate governance, such as corporate structure, size, and composition of the Board of Directors, and Board operations, including evaluation of the Board's effectiveness, should be deliberated by one body. We also determined that both nomination and governance should continue to be covered by one committee.

Akiyama: I think this way of splitting the committee is unique to MC. Generally, it is nomination and compensation that are linked, not governance and nomination. What is important is pursuing the ideal structure to allow us to effectively deliberate on corporate value enhancement. The in-house and independent directors very carefully discussed this point over and over and agreed to go with a two-committee framework, based on MC's needs. I have been involved in MC's management for many years and feel that combining governance and nomination into one committee is very effective.



What do you both think of the new system as the chairperson of each committee respectively?

Corporate Governance and Nomination Committee

Akiyama: As Mr. Kakiuchi mentioned earlier, we spent considerable time exploring the committee framework, and at the same time discussed the attributes of the committee chairpersons. A typical point in question for a nomination committee is whether the framework ensures the effectiveness of the process for dismissing the President and CEO. However, the process at MC was for full deliberations to be held by the nomination committee, the advisory body, before being sent up to the Board of Directors, the organization that makes the final decision, so we were aware in advance that this would function without issue, regardless of the attributes of the chairperson.

So, on top of that, we explored what kind of committee chairperson was needed for MC. Since MC engages in business across a wide range of industries, we believe it is necessary to have the Chairperson of the Board, who has

experience on the executive side as the President and CEO, serve as the committee chairperson to hold in-depth discussions based on their deep understanding of MC's business without deviating from the point in question. Mr. Kakiuchi has served as Chairperson of the Board. You also served as Chairperson of the Governance, Nomination and Compensation Committee. I noticed that your style involves listening to all opinions before providing the points in question from a bird's-eye view, which is the starting point for deeper management discussions. This helps the attendees be satisfied in accepting the conclusions of these discussions and ensures that the opinions of independent directors are appropriately reflected in organizational management. From that perspective, I agree with the opinion that it is appropriate for MC's governance to continue having the Chairperson of the Board as the committee chairperson.

Kakiuchi: I also appreciate this point. In addition, we discussed the composition of each committee, specifically, that all independent directors should become members of the Corporate Governance and Nomination Committee. As I mentioned before, because we are in a time of tumultuous and rapid change, where big transformations can occur, I have always strongly felt that I would like to have the all independent directors join discussions about basic policy and corporate governance measures. I told everyone that I wanted to deepen discussions by always having the directors on the same page, including through frank exchanges of opinions.

Akiyama: As an independent director of the committee, I strongly agreed with Mr. Kakiuchi's thinking. As he and President and CEO Nakanishi are always advocating, in order to ensure the effectiveness of the Board of Directors, all the necessary information must be shared with the independent directors of the committee. In addition, creating consensus among the independent directors is necessary to hold substantive discussions. At MC, we carefully proceed with our deliberations and place importance on arriving at trustworthy solutions, so from that perspective, it is natural to have all of the independent directors become members of the Corporate Governance and Nomination Committee, and I believe that this is the ideal composition at this time.

Kakiuchi: Yes. We currently have this framework, but it is

necessary to constantly and continuously review the most suitable committee composition, and I would like to do this with members of the committee, based on the external environment and operational status of the Board of Directors.

Akiyama: Agreed. We will continue to review the structure so that it can be passed on to future generations.

Compensation Committee

Akiyama: It is the Board of Directors' role to design a management compensation structure that functions as an effective incentive for sustainable growth, and to achieve this, we need thorough deliberation at the Board Advisory Committee. Going forward, as we expand the agenda items relating to compensation, such as the evaluation of non-financial performance indicators, the Board Advisory Committee and the Board of Directors have agreed to enhance the Compensation Committee's scope by making it independent of the Governance, Nomination and Compensation Committee, and also to make the independent director chairs of the Compensation Committee to ensure objectivity in monitoring.

Kakiuchi: Based on these discussions, we decided to appoint Ms. Akiyama as the chairperson of the Compensation Committee.

Akiyama: I feel that the Compensation Committee plays an important functional role in supporting the executive side's initiatives to enhance corporate value from a compensation perspective.

Kakiuchi: Also, to further deepen discussions, the number of Compensation Committee members is limited, unlike the Corporate Governance and Nomination Committee. However, we have decided that all independent directors are required to attend and discuss the sustainability evaluation of executive compensation and the evaluation of the President and CEO's performance.

Akiyama: With regards to this operating structure, there was a consensus across the Board Advisory Committee and the Board of Directors that this structure can be expected to deepen our deliberations.

Kakiuchi: We recognize that it is important to not only discuss within the Compensation Committee, but also to

share the content of those discussions with the Corporate Governance and Nomination Committee in a timely and appropriate manner, so that we can carefully proceed without losing sight of the big picture.

Akiyama: Yes, exactly. This fiscal year we are planning to have many discussions about compensation. As the chairperson of the Compensation Committee, I intend to tackle this issue sincerely, keeping in mind information sharing between the two committees and the expansion of information availability for investors.



Lastly, what can we expect from the new governance system?

Kakiuchi: FY2024 is a critical year where we will review the current midterm corporate strategy, and also be involved in formulating the new Midterm Corporate Strategy. We want to support the formulation and execution of better strategies by combining the expertise of our in-house directors, who have a companywide management perspective, with that of the independent directors to have many discussions regarding the Company's strategic direction. To that end, we are not only discussing individual items, but also sharing MC's overall approach to investment trends and policies with the independent directors on a regular basis, and we would like to continue doing so in the future.

Akiyama: After MC transitioned to a Company with an Audit & Supervisory Committee, I feel that there is more time to share off-topic reports on projects related to MC Shared Value with the Board. I am very grateful for that and feel it is very important.

Kakiuchi: The expertise and perspective of all independent directors is increasingly important for furthering MC's development, and I will be very grateful for their continued support.

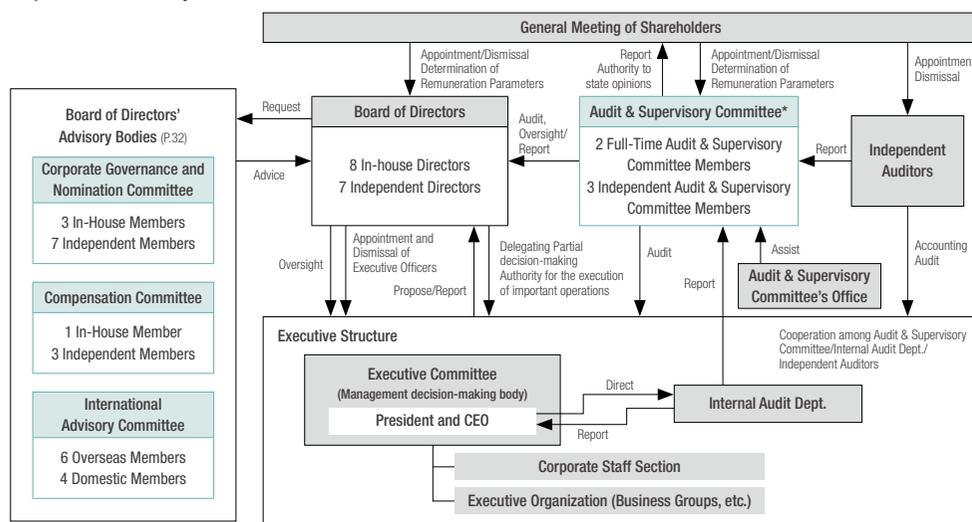
Corporate Governance

Main agenda items of the Board of Directors in the fiscal year ended March 31, 2024

Basic Policy

With the Three Corporate Principles for a corporate philosophy, MC strives to continuously increase corporate value through corporate activities rooted in the principles of fairness and integrity. MC believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of all its stakeholders. In order to achieve these goals, MC recognizes the continuous strengthening of corporate governance as a fundamental management policy since it is the foundation for ensuring sound, transparent, and efficient management. Since the 2000s, MC has been promoting corporate governance reforms under this basic policy. To realize management and business execution that promotes growth while anticipating changes and transforming and strengthening businesses, MC continuously strives to increase corporate value while ensuring sufficient deliberation and effective oversight by the Board of Directors. While MC continues to enhance the function of corporate governance as company with an Audit & Supervisory Board, MC transitioned to a Company with an Audit & Supervisory Committee in June 2024 in order to further enhance our ability to respond to accelerating changes in the current external environment surrounding MC's businesses. In addition to expediting decision-making through the delegation of authority, this transition will also enhance and improve the monitoring function of the Board of Directors by enhancing deliberations centered on management policies and strategies at the Board of Directors' meetings, thereby increasing corporate value.

Corporate Governance System



*It is composed of Directors who are Audit & Supervisory Committee Members

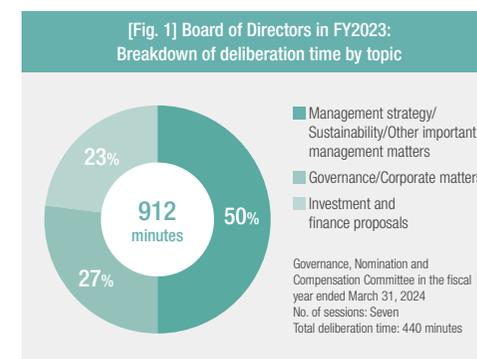
Enhancement of Matters Deliberated by the Board of Directors

MC has been promoting the enhancement of matters deliberated by the Board of Directors before the transition to a company with an Audit & Supervisory Committee by devising ways to select deliberation matters and the manner of deliberations to enhance the Board's monitoring functions. As a result, half of the deliberation time is dedicated to management policies and strategies (Fig. 1). We are also making efforts to use other opportunities than the Board of Directors' meetings to deepen information sharing and deliberations.

Matters Deliberated by the Board of Directors in the Fiscal Year Ended March 31, 2024

In the fiscal year ended March 31, 2024, the Governance, Nomination and Compensation Committee met seven times (five times in the fiscal year ended March 31, 2023) and held a series of deliberations regarding changes to the corporate structure and corporate governance system. These deliberations were then reported to the Board of Directors.

At the same time as the transition to a company with an Audit & Supervisory Committee in June 2024, we raised the quantitative standards for the discussion and reporting of investment and finance proposals. We will continue to enhance deliberations on management policies and strategies.



Use of Other Opportunities than Board of Directors' Meetings and its Advisory Bodies

- Briefing Sessions Before Board of Directors' Meetings**
 Prior to each Board of Directors' meeting, opportunities are created for the management executives of the Corporate Staff Section and Business Groups to provide explanatory summaries of the agenda items for which they are responsible to Independent Directors. Timely information that helps enhance deliberations is appropriately shared.
- Dialogue with CEO and Other Executive Officers**
 Numerous opportunities are set up for dialogue on business strategies and other topics of each Corporate Staff Section and Business Group with, Corporate Functional Officer, Business Group CEOs, Business Division COOs, etc.
- Meetings of Independent Directors**
 Meetings are held regularly to provide a forum for free discussion among Independent Directors on a wide range of topics. In the fiscal year ended March 31, 2024, proactively set up meetings where the Chairman of the Board, President and CEO, and other executive officers were invited to exchange opinions on management strategies.

Record of Meetings Held in FY2023

Briefing Session Before Board of Directors' Meetings
Total: **13 times/33 hours**

Dialogue with CEO and Other Executive Officers
Total: **70 times**

Meetings of Independent Directors
Total: **6 hours**

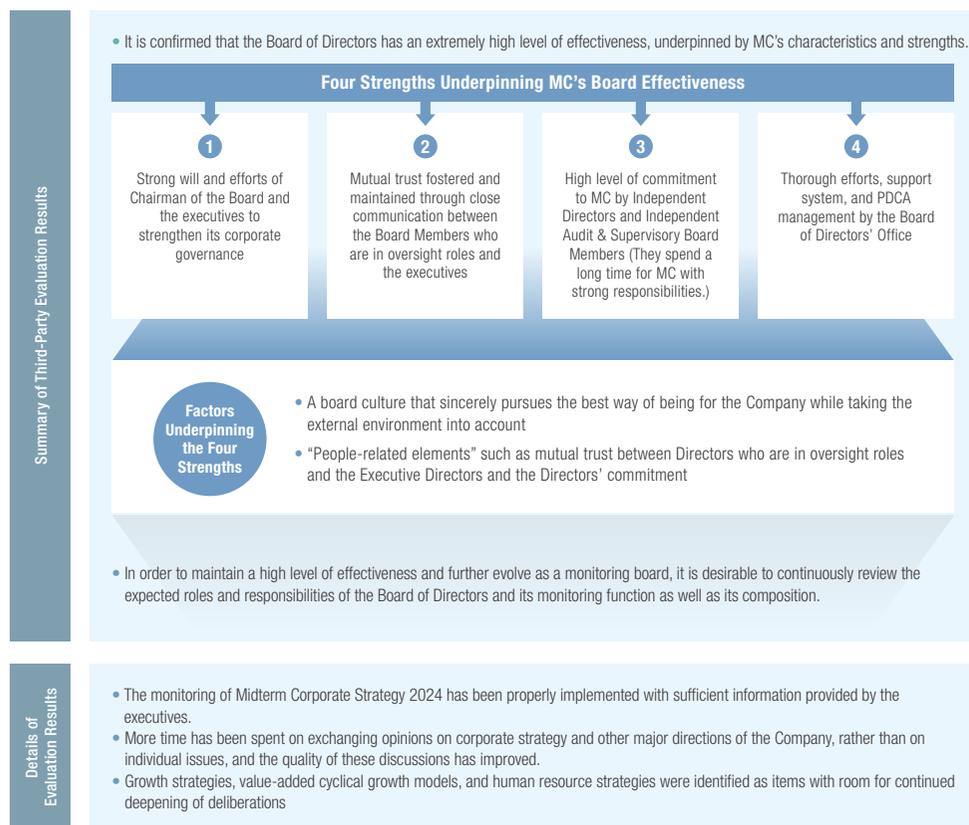
Corporate Governance

Evaluation of the Effectiveness of the Board of Directors for FY2023

Evaluation of the Effectiveness of the Board of Directors

In the fiscal year ended March 31, 2024, a third-party expert, Board Advisers Japan, Inc., conducted an evaluation with the aim of further enhancing the effectiveness of the Board of Directors, in anticipation of the transition into a Company with an Audit & Supervisory Committee. From a neutral perspective of the third party, the effectiveness of MC's Board of Directors was confirmed and MC also received recommendations for the future operations, leading MC to consider how the Board of Directors should develop the deliberation in the fiscal year ending March 31, 2025 and the process for formulating the next Midterm Corporate Strategy.

Result of Effectiveness Evaluation by Board Advisers Japan, Inc.



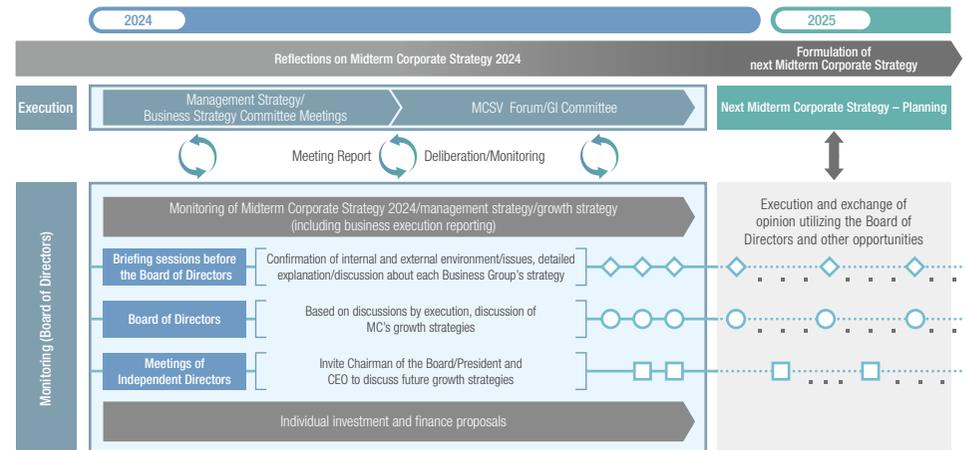
Initiatives toward Deepening the Monitoring Function of the Board of Directors

Progress monitoring of Midterm Corporate Strategy 2024 is positioned as an important agenda item of the Board of Directors, and the effectiveness of its monitoring is confirmed every year through the evaluation of the effectiveness of the Board of Directors (Fig. 1). Based on the effectiveness evaluation of the fiscal year ended March 31, 2024, in the fiscal year ending March 31, 2025 the effectiveness of our management strategy/growth strategy monitoring in particular must be raised, and so other opportunities than the Board of Directors are being utilized, and the sharing deliberation content of Business Strategy Committee meetings is being more expanded than before (Fig. 2). We are reviewing Midterm Corporate Strategy 2024 based on these things, heading into the formulation of the next midterm corporate strategy.

[Fig. 1] PDCA Cycle of Progress Monitoring of Midterm Corporate Strategy 2024



[Fig. 2] Initiatives for monitoring management strategy/business strategy (2024)



Corporate Governance

Results of deliberations by advisory bodies 

Board of Directors' Advisory Bodies

MC is enhancing the monitoring function of the Board of Directors by establishing three committees, consisting mainly of independent and outside members possessing varied knowledge and experience.

1. Corporate Governance and Nomination Committee

For the purpose of strengthening corporate governance on an ongoing basis, enhancing the objectivity and transparency of the nomination process undertaken by the Board of Directors, and ensuring the fairness of this process, the Corporate Governance and Nomination Committee shall deliberate and monitor the matters below.

Main Discussion Themes (Plan)

- Basic framework and fundamental policy of corporate governance
- Matters about the appointment and dismissal of the Board of Directors
- Matters about nomination, etc.

Composition of the Committee *Committee chairperson

Independent members (7)

| | |
|---------------------|--|
| Shunichi Miyanaga | Independent Director |
| Sakie Akiyama | Independent Director |
| Mari Sagiya | Independent Director |
| Mari Kogiso | Independent Director |
| Tsuneyoshi Tatsuoka | Independent Audit & Supervisory Committee Member |
| Rieko Sato | Independent Audit & Supervisory Committee Member |
| Takeshi Nakao | Independent Audit & Supervisory Committee Member |

In-house members (3)

| | |
|--------------------|--|
| Takehiko Kakiuchi* | Chairperson of the Board |
| Katsuya Nakanishi | Director, President and CEO |
| Mitsumasa Icho | Full-time Audit & Supervisory Committee Member |

TOPICS

Succession Plan of the President and CEO

The committee shall deliberate the requirements for the roles associated with this position and the basic policy on appointment, as well as the candidates, then shall propose appointments to the Board of Directors, which finally be resolved by the Board of Directors.

→ For details on the process of appointing the previous President and CEO, please see the [Sustainability Website](#). 

2. Compensation Committee

For the purpose of enhancing the objectivity and transparency of the policy for setting Directors' and Executive Officers' remuneration and the remuneration amount, both determined by the Board of Directors, and ensuring fairness throughout the determination process, the Compensation Committee shall deliberate, monitor and/or determine the matters below.

Main Discussion Themes (Plan)

- Fundamental policy for the remuneration for Directors and Executive Officers (matters to be deliberated): the policy for setting Directors' and Executive Officers' remuneration, the appropriateness of remuneration levels and composition, and the operation status of remuneration system
- The evaluation of sustainability factors tied into Executive Officers' remuneration (Matters deliberated and determined)*
- The evaluation of President's performance (Matters deliberated and determined)*

*All of the Company's Independent Directors (including Independent Audit & Supervisory Committee Members) participate in deliberations and decision-making.

Composition of the Committee *Committee chairperson

Independent members (3)

| | |
|---------------------|--|
| Sakie Akiyama* | Independent Director |
| Mari Kogiso | Independent Director |
| Tsuneyoshi Tatsuoka | Independent Audit & Supervisory Committee Member |

In-House members (1)

| | |
|-------------------|--------------------------|
| Takehiko Kakiuchi | Chairperson of the Board |
|-------------------|--------------------------|

3. International Advisory Committee

For the purpose of establishing a system that reflects the opinions of each stakeholder in our management and, to this end, enables the Board of Directors to incorporate international and external diverse perspectives into its deliberations, the committee shall provide recommendations and advice to the Board of Directors from an international standpoint.

Main Discussion Themes (Plan)

Selects matters to be discussed as needed, taking into account the external environment with a focus on global current affairs and expected developments.

Composition of Committee (As of September 30, 2024)

Overseas members (5)

| |
|------------------------------|
| Professor Joseph S. Nye |
| Mr. Niall FitzGerald, KBE |
| Mr. Natarajan Chandrasekaran |
| Ambassador Bilahari Kausikan |
| Mr. Victor L.L. Chu |

Domestic Members (4)

| | |
|---------------------|--|
| Takehiko Kakiuchi* | Chairperson of the Board |
| Katsuya Nakanishi | Director, President and CEO |
| Kotaro Tsukamoto | Director |
| Tsuneyoshi Tatsuoka | Senior Executive Vice President |
| | Independent Audit & Supervisory Committee Member |

*Committee chairperson

TOPICS

Transition to a Company with an Audit and Supervisory Committee in June 2024, and Reforms of Corporate Governance System

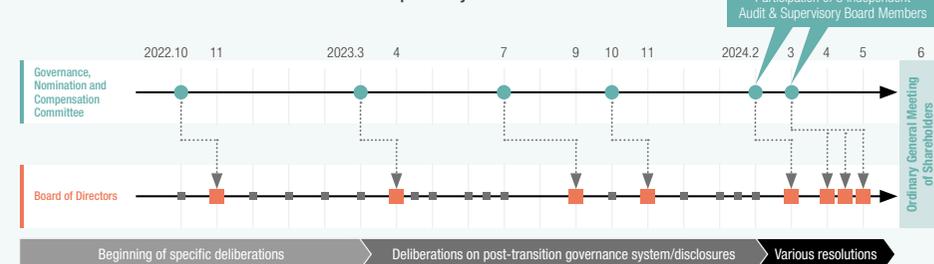
In June 2024, MC transitioned to a company with an Audit & Supervisory Committee while implementing major changes to its corporate governance system, such as dividing the Governance, Nomination and Compensation Committee into two committees, the "Corporate Governance and Nomination Committee" and the "Compensation Committee," with the aim of further enhancing deliberations.

Based on the opinions and other feedback gathered through the previous evaluation of the effectiveness of the Board of

Directors, the Governance, Nomination and Compensation Committee confirmed in October 2022 that it would proceed with specific deliberations on the transition to a company with an Audit & Supervisory Committee.

Since then, the frequency of meetings of the Governance, Nomination and Compensation Committee has increased compared to previous years, and as a result of repeated deliberations with the participation of Independent Audit & Supervisory Board Members who are not committee members, we came to a transition to a new corporate governance system. During the deliberations, the Independent Members and In-House Members worked together to discuss the optimal corporate governance system of a company with an Audit & Supervisory Committee and the optimal system of the Advisory Committee, including the chairperson and committee members.

Performance of Deliberations for the Transition of Corporate System



Corporate Governance

Audit & Supervisory Board / Audit & Supervisory Committee and Audit 

Audit & Supervisory Committee

MC transitioned from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee, following approval at MC's 2024 Ordinary General Meeting of Shareholders held on June 21, 2024. The Audit & Supervisory Committee, as a statutory independent body tasked with auditing the Directors' performance of their duties with a mandate from shareholders, shall be responsible for establishing a high-quality corporate governance system through the appropriate performance of its duties and for playing a role in the monitoring function of MC in cooperation with the Board of Directors. Through these roles and responsibilities, the Audit & Supervisory Committee shall support the maintenance and development of MC's corporate governance, consider the interests of its various stakeholders, and strive to work with them to achieve MC's sound and sustainable growth and continuous enhancement of corporate value and social credibility.

Audit Plans and Activities

Prior to each fiscal year, the Audit & Supervisory Committee formulates audit plans of key areas. In the fiscal year ending March 31, 2025, the following three key audit areas were selected for the monitoring of specific progress in management and execution.

| Audit Plans | |
|--|--|
| <p>1 Summary of Midterm Corporate Strategy 2024 and initiatives for the next Midterm Corporate Strategy.</p> <ul style="list-style-type: none"> Progress of key measures and status of achievement of targets Status and challenges of Group management and cooperation after organizational restructuring <p>2 Deepening governance of MC Group</p> <ul style="list-style-type: none"> Reexamination of risk management and internal controls in trade practices, etc. Strengthening the IT organizational structure and reexamination of status about IT management foundation development Status of initiatives to strengthen governance systems on a consolidated basis <p>3 Initiatives to strengthen corporate governance</p> <ul style="list-style-type: none"> Operation status after the transition to a Company with an Audit and Supervisory Committee | |
| Activities of the Audit & Supervisory Committee | |
| <p>1 Dialogue with Management and Executives</p> <p>2 Attendance at important meetings</p> <p>3 On-site audits and observations</p> <p>4 Strengthening Group governance</p> <p>5 Initiatives toward enhancing the effectiveness of activities by the Audit & Supervisory Committee</p> | |

Toward the Enhancement of Tripartite Audits and Sustainable Growth on a Consolidated Basis

In the course of transition to a Company with an Audit & Supervisory Committee, Audit & Supervisory Board Members have also participated in the deliberations of the Governance, Nomination and Compensation Committee, and in the Audit & Supervisory Board, there were also many discussions on the ideal form of audits, and the Audit & Supervisory Committee. The Audit & Supervisory Committee will continue to work to improve the effectiveness of audits by closely cooperation with Independent Auditors and the Internal Audit Department to gain a better understanding of the Company's situation, and will work to enhance corporate governance while also keeping a close eye on the Company's sustainable growth under appropriate risk management on a consolidated basis.

Takeshi Nakao
Independent Audit & Supervisory Committee Member



Skills Matrix of Directors

Directors are selected in light of their experience, knowledge, expertise, and elements of overall character. At the Board of Directors, these individuals deliberate based on diverse perspectives to ensure appropriate decision-making and robust management supervision. The areas of experience, knowledge, and expertise judged to be important for MC's Board of Directors are established based on the management strategies outlined in the Midterm Corporate Strategy 2024 and dialogues with stakeholders. The goal and selection reasons for each item are as follows in the table below.

| Basic Items | |
|--|--|
| <p>Business Management and Organizational Management 15 directors</p> | <p>The Board of Directors must deliberate and make comprehensive decisions from an organizational management perspective. As such, experience in business management or organizational management that is not skewed toward any individual specialty, as well as knowledge of corporate governance based on such experience, have been designated as necessary skill areas.</p> |
| <p>Risk Management 15 directors</p> | <p>In order to make the Company grow, it is important to establish and operate internal controls that comply with laws and regulations and the Articles of Incorporation, and to enhance corporate value through appropriate and efficient business execution, as well as to manage various risks related to MC's business. Therefore, items that require a wide range of experience, insight, and expertise covering all aspects of risk management have been selected. In addition, these items encompass the following elements, which are indicated in parentheses for the appropriate person(s).</p> <ul style="list-style-type: none"> (Legal) Management of overall corporate legal affairs (Finance and Accounting) Management of overall financial affairs and accounting |
| Management Strategy | |
| <p>Innovation Seven directors</p> | <p>In the Roadmap to a Carbon-Neutral Society, MC has declared the goal of net zero GHG emissions by 2050, and has set forth "Creating the future through the integrated promotion of EX and DX" as a business promotion theme for the entire Company. Accordingly, experience, insight, and other expertise, related to innovation, necessary for monitoring the progress of such transformation, are selected as important items.</p> |
| <p>Energy Five directors</p> | <p>MC is taking on the challenge of achieving both a stable supply of energy and resources and the lowering carbon and decarbonization of social and economic activities, and this refers to experience, insight, and expertise in energy-related innovations that are necessary to monitor the progress of these efforts.</p> |
| <p>Digital Five directors</p> | <p>MC aims to create a cross-industry digital ecosystem with optimized business models, and this refers to the experience, insight, and expertise in digital-related innovation necessary to monitor the progress of this initiative.</p> |
| <p>Global Intelligence Five directors</p> | <p>Since MC operates globally and reflects intelligence on geopolitics, economic conditions, policy trends, etc., in the management strategies in a timely manner, experience, insight, and expertise in such matters have been selected as important items.</p> |
| <p>Human Resource Strategy Seven directors</p> | <p>MC's most valuable asset is human resources, and it is essential that MC continues to produce human resources with a management mindset and commitment to increasing the value of business. With a view toward creating MC Shared Value, which is one of the objectives of Midterm Corporate Strategy 2024, experience, insight, and expertise of "human resource strategy" that strives to optimize the value of our human capital have been selected as important factors. This includes strategies related to organizational structure and organization.</p> |
| <p>Environment and Society Five directors</p> | <p>Since MC defines material issues as important societal issues to be solved through business activities and aims to realize a carbon-neutral society and lifestyles that are rich both materially and spiritually; experience, insight, and expertise in environmental and social matters have been selected as important items to be considered.</p> |

Corporate Governance

Reasons for adoption of Each Skill (In-house Directors)

Directors (As of July 1, 2024)

Note: The matrix below does not represent all the experience, insight or expertise of the Director or Audit & Supervisory Committee Members. The applicability of each skill area in the matrix below is judged based mainly on the individuals' experience in former positions, their current positions and their formal qualifications.

Board Skills Matrix

| | | Directors (excluding Directors who are Audit & Supervisory Committee Members) | | | | | | | Directors who are Audit & Supervisory Committee Members | | | | | | | |
|---|---------|---|--|---|---|--|---|--|---|--------------------------------------|--------------------------------------|--|---|--|---|--|
| | | | | | | | | | | | | | | | | |
| | | Takehiko Kakiuchi Chairman of the Board | Katsuya Nakanishi Representative Director, President and CEO | Kotaro Tsukamoto Representative Director | Yutaka Kashiwagi Representative Director | Yuzo Nouchi Representative Director | Yoshiyuki Nojima Representative Director | Shunichi Miyanaga Independent Director* | Sakie Akiyama Independent Director* | Mari Sagiya Independent Director* | Mari Kogiso Independent Director* | Mitsumasa Icho Full-time Audit & Supervisory Committee Member | Akira Murakoshi Full-time Audit & Supervisory Committee Member | Tsuneyoshi Tatsuoka Independent Audit & Supervisory Committee Member* | Rieko Sato Independent Audit & Supervisory Committee Member* | Takeshi Nakao Independent Audit & Supervisory Committee Member* |
| Business Management and Organizational Management | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Risk Management | | ● | ● | ● | ● | ● (Finance/Accounting) | ● (Legal) | ● | ● | ● | ● | ● (Finance/Accounting) | ● | ● | ● Attorney ● (Legal) | ● Certified public accountant ● (Finance/Accounting) |
| Innovation | Energy | ● | ● | ● | | | | ● | | | | | | ● | | |
| | Digital | ● | ● | ● | | | | | ● | ● | | | | | | |
| Global Intelligence | | ● | ● | ● | ● | | | ● | | | | | | | | |
| Human Resource Strategy | | ● | ● | | ● | | | | ● | ● | ● | | ● | | | |
| Environment and Society | | ● | ● | | ● | | | | | | ● | | ● | | | |

*Independent Director represents "outside director" as provided for in Articles 2-15 of the Companies Act. Independent Directors have been registered as "Independent Directors" with the Tokyo Stock Exchange, Inc.

Reasons for adoption of Each Skill (Independent Directors)

Shunichi Miyanaga

Mr. Miyanaga has spent many years at the helm of a listed manufacturing conglomerate that conducts businesses all over the world (). In addition to his global business management experience (), he possesses deep insight in the technology field, including decarbonization-related technologies ().

Sakie Akiyama

Ms. Akiyama accumulated valuable expertise in digital technologies and IT and possesses deep insight in innovation cultivated through her experience of founding a firm that specializes in robotic inspection systems for the electronics assembly markets and leading the growth of global enterprises (). She serves as the chairperson of MC's Compensation Committee, drawing on her insights on human resource strategy cultivated through corporate management and her experience as a member of compensation committees of listed companies ().

Mari Sagiya

Ms. Sagiya has served on boards of several globally active tech companies. Therefore she is highly experienced in corporate reforms () and she possesses deep insight into DX (), as well as human resource strategies including diversity ().

Mari Kogiso

Ms. Kogiso accumulated valuable expertise in finance, ESG, and impact investing, cultivated through many years of practical experience in international finance (), her experiences in promotion of diversity and sustainability initiatives at both global enterprises and public interest incorporated foundations as well as her experiences in both founding and managing an ESG impact fund ().

Tsuneyoshi Tatsuoka

Mr. Tatsuoka possesses deep knowledge of industry as a whole, which he has cultivated through his long involvement in economic and industrial policies at Japan's Ministry of Economy, Trade and Industry (), as well as deep insight into sustainability, including environmental and energy policies ().

Rieko Sato

Ms. Sato possesses deep knowledge of corporate law (Japan's Companies Act, Financial Instruments and Exchange Act, compliance regulations, etc.) cultivated through her many years of experience as an attorney, and the management perspective cultivated through her extensive experience as an independent director on other corporate board ().

Takeshi Nakao

Mr. Nakao is a certified public accountant with extensive experience in finance, accounting, and auditing, as well as a high level of insight developed through his many years of advisory work on M&A activity, corporate revitalizations, and internal control ().

Corporate Governance & Nomination Committee
 Compensation Committee
 International Advisory Committee

Corporate Governance

Overview of Remuneration Package

Remuneration for Executive Directors is established by 1) linking remuneration to performance and 2) incorporating evaluation of sustainability factors, with the aim of strengthening its link with business performance and raising awareness of the need to enhance corporate value from a medium- to long-term perspective. In addition, remuneration for both executive and non-executive Directors is 3) set at competitive levels with the aim of securing talented human resources.

Performance-Linked Remuneration

- Performance-linked bonuses are not paid if business results fall below the profit threshold resolved ahead of time by the Board of Directors based on the consolidated capital cost. (See Feature (1), current formula was introduced in 2023.)
- For stock-based remuneration, the number of stock options allocated varies according to the Company's Growth rate in shares compared with the TOPIX growth rate.

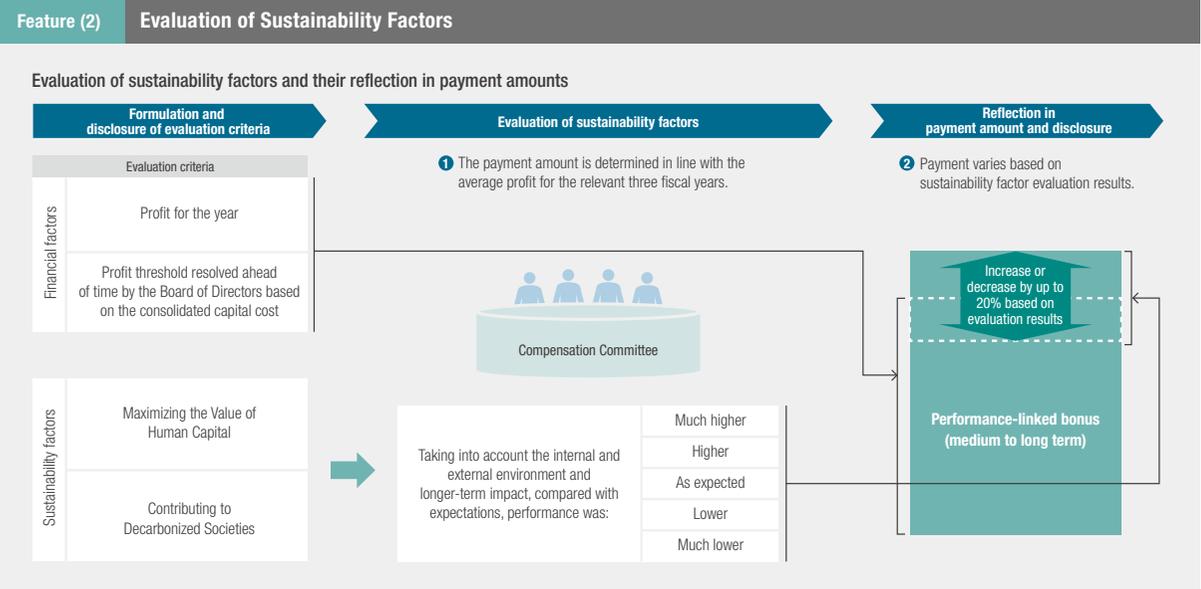
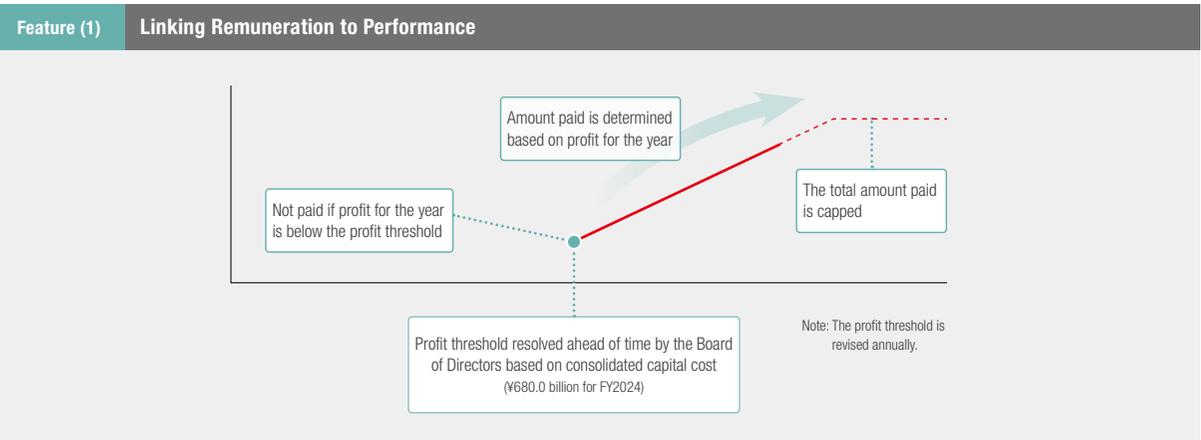
| KPI | |
|---------------------|--|
| Single year | Individual performance Profit for the year |
| Medium to long term | Profit for the year Sustainability factors Share price and Growth rate in shares |

Commitment to Sustainability

- A remuneration system based on evaluations of initiatives for human capital and decarbonization (see Feature (2), system was introduced in 2023) that further raises awareness about efforts to enhance corporate value through initiatives focused on sustainability (medium- to long-term sustainability, including ESG factors).
- The Compensation Committee considers both quantitative and qualitative factors in its deliberations and decisions concerning evaluations. The committee utilizes Employee Awareness Survey results as quantitative indicators for initiatives related to Maximizing the Value of Human Capital, while measures aimed at Contributing to Decarbonized Societies are also quantitatively evaluated using various metrics, including the reduction of greenhouse gas emissions by the Company.

Competitive Levels of Remuneration

- Remuneration for Executive Directors is set at globally competitive levels based on performance targets.
- Competitive levels of remuneration (fixed remuneration) for the Chairman of the Board, full-time Audit & Supervisory Committee Members, and Independent Directors, who are non-executive Directors undertaking management oversight are set commensurate with the high level of expertise and commitment required to oversee the management of the Company's diverse business activities.



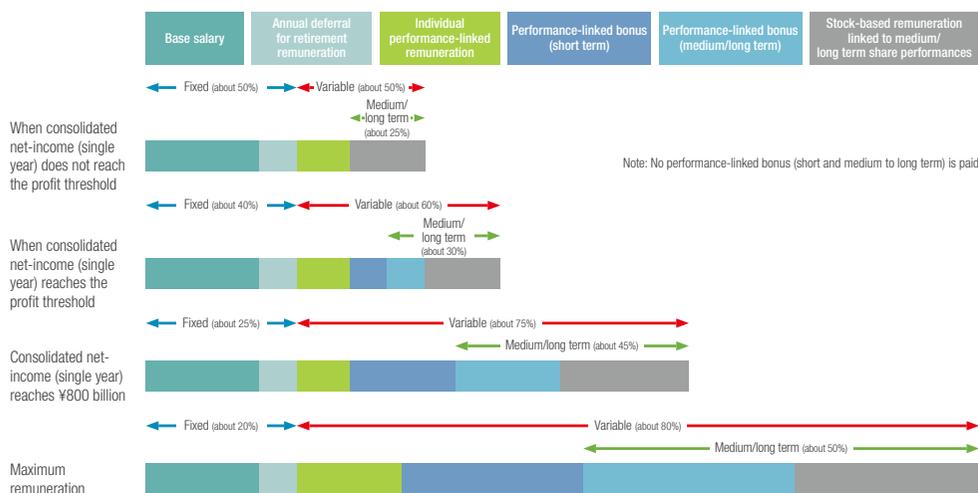
Corporate Governance

Overview of Remuneration Package

Basic Approach

| | |
|----------------------------|---|
| Remuneration levels | <ul style="list-style-type: none"> Remuneration levels are set based on the functions and roles of Directors and Executive Officers and the Company's level of performance, etc. Remuneration levels are globally competitive and based on performance targets to motivate career growth in human resources who will be responsible for the next generation of management and to further raise organizational vitality. |
| Remuneration composition | <ul style="list-style-type: none"> Remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) is designed for greater focus on increasing medium- to long-term corporate value by more closely linking remuneration to medium- to long-term corporate value and fiscal year earnings, as well as the creation of stock remuneration with stronger ties to shareholder value, in addition to cash compensation. From this perspective, profit (single year and medium to long term), sustainability factors (medium to long term), and share price and share growth rates (medium to long term) are adopted as key performance indicators. To ensure the independence of the Chairman of the Board and Independent Directors (excluding Directors who are Audit & Supervisory Committee Members), who undertake functions of management oversight, and Directors who are Audit & Supervisory Committee Members, the Company only pays them fixed monthly remuneration. |
| Governance of remuneration | <ul style="list-style-type: none"> The Compensation Committee, where a majority of the members are Independent Directors and chaired by an Independent Director, continuously deliberates and monitors methods for deciding remuneration packages, the appropriateness of remuneration levels and compositions (including components of remuneration subject to clawback policy), and status of implementation. |

Remuneration for Executive Directors Payment Mix (Conceptual Image)



The above diagram shows a remuneration mix calculated based on certain values for consolidated earnings and the share price for illustrative purposes only. The actual mix will vary depending on changes in the Company's consolidated earnings, stock market conditions, and other factors.

Remuneration Package for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members

| Remuneration Type/ Portion of Total | Payment Form | KPIs | Performance Period | Remuneration Details | Limit | | | |
|--|------------------------|---|----------------------------|---|---------------------|-----------------------|-----------------------|---|
| | | | | | Executive Directors | Chairman of the Board | Independent Directors | Directors who are Audit & Supervisory Committee Members |
| Base salary | Fixed | | | <ul style="list-style-type: none"> An amount determined by the Board of Directors according to position, paid monthly. | (1) | | | (5) |
| Annual deferral for retirement remuneration | | | | | | | | |
| Individual performance-linked remuneration* | Cash | Individual performance (single year) | Year 1 | <ul style="list-style-type: none"> Payment amount determined for each Executive Director and Executive Officer based on assessments of performance in both financial and non-financial terms by the President, with the authority delegated by the Board of Directors. The assessment on the President's performance is determined by the Compensation Committee. Performance assessment results are reported to the Board of Directors and the Compensation Committee. | (2) | | | |
| Performance-linked bonus (short term)* | | | | | | | | |
| Performance-linked bonus (medium to long term)* | | Profit for the year (medium to long term) | Year 1 | <ul style="list-style-type: none"> The amount paid is determined in line with the average profit for the relevant three fiscal years based on formulas resolved by the Board of Directors following deliberation by the Compensation Committee. No bonus is paid if the average for the relevant three fiscal years is below the average profit threshold resolved ahead of time by the Board of Directors based on consolidated capital cost. In addition, the amount varies in accordance with the results of evaluations of initiatives related to Maximizing the Value of Human Capital and Contributing to Decarbonized Societies. The evaluation of sustainability factors are carried out by the Compensation Committee, which comprehensively examines initiatives over the relevant three fiscal years while also considering longer-term impact in both quantitative and qualitative terms. The evaluation results are reported to the Board of Directors and disclosed to the public. | (3) | | | |
| | | | | | | | | |
| Stock-based remuneration linked to medium- to long-term share performances | Shares (stock options) | Share price/Growth rate in shares (medium to long term) | Year 1 Year 2 Year 3 | <ul style="list-style-type: none"> The Board of Directors determines the number of shares allocated to each person. No allocated stock options can be exercised for a three-year performance period. Based on a remuneration formula decided by the Board of Directors following deliberation by the Compensation Committee, the number of stock options that can be exercised at the end of this period varies between 40% and 100% according to the share growth rate (calculated as Total Shareholder Return (TSR) divided by the TOPIX benchmark growth rate over the same period). The basic policy is that Directors are obligated to hold any shares while in office. Sales of such shares are restricted until their aggregate market value exceeds approximately 300% (500% for President and CEO) of the base salary of each position. | (4) | | | |

Note: Remuneration items with an asterisk are subject to the clawback policy.

Stakeholder Engagement

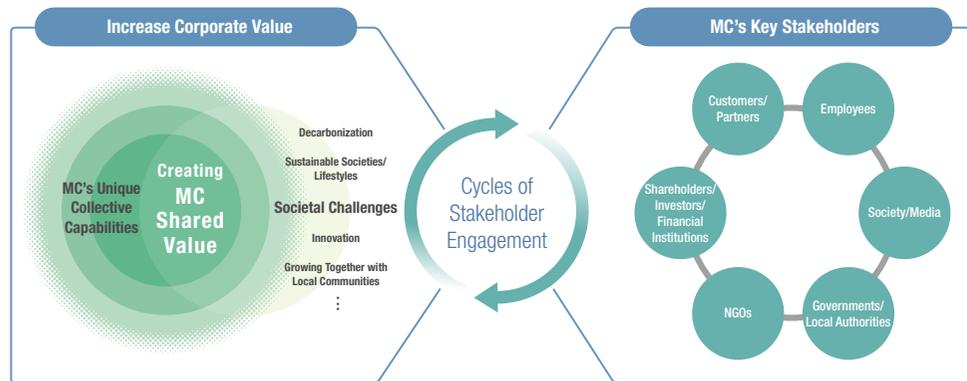
Policy of Dialogue with Shareholders and Investors and Results of Activities

External Evaluations

MC's Primary Stakeholders

MC's Stakeholder Engagement Cycle

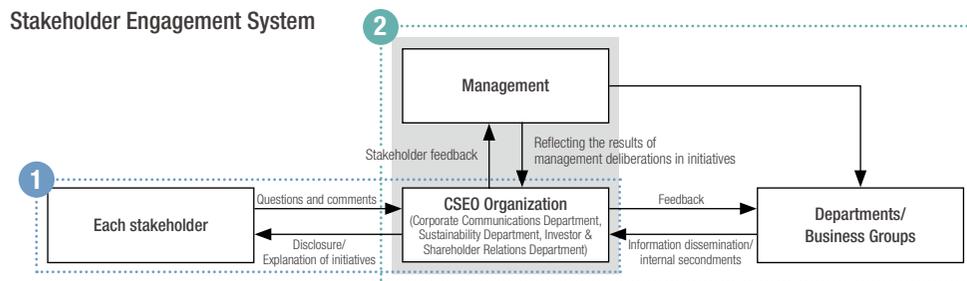
In April 2023, MC established a Chief Stakeholder Engagement Officer (CSEO) position to enhance dialogue with its stakeholders. The CSEO contributes to the improvement of management activities and the continuous creation of MC Shared Value by providing stakeholders with clear information about efforts to enhance corporate value, and by providing feedback within the Group about the expectations and views of stakeholders.



Key Expectations and Concerns of Stakeholders

| | |
|---|--|
| Shareholders, Investors, and Financial Institutions | <ul style="list-style-type: none"> Enhancement of corporate value/Shareholder returns exceeding the cost of capital Timely and appropriate information disclosure/Enhancement of disclosure materials/Expansion of opportunities for dialogue |
| Customers and Partners | <ul style="list-style-type: none"> Contribute to the development of societies and economies by developing various businesses that MC could not have realized on its own, by providing a stable supply of products and services that meet the needs of customers and business partners |
| Employees | <ul style="list-style-type: none"> "Fostering Vibrant Workplaces That Maximize the Potential of a Diverse Workforce" where MC's diverse and versatile group of employees, regardless of gender, nationality, or other attributes, are able to demonstrate their unique abilities to the fullest |
| Society and the Media | <ul style="list-style-type: none"> Ensure timely and accurate disclosure regarding projects and events that could significantly affect society or people's livelihoods Influence the formation of public opinion by sharing views from a business perspective |
| Governments and Local Authorities | <ul style="list-style-type: none"> Involvement in activities of business associations and public-private initiatives to achieve improvements and provide solutions to societal issues |
| NGOs | <ul style="list-style-type: none"> Seriously consider the opinions and requests raised through our communications with NGOs to improve our initiatives Collaborations with NGOs to address environmental and societal issues |

Stakeholder Engagement System



1 For Stakeholders

Human resources from each Business Group, department, and overseas subsidiary are assigned to the CSEO organization. Personnel with specialized knowledge of each business and domain help to enhance the quality of dialogue with stakeholders.

2 For Management, Departments, and Business Groups

The CSEO organization, which reports directly to the President and CEO, provides feedback about stakeholder comments, management issues, and other information to the President and CEO, other management executives, the Board of Directors, and the Executive Committee. This information is used to address management issues.

Examples of MC's Stakeholder Engagement Initiatives

| Themes | Management Considerations and Responses |
|--|--|
| Opportunities for Dialogue Between Stakeholders and Management | <ul style="list-style-type: none"> Established the position of CSEO and created an internal cross-organizational structure in order to strengthen dialogue with shareholders and investors In recognition of management's strong commitment to dialogue, MC was selected as an exemplary disclosure case by the Tokyo Stock Exchange |
| Policy on Shareholder Returns | <ul style="list-style-type: none"> Work through the CSEO organization to understand the specific needs of shareholders and investors with regard to shareholder returns Carry out a review of the balance between dividends and share buybacks, taking into account cash flow trends, investment pipelines, and financial soundness Based on market expectations, maintain a progressive dividend scheme while also increasing the dividend per share from 70 yen to 100 yen (forecast for the fiscal year ending March 31, 2025), and switch to a structure based on the assumption that a total payout ratio of 40% can be achieved entirely through dividends. |

SECTION 04

- 39 Business Groups
- 47 Breakdown of Major Country Risks
- 48 Financial Highlights
- 49 ESG Data
- 51 Corporate Information

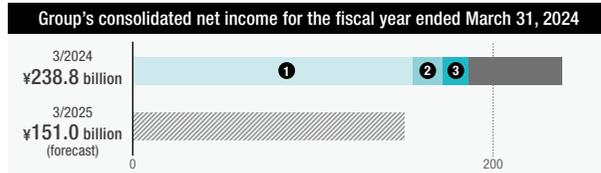
Data Section



Environmental Energy Group



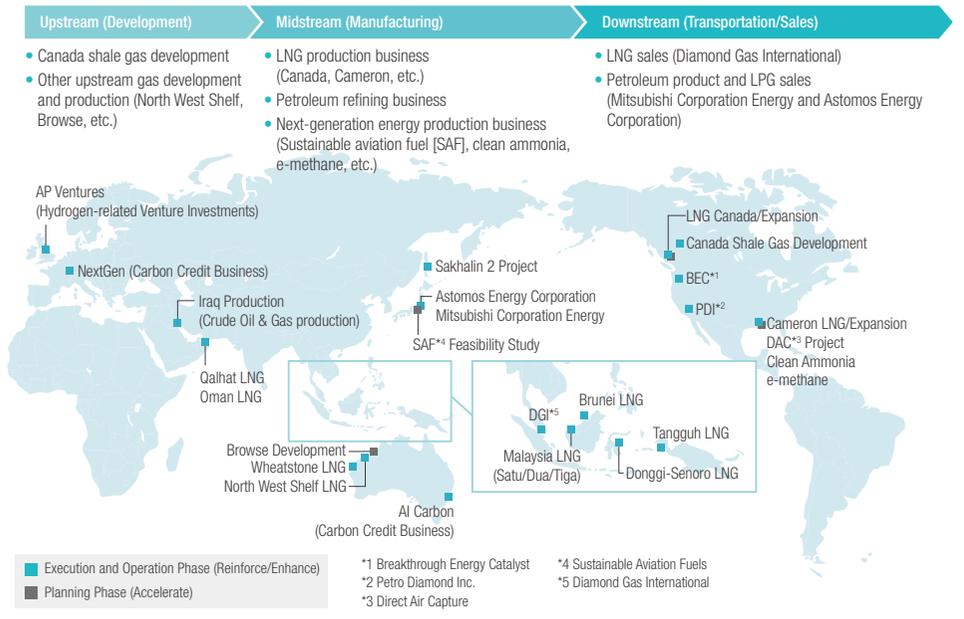
Masaru Saito
Executive Vice President
Group CEO,
Environmental Energy Group



- ① **LNG Business:** Investment in LNG production and sales business
- ② **Shale Gas Business:** Investment in North American shale gas production and sales business
- ③ **Petroleum-Related Business**

Group's total assets for the fiscal year ended March 31, 2024 **¥2,875.3 billion**

Business Development



Focused Material Issues



Awareness of the External Environment

- | Risks | Opportunities |
|---|--|
| <ul style="list-style-type: none"> Rising volatility in market prices for resources due to geopolitical tensions and economic trends Declining demand for oil and natural gas due to stricter environmental regulations, etc. | <ul style="list-style-type: none"> Increased demand for oil and natural gas due to renewed energy security awareness and economic growth, especially in emerging countries Creation and expansion of demand for decarbonized products by introducing incentives through environmental regulations and government support |

Group Strengths

- Strong relationships with a wide range of customers, partners, and gas-producing countries developed in the oil and natural gas businesses
- A global energy business portfolio with high competitiveness
- Development capabilities and track record of large-scale energy projects and ability to sell energy products in the international market

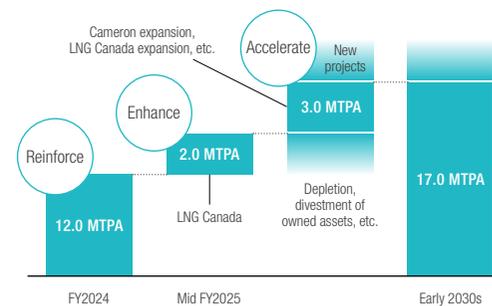
Growth Strategy

- Strengthen the foundation of existing LNG businesses and implement new LNG investments based on owned assets
- Selective development and promotion of next-generation energy businesses tailored to the needs of customers and society
- Flexible portfolio reviews in anticipation of global decarbonization trends

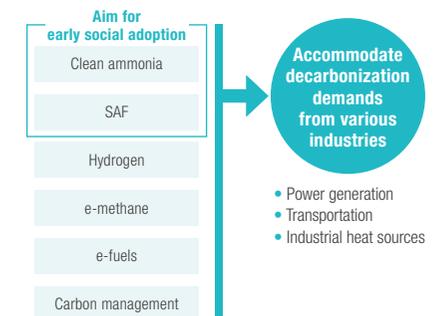
Major Growth Drivers

While demand for energy is expected to increase due to global population growth and the use of AI, digitization, etc., the trend of decarbonization remains unchanged. Therefore, MC expects business opportunities to be found by contributing to the energy transition toward a carbon-neutral society while ensuring stable energy supply. MC will further expand its total LNG equity production capacity, which is currently over 12.0 MTPA, and will work to optimize its energy business portfolio by selectively launching highly competitive next-generation energy businesses.

Growth Outlook of LNG Equity Production Capacity (Capacity based on the equity production in each project)



Areas for Next-Generation Energy Initiatives

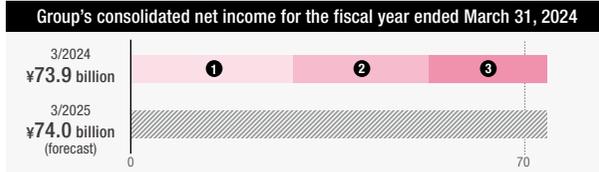




Materials Solution Group



Ko Imamura
Executive Vice President
Group CEO,
Materials Solution Group



- 1 Commodity Materials Business, Performance Materials Business, etc.:** Manufacturing and sales in the petrochemicals, basic chemicals, performance materials, ceramics fields, etc., and new business development (DX/EX, etc.)
- 2 Trading Business:** Global trading in the petrochemicals, basic chemicals, carbon fields, etc.
- 3 Steel Products Business:** Distribution, stocking, processing, and manufacturing in the steel sector through Metal One Corporation (MC's stake: 60%)

Group's total assets for the fiscal year ended March 31, 2024 **¥2,103.5 billion**

Business Development

Demonstrate our strengths by taking a holistic approach to the entire materials industry



Focused Material Issues



Awareness of the External Environment

- | Risks | Opportunities |
|---|--|
| <ul style="list-style-type: none"> • Changes in the materials supply chain due to rising geopolitical risks • Sluggish market for commodity materials due to recession and overproduction in China • Decline in market value of chemicals derived from fossil fuels due to accelerating decarbonization trends, and a shift to alternative materials | <ul style="list-style-type: none"> • Increased opportunities to enter new businesses by taking advantage of changes in the industrial structure and supply chain in the materials industry • Capture of increasingly diverse and sophisticated material needs • Expansion of the materials business in North America supported by robust construction and infrastructure demand |

Group Strengths

- Industry knowledge and global network in a variety of industries in which we operate such as mobility, construction, and infrastructure, etc
- Long-term partnerships with materials manufacturers in Japan and overseas
- Business management know-how acquired through the materials and products manufacturing and sales businesses to support stable supply

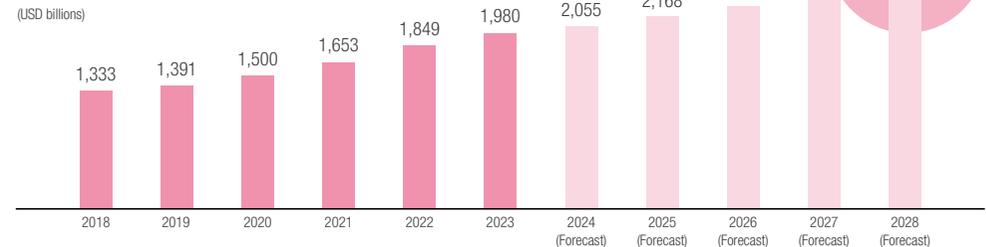
Growth Strategy

- In the construction and infrastructure domain of the United States, where demand is increasing, expand the earnings scale by strengthening the business portfolio by leveraging existing platforms
- Expansion of the performance materials business in line with the weight reduction and electrification of automobiles and mobility, and for the development of a digital society
- Initiatives for recycling projects that contribute to environmental impact reduction and stable procurement by leveraging networks that span the entire materials industry
- Pursue business opportunities in the semiconductor field in light of changes in the industrial structure and supply chain

Major Growth Drivers

Enhance the Group's material business foundation by capturing the growth in construction and infrastructure demand in the United States.

Forecast of Construction Investment in the United States



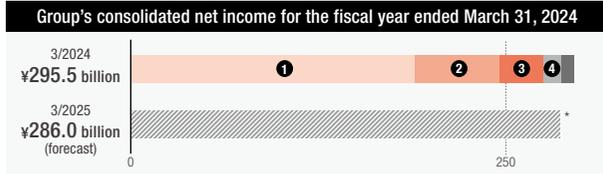
Source: Arthur D. Little Japan, Inc.



Mineral Resources Group



Satoshi Koyama
Executive Vice President
Group CEO,
Mineral Resources Group

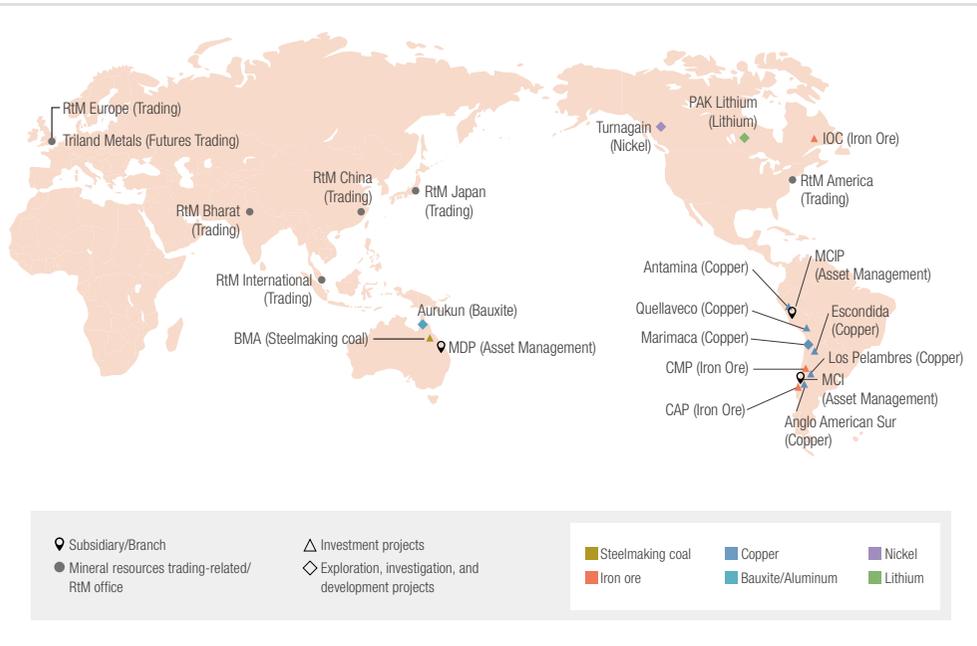


- ① **Steelmaking Coal Business**
- ② **Copper Business**
- ③ **Iron Ore Business**
- ④ **Trading Business:**
Steelmaking coal, thermal coal, iron ore, nickel, chrome, molybdenum, copper, lead, zinc concentrates/metal, tin metal, primary aluminum/secondary alloys, aluminum products, bauxite, precious metals, rare earths, etc.

*Includes gain on divestment of two steelmaking coal mines

Group's total assets for the fiscal year ended March 31, 2024 **¥4,379.2 billion**

Business Development



Focused Material Issues



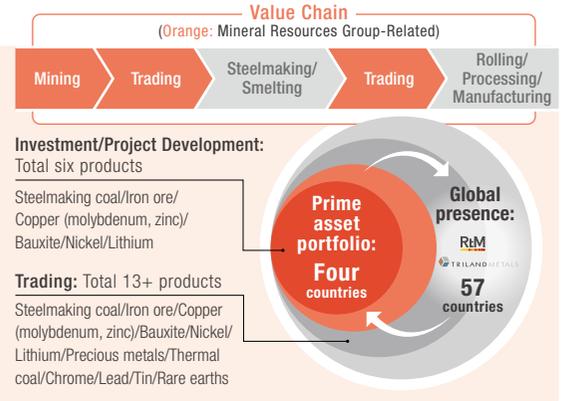
Awareness of the External Environment

| Risks | Opportunities |
|---|--|
| <ul style="list-style-type: none"> Actualization of supply constraints and changes in existing supply chains and industrial structures due to heightened geopolitical risks and increased difficulty in obtaining development permits Possible decline in demand for steelmaking coal due to an increase in the proportion of steel produced using steelmaking methods that generate lower CO₂ emissions | <ul style="list-style-type: none"> Increased basic demand due to population and economic growth, and increased demand for copper, raw materials for batteries, etc., due to progress in electrification Higher prices due to further tightening of supply-demand conditions New business opportunities for secondary resources, etc., arising from changes in the supply chain and industrial structure |

Group Strengths

Ability to quickly identify business opportunities by taking a holistic view of the entire value chain through synergies between investment, project development, and trading

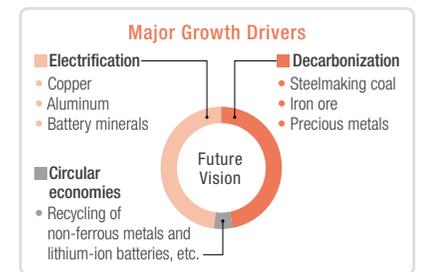
- Investment/Project Development:**
 ① Prime assets with world-class competitive cost advantages and quality, and ② solid partnerships with major mining companies built over many years
- Trading:**
 Strong procurement capabilities based on a global trading network and sales capabilities supported by a robust customer base



Growth Strategy

One of the biggest social priorities today is to combat climate change. The Mineral Resources Group is responding to this issue by transitioning away from our traditional product-centered business portfolio strategy to one centered on societal challenges, addressing the three issues below. In addition to the internal growth of existing projects, the Group will strengthen its portfolio to achieve further growth by acquiring new projects that take advantage of the Group's strengths, starting work on secondary resources businesses, and other initiatives.

- Decarbonization**
 Strengthen efforts toward direct reduced iron, which contributes to the expansion of electric furnaces, and precious metals, etc., essential for a hydrogen-based society, while at the same time achieving a stable supply of high-quality steelmaking coal and iron ore.
- Electrification**
 Growth in the copper business by acquiring new prime assets, utilizing copper recovery technologies, etc., with a focus on strengthening and expanding the competitiveness of existing copper assets. Expand supply capabilities of critical minerals such as aluminum, bauxite, and lithium and nickel as battery minerals
- Circular Economies**
 Strengthen efforts toward secondary resources businesses



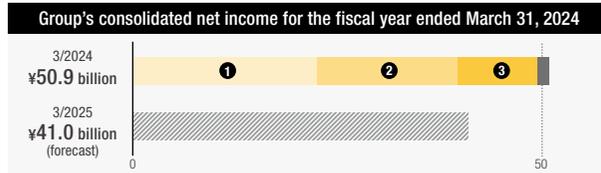


Urban Development & Infrastructure Group



Takuya Kuga

Executive Vice President
Group CEO,
Urban Development &
Infrastructure Group



- Real Estate and Data Center Business:** Urban development and urban management business, real estate development and real estate fund management business, digital infrastructure business such as data centers, etc.
- Industrial Machinery Business:** Distribution business for industrial machinery such as machine tools, agricultural machinery, and elevators; facility management business; construction solutions business including construction equipment rental, etc.
- Infrastructure, Ship & Aerospace Business:** Construction and supply of industrial plants and social and energy infrastructure, and investments in related businesses; ship ownership, operation, and trading; space-related businesses; defense equipment trading, etc.

Group's total assets for the fiscal year ended March 31, 2024 **¥2,093.4 billion**

Business Development



Focused Material Issues



Awareness of the External Environment

- | Risks | Opportunities |
|---|--|
| <ul style="list-style-type: none"> Impact on the existing businesses caused by soaring construction, raw materials, transportation costs, etc., as well as interest rate hikes, etc., leading to changing market conditions Impact on existing businesses caused by geopolitical risks, such as US-China tensions, and the situation in the Middle East and Ukraine | <ul style="list-style-type: none"> Increasing demand for advanced urban development and infrastructure to address societal and environmental challenges associated with decarbonization and the diversification of consumer needs Increased demand for data centers due to the acceleration of technological innovation and digitization, such as the expansion of cloud computing and the rise of generative AI |

Group Strengths

- Project development and management capabilities cultivated through numerous large-scale projects in Japan and overseas in the urban development and industrial infrastructure fields
- Strong partnerships and global networks with leading players across various industries, backed by years of experience
- Hands-on business development and management capabilities and, as an industry insider, staying one step ahead of demand

Growth Strategy

- Focus on the following business areas for sustainable business growth**
- In addition to the existing real estate development and real estate fund management business, develop large-scale urban development and urban management business in Japan and overseas that contribute to addressing regional issues through attractive urban development
 - Expand the digital infrastructure business such as data centers
 - Transform existing businesses to meet the demands for decarbonization and labor-saving in the industries in which we operate

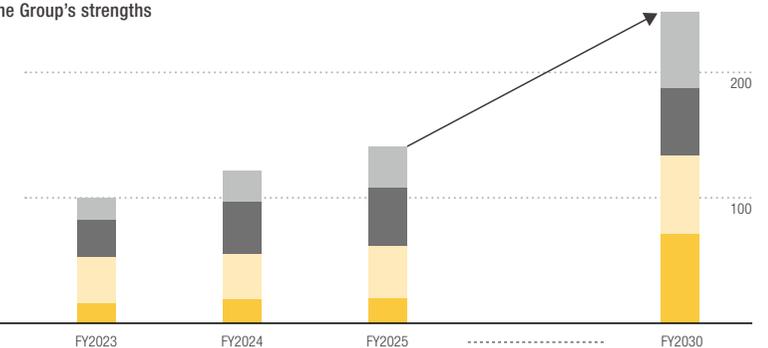
Major Growth Drivers

Achieve growth through hands-on business development and management by leveraging the Group's strengths

Future major investment plan

- Real estate business and urban development (Japan)
- Real estate business and urban development (North America)
- Real estate business and urban development (Asia and others)
- Data center business

(Note) Index: FY2023 = 100





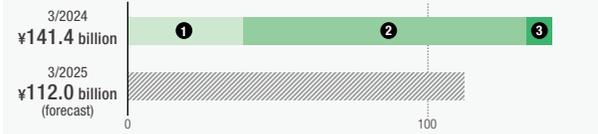
Mobility Group



Shigeru Wakabayashi

Executive Vice President
Group CEO,
Mobility Group

Group's consolidated net income for the fiscal year ended March 31, 2024

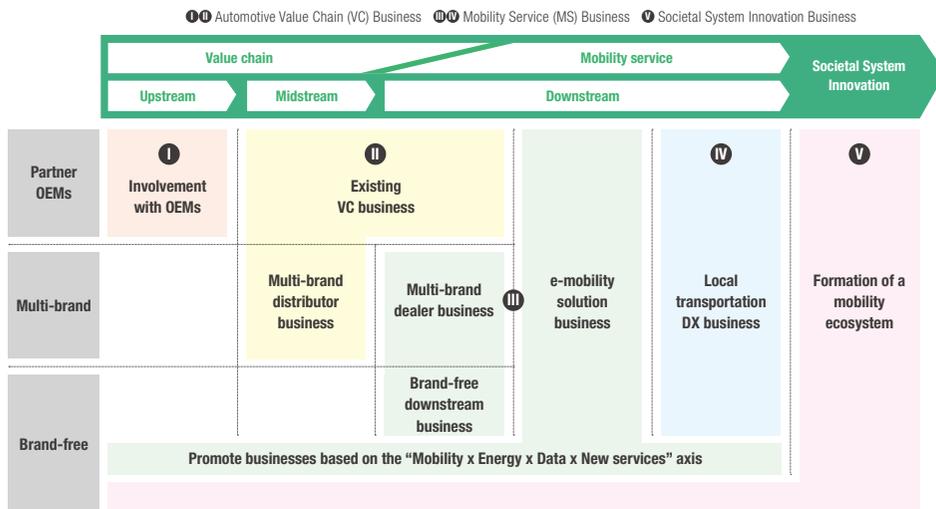


- ❶ **Partner OEMs Business:** Consolidated equity and dividend income of Mitsubishi Motors Corporation, Mitsubishi Fuso Truck and Bus Corporation, and Isuzu Motors Limited
- ❷ **Value Chain Business:** Production, sales, financing, etc., of automobiles manufactured by partner OEMs, mainly in the ASEAN region
- ❸ **Mobility Service Business:** Auto parts sales/maintenance, manufacturing and sales of tires, auto leasing business, etc.

Group's total assets for the fiscal year ended March 31, 2024 **¥1,976.0 billion**

Business Development

The Group will address all challenges related to the movement of people and goods by building a mobility service business (downstream) by leveraging strong relationships with partner OEMs and the upstream and midstream business bases built over many years



Focused Material Issues



Awareness of the External Environment

- Risks**
- Changes in the business and competitive environment of the automotive industry due to technological innovations such as electrification and software development
 - Rapid changes in national tax systems, laws, and regulations due to decarbonization
 - Supply chain fragmentation due to geopolitical risks
 - Entry by emerging Chinese OEMs into ASEAN and other overseas markets

- Opportunities**
- Growth of automobile demand in emerging countries such as those in ASEAN, India, etc.
 - Expansion of a wide range of mobility service businesses
 - Creation of new businesses in recognition of structural changes in the industry resulting from electrification (progress of EVs, shifting trend from "ownership" to "use," etc.)
 - Creation of new businesses through the building of an ecosystem ranging from procurement of raw materials for batteries to recycling

Group Strengths

- Strong, long-term partnerships with Mitsubishi Motors Corporation, Isuzu Motors Limited, Mitsubishi Fuso Truck and Bus Corporation, and Toyo Tire Corporation
- Capable of selling approximately 700,000 vehicles annually in countries around the globe centered on the ASEAN region, such as Thailand and Indonesia, as well as a strong automotive value chain platform for business and customers offering production, sales, after-sales services, automobile finance, and other capabilities developed globally
- Capability and knowledge to promote local transportation DX in Japan in cooperation with local governments through AI-driven on-demand bus services, etc.
- Integrated knowledge of Mobility x Energy x Data for the electrification era

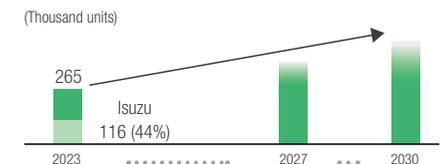
Growth Strategy

- With over 50 years of experience in the automotive value chain business in ASEAN countries such as Thailand and Indonesia, the Group boasts a high market share. To capture the demand from emerging countries that continue to expand their markets, etc., the Group will work to further strengthen functions and expand and transform the business model into downstream areas to maintain and expand the scale of earnings
- Furthermore, the Group will strengthen efforts in the following growth areas and develop them into "Core Businesses."
 - Build and monetize the mobility service businesses by leveraging the Group's strong business and customer base in ASEAN and other regions, as well as our broad industrial footprint
 - Build a new earnings base through cross-industry initiatives in the "Mobility x Energy x Data x New services" and strengthening initiatives in the auto leasing business, which has long-term customer touchpoints

Major Growth Drivers

The Group will continue to strengthen its earnings base, engaging in the sales and after-sales service businesses, in the major markets of Thailand and Indonesia. The Group will also leverage its strong customer base to enhance the mobility service business, including the brand-free downstream business, e-mobility solution business, and local transportation DX business, as well as expand into new countries.

Market size transition of pickup trucks in Thailand



Source: Data from automobile manufacturers associations in Thailand

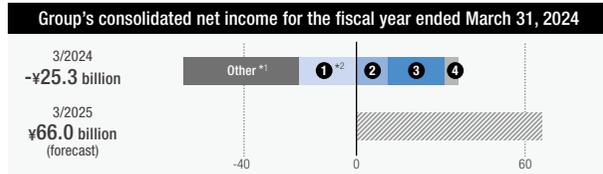


Food Industry Group



Hideyuki Hori

Executive Vice President
Group CEO,
Food Industry Group

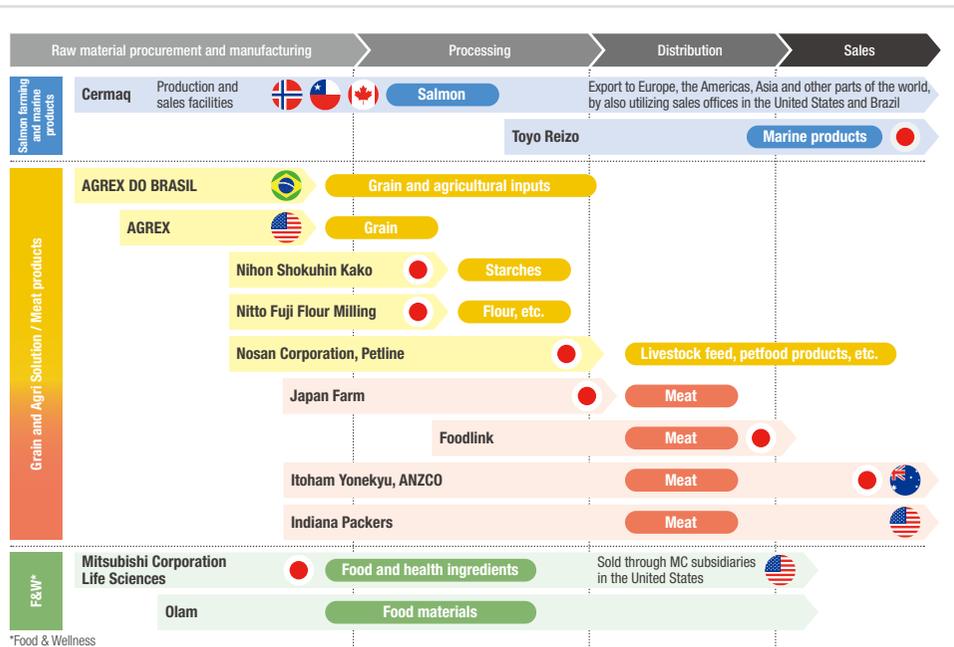


- ① **Marine Products:** Salmon farming business
- ② **Farm, Dairy and Meat Products:** Meat products business
- ③ **Grain and Agri Solution**
- ④ **Food & Wellness:** Food ingredients business, food materials business

*1 Includes impairment losses of 38.6 billion yen in the overseas food business
*2 Includes losses of 33.4 billion yen related to the salmon farming business

Group's total assets for the fiscal year ended March 31, 2024 **¥2,164.6 billion**

Business Development



*Food & Wellness

Focused Material Issues



Awareness of the External Environment

- Risks**
- Decrease in supply of agricultural and marine products due to climate change and deterioration of natural capital (crop failures due to abnormal weather, changes in suitable farming areas due to rising ocean temperatures, depletion of natural marine resources, etc.)
 - Occurrence of societal and environmental challenges (improper labor practices, deforestation, etc.) in the supply chain
 - Destabilization of the food supply network due to conflicts and other changes in world affairs

- Opportunities**
- Changes in food preferences associated with economic growth (there is a shift in demand from quantity to quality of food, from basic foodstuffs such as grains to animal proteins such as meat and fish, and then to value-added products)
 - Continued expansion of global demand for grains on the back of population growth and emergence of demand for biofuels
 - Cross-industry use of new technologies and innovation is expanding into food-related fields, including primary industries

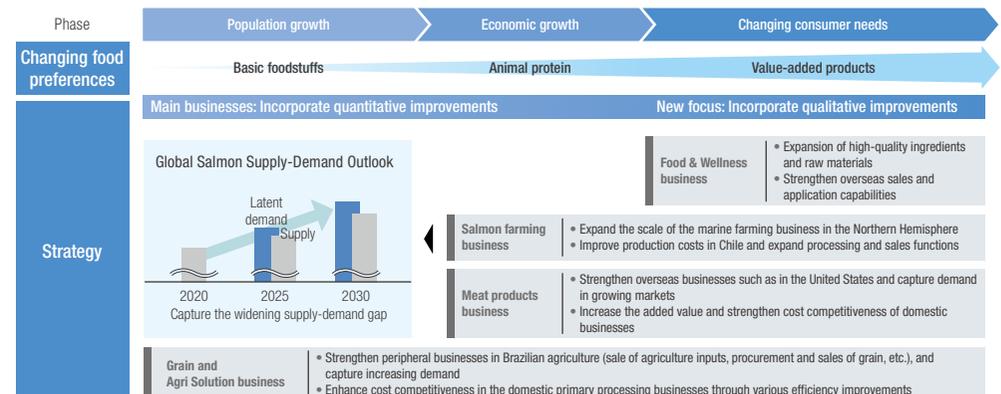
Group Strengths

- A large-scale business base for salmon, which is an excellent source of high-quality protein for which suitable farming areas are limited
- A value chain that contributes to the stable procurement of food and stabilization of earnings, with grain feed and livestock operations at its core
- Biotechnology, including fermentation, and a wide-ranging product lineup that contributes to great taste and health

Growth Strategy

- Produce sustainable food resources and establish stable supply systems (incorporate quantitative expansion)
- Provide food that contributes to great taste and health on a global scale (incorporate qualitative improvements)
- Utilize cutting-edge technology and innovation, address societal and environmental challenges in the food supply chain
- Promote portfolio management and the Value-Added Cyclical Growth Model in response to changing environments

Major Growth Drivers





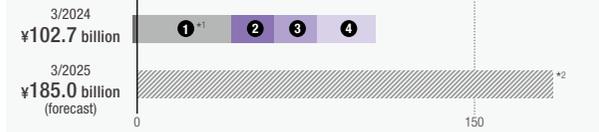
Smart-Life Creation Group



Shota Kondo

Executive Vice President
Group CEO,
Smart-Life Creation Group

Group's consolidated net income for the fiscal year ended March 31, 2024



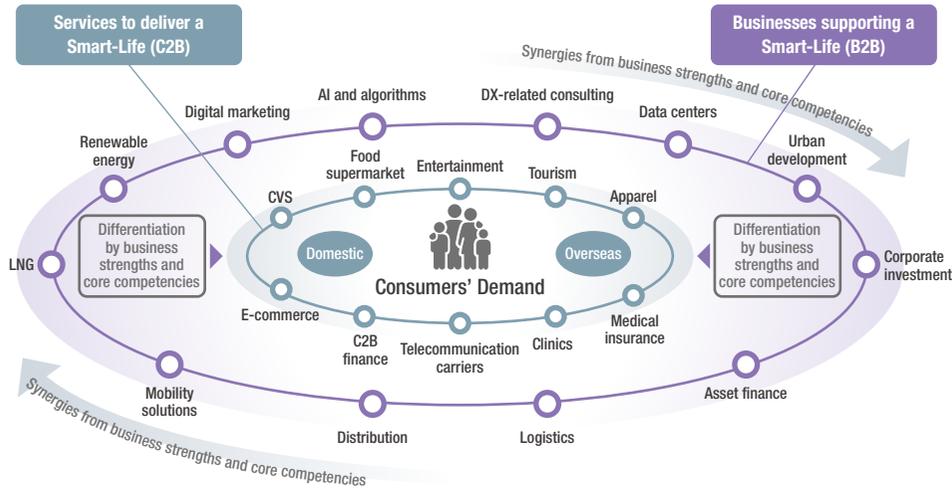
- ① **Healthcare Business:** Medical institutions-focused solutions business, pharmaceuticals/ agrochemicals manufacturing and sales business, etc.
- ② **Food Distribution/Logistics Business:** Food distribution business for convenience stores (CVS) and food supermarkets, general logistics business, etc.
- ③ **Financial Business:** Corporate investment business, domestic and global leasing business, etc.
- ④ **Retail Business:** CVS, food supermarket, etc.

*1 Includes gain on sale of shares of an affiliated company *2 Includes revaluation gains on Lawson

Group's total assets for the fiscal year ended March 31, 2024 **¥4,662.2 billion**

Business Development

The Group will create a Smart-Life economic zone that surrounds consumers by offering a diverse range of services (C2B business*) for smarter lifestyles based on our consumers' needs in conjunction with our finance, digital, and logistics capabilities as well as energy and other B2B businesses.



*MC has formulated a growth strategy originating from consumers' demand, based on the idea that consumers have choices in today's society full of all kinds of goods and services. To emphasize the "market-in" way of thinking to match consumers' demand, MC also defines and uses "C2B" businesses for the so-called "B2C" businesses.

Focused Material Issues



Awareness of the External Environment

- Risks**
- Decrease in domestic demand due to population decline
 - Tightening supply chains due to labor shortages
 - Decline in consumption due to inflation and rising interest rates

- Opportunities**
- Development of services in response to the diversification of consumer needs
 - Expansion of business opportunities associated with population and economic growth in emerging countries
 - Increase in inbound and outbound demand
 - Improvement in productivity via of digital technologies

Group Strengths

- Robust C2B customer base with the CVS and loyalty points businesses at its core
- Comprehensive service development functions based on consumers' demand
- B2B businesses such as digital, finance, and logistics to strengthen C2B businesses
- A network with leading local partners built over a long period of time with ASEAN countries and other regions

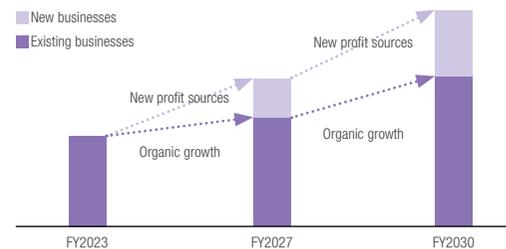
Growth Strategy

- In domestic C2B businesses, using the strong customer base as a lever, enter new service areas and transform the profit model through cooperation between B2B businesses and partner companies, etc.
- In overseas C2B businesses, accelerate measures to capture demand from expanding markets such as the ASEAN region, focusing on retail, finance, and healthcare
- In B2B businesses, differentiate the C2B businesses by using digital technology and financial functions to refine operations and optimize assets, as well as promoting scaling and efficiency through industry restructuring

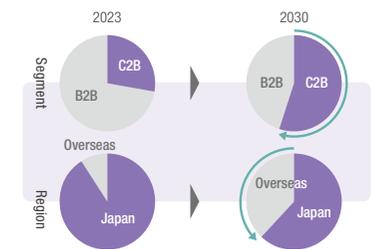
Major Growth Drivers

Together with strengthening the existing domestic earnings base, raise earnings thresholds through new business initiatives, and rebalance the portfolio from B2B businesses to C2B businesses and from domestic businesses to overseas businesses

Quantitative image for FY2030



Portfolio for FY2030



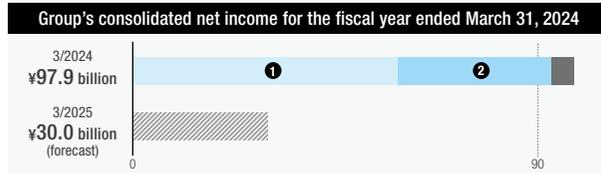


Power Solution Group



Yuji Okafuji

Executive Vice President
Group CEO,
Power Solution Group

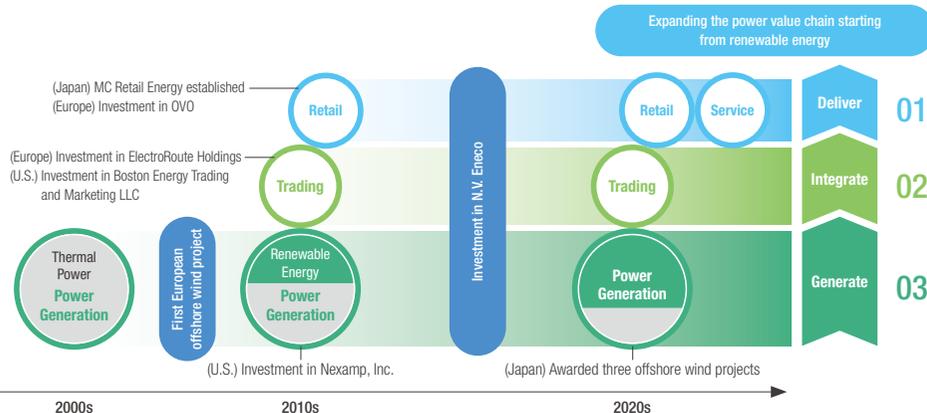


- 1 Power Generation Business: Power generation business in the Americas, Asia, and Japan
- 2 Integrated Energy Business: Eneco (Europe)

Group's total assets for the fiscal year ended March 31, 2024 **¥2,731.0 billion**

Business Development

From a business centered on power plant exports and domestic trading, MC first entered the power generation business as an operator in the late 1990s. Since then, MC has expanded into the power supply chain's midstream (trading) and downstream (retail) to cover the "generate," "integrate," and "deliver" value chain. In March 2020, MC acquired Eneco, a European integrated energy company, aiming for further business expansion through the use of these platforms.



- 01 Power and gas retailing
Supply through corporate power purchase agreements
New services (EV smart charging, etc.)
- 02 Power generation forecasts
Wholesale power market transactions (hedging, etc.)
Imbalance risk management
- 03 Renewable energy
Power for balancing (storage and gas-fired generation)
Green hydrogen production

Focused Material Issues



Awareness of the External Environment

- Risks**
- Changes in regulations, policies, etc., for the power business in operating countries due to progress in decarbonization, and structural changes in power systems in response to these changes
 - Profit fluctuations due to increased price volatility, etc., in the energy markets
 - Grid capacity shortages due to increased power demand resulting from constructing new data centers, etc.

- Opportunities**
- Robust increase in demand for power due to the normalization of AI and digital technologies, etc.
 - Spread and expansion of renewable energy across the world
 - Steady growth in demand to procure renewable energy, and introduction of national policy regulatory packages to support decarbonization and expansion in use of renewable energy and hydrogen
 - Increasing needs from both power generation and demand sides for supply-demand adjustment functions that complement the intermittent nature of renewable energy

Group Strengths

- Ability to flexibly change business models in response to market environment fluctuations, as well as the knowledge and networks accumulated over many years in both the domestic and overseas power industries
- Extensive track record of development, construction, and operation in the renewable energy power generation business

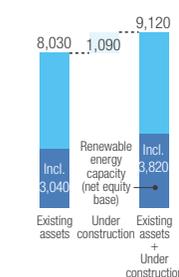
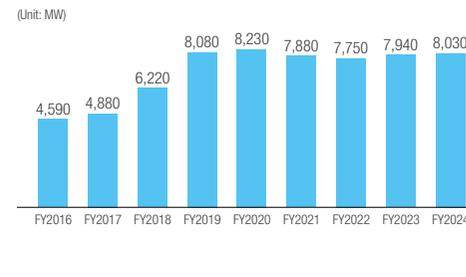
Growth Strategy

- Strengthen the power value chain functions that "generate" renewable energy, "integrate" electricity, which fluctuates due to the weather, etc., and "deliver" this integrated electricity and high-added-value services
- Through this, promote the construction and expansion of renewable energy value chains in Japan, the Americas, Asia, and other regions, where renewable energy is expected to grow, based on the Eneco platform in Europe.

Major Growth Drivers

Based on the experience gained through the development of power generation projects in Japan and overseas, the Group will expand renewable energy (double renewable energy power generation capacity on a net equity basis from 3.3 GW in FY2019 to 6.6 GW in FY2030), while optimizing the portfolio. The Group will also realize new businesses such as green hydrogen development.

Generation Capacity (Net Equity Base) (As of June 30, 2024)



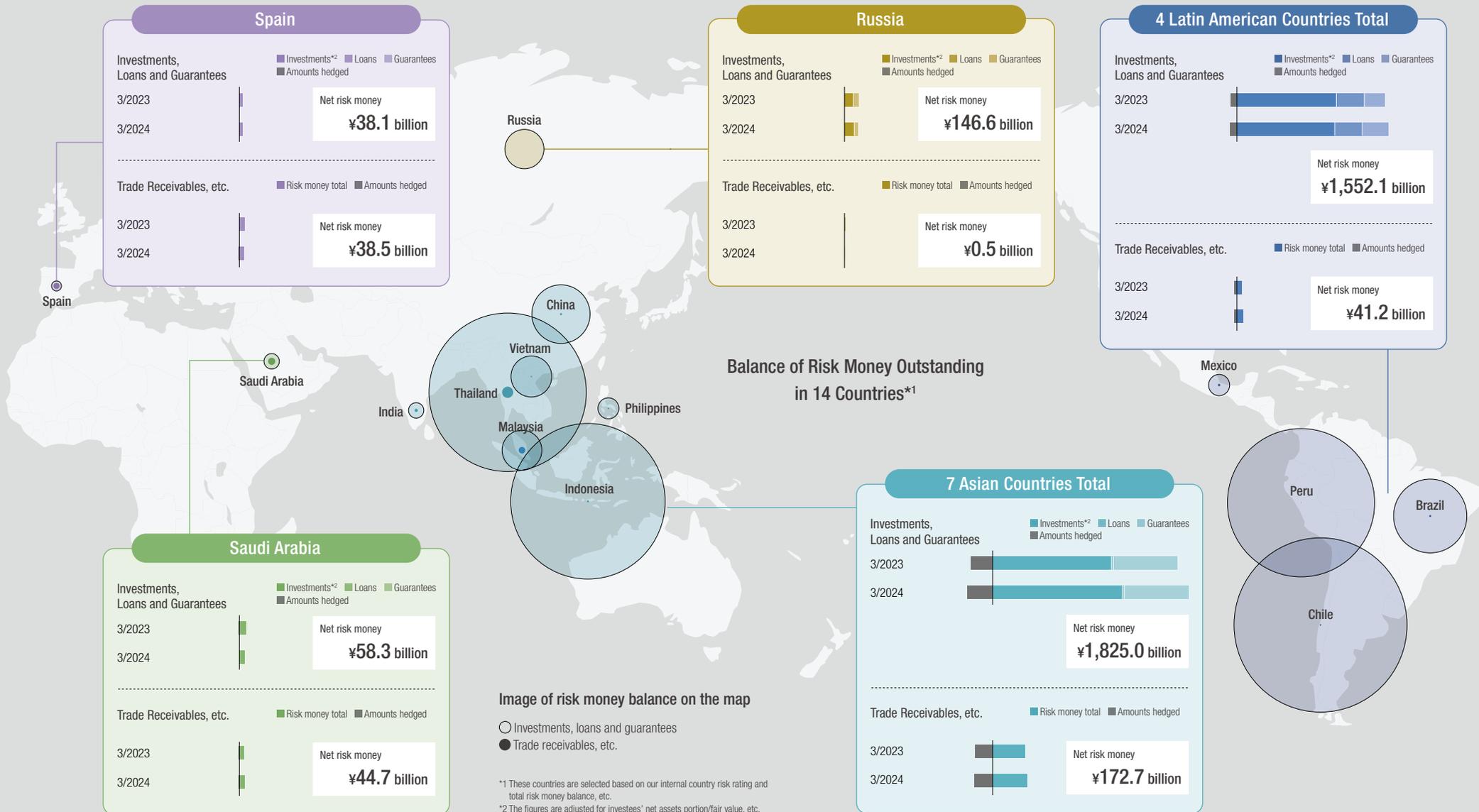
Renewable energy power generation capacity (net equity base)

FY2030 Aim to double to 6.6 GW

FY2019 3.3 GW

Breakdown of Major Country Risks

Breakdown of Major Country Risks



Financial Highlights

Mitsubishi Corporation and Subsidiaries/Fiscal Years ended March 31

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS").

| | 2015.3 | 2016.3 | 2017.3 | 2018.3 | 2019.3 | 2020.3 | 2021.3 | 2022.3 | 2023.3 | Millions of yen 2024.3 | Millions of US dollars 2024.3 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------|----------------------------------|
| Results of Operations | | | | | | | | | | | |
| Revenues*1 | ¥ 7,669,489 | ¥ 6,925,582 | ¥ 6,425,761 | ¥ 7,567,394 | ¥16,103,763 | ¥14,779,734 | ¥12,884,521 | ¥17,264,828 | ¥21,571,973 | ¥19,567,601 | \$129,587 |
| Gross profit | 1,209,894 | 1,098,877 | 1,328,638 | 1,886,640 | 1,987,811 | 1,789,131 | 1,605,106 | 2,150,764 | 2,559,962 | 2,359,709 | 15,627 |
| Income from investments accounted for using the equity method | 203,818 | (175,389) | 117,450 | 211,432 | 137,269 | 179,325 | 97,086 | 393,803 | 500,180 | 444,385 | 2,943 |
| Net income (loss) attributable to owners of the parent | 400,574 | (149,395) | 440,293 | 560,173 | 590,737 | 535,353 | 172,550 | 937,529 | 1,180,694 | 964,034 | 6,384 |
| Financial Position at Year-End | | | | | | | | | | | |
| Total assets | 16,774,366 | 14,916,256 | 15,753,557 | 16,036,989 | 16,532,800 | 18,033,424 | 18,634,971 | 21,912,012 | 22,147,501 | 23,459,572 | 155,361 |
| Borrowings (less current maturities) | 4,835,117 | 4,560,258 | 4,135,680 | 3,684,860 | 3,569,221 | 4,287,354 | 4,381,793 | 4,039,749 | 3,493,991 | 3,394,268 | 22,479 |
| Equity attributable to owners of the parent | 5,570,477 | 4,592,516 | 4,917,247 | 5,332,427 | 5,696,246 | 5,227,359 | 5,613,647 | 6,880,232 | 8,065,640 | 9,043,867 | 59,893 |
| Gross interest-bearing liabilities*2 | 6,348,993 | 6,042,606 | 5,383,911 | 4,954,395 | 5,092,099 | 5,760,123 | 5,644,315 | 5,643,169 | 4,889,881 | 5,127,952 | 33,960 |
| Net interest-bearing liabilities*3 | 4,467,714 | 4,315,460 | 3,991,475 | 3,714,176 | 3,723,568 | 4,336,295 | 4,178,410 | 3,939,721 | 3,237,591 | 3,782,289 | 25,049 |
| Cash Flows | | | | | | | | | | | |
| Net cash provided by operating activities | 798,264 | 700,105 | 583,004 | 742,482 | 652,681 | 849,728 | 1,017,550 | 1,055,844 | 1,930,138 | 1,347,380 | 8,923 |
| Net cash used in investing activities | (154,852) | (503,854) | (179,585) | (317,583) | (273,687) | (500,727) | (357,297) | (167,550) | (177,466) | (205,761) | (1,363) |
| Free cash flow | 643,412 | 196,251 | 403,419 | 424,899 | 378,994 | 349,001 | 660,253 | 888,294 | 1,752,672 | 1,141,619 | 7,560 |
| Net cash provided by (used in) financing activities | (305,334) | (364,528) | (752,162) | (554,328) | (227,480) | (156,629) | (691,184) | (693,396) | (1,766,638) | (1,086,233) | (7,194) |
| Net cash flows | 338,078 | (168,277) | (348,743) | (129,429) | 151,514 | 192,372 | (30,931) | 194,898 | (13,966) | 55,386 | 366 |
| Per Share Information | | | | | | | | | | | |
| Net income (loss) attributable to owners of the parent per share: | | | | | | | | | | | |
| Basic (yen, US dollars)*4 | 82.13 | (31.23) | 92.60 | 117.76 | 124.13 | 116.17 | 38.95 | 211.69 | 269.76 | 230.10 | 1.52 |
| Diluted (yen, US dollars)*4 | 81.94 | (31.23) | 92.39 | 117.48 | 123.85 | 115.90 | 38.86 | 208.58 | 268.56 | 222.37 | 1.47 |
| Cash dividends per share (yen, US dollars)*4 | 23.33 | 16.67 | 26.67 | 36.67 | 41.67 | 44.00 | 44.67 | 50.00 | 60.00 | 70.00 | 0.46 |
| Equity per share attributable to owners of the parent (yen, US dollars)*4 | 1,145.92 | 966.08 | 1,033.81 | 1,120.78 | 1,196.46 | 1,173.77 | 1,267.67 | 1,553.23 | 1,881.69 | 2,206.97 | — |
| Payout ratio (%) | 28.4 | — | 28.8 | 31.1 | 33.6 | 37.9 | 114.7 | 23.6 | 22.2 | 30.4 | — |
| Common Stock | | | | | | | | | | | |
| Number of shares outstanding at year-end (thousands of shares)*4 | 4,861,152 | 4,753,785 | 4,756,440 | 4,757,788 | 4,760,932 | 4,453,491 | 4,428,315 | 4,429,635 | 4,286,378 | 4,097,859 | — |
| Financial Measures | | | | | | | | | | | |
| ROE (%) | 7.5 | (2.9) | 9.3 | 10.9 | 10.7 | 9.8 | 3.2 | 15.0 | 15.8 | 11.3 | — |
| ROA (%) | 3.5 | (0.6) | 3.9 | 5.1 | 5.2 | 3.8 | 1.4 | 6.4 | 7.6 | 6.0 | — |
| DOE (%) | 2.1 | 1.6 | 2.7 | 3.4 | 3.6 | 3.7 | 3.7 | 3.5 | 3.5 | 3.4 | — |
| Stock Price Information | | | | | | | | | | | |
| Highest stock price (yen, US dollars)*5 | 840.83 | 945.67 | 901.83 | 1,106.00 | 1,212.67 | 1,059.33 | 1,099.33 | 1,583.00 | 1,708.33 | 3,616.00 | — |
| Lowest stock price (yen, US dollars)*5 | 601.67 | 521.83 | 559.83 | 736.17 | 925.33 | 716.17 | 716.17 | 956.33 | 1,246.67 | 2,219.00 | — |
| Price earnings ratio (PER) (times)*6 | 9.82 | — | 8.66 | 8.10 | 8.25 | 6.58 | 26.78 | 7.24 | 5.87 | 15.15 | — |
| Price book-value ratio (PBR) (times)*7 | 0.70 | 0.66 | 0.78 | 0.85 | 0.86 | 0.65 | 0.82 | 0.99 | 0.84 | 1.58 | — |

Note: The application of IFRS 16 "Leases" from the start of the fiscal year ended March 31, 2020, increased total assets due to an increase in right-of-use assets included in calculations. In addition, lease payments have been reclassified from net cash provided by operating activities to net cash provided by financing activities. US dollar amounts are converted at the rate of U.S.\$1 = ¥151.

*1 In the fiscal year ended March 31, 2019, revenues exceeded the results of the previous fiscal year. This was mainly due to the application of IFRS 15 "Revenue from Contract with Customers," which led to an increase of transactions wherein the identified performance obligation of the Company is the transfer of goods as principal and therefore revenue is recognized in the gross amount of consideration.

*2 "Gross interest-bearing liabilities" (excluding lease liabilities) is defined as the total of debt and borrowings of current and fixed liabilities.

*3 Net interest-bearing liabilities is defined as gross interest-bearing liabilities minus cash and cash equivalents and time deposits.

*4 On January 1, 2024, the Company conducted a three-for-one stock split of its common shares. The calculations of "basic net income per share, diluted net income per share, cash dividends per share, equity per share attributable to owners of the parent, and number of shares issued are done under the assumption that the stock split occurred at the start of the fiscal year ended March 31, 2015. Furthermore, the number of shares issued excludes treasury stock held by the Company.

*5 Stock prices between the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2024 show the highest and the lowest stock prices after the stock split.

*6 PER is calculated by dividing the closing price at the end of the fiscal year (Tokyo Stock Exchange share price) by the basic net income (loss) per share (attributable to owners of the parent).

*7 PBR is calculated by dividing the closing price at the end of the fiscal year (Tokyo Stock Exchange share price) by the equity per share attributable to owners of the parent.

ESG Data

Sustainability Website

Environmental Data

Together with setting GHG emission reduction targets (See P.25) , MC calculates GHG emissions based on the GHG Protocol's equity share approach from the fiscal year ended March 31, 2022, including the GHG emissions of its affiliates. The results and progress of reduction targets for the fiscal year ended March 31, 2024 are as follows.

Scope 1 & 2 (Thousand t-CO₂e)

| | | 2022.3 | 2023.3 | 2024.3 | Scope of Reduction Target |
|------------------|-------------------------------|--------|--------|--------|---------------------------|
| Non-Consolidated | Scope 1 & 2 Total | 3 | 3 | 3 | |
| | Scope 1 (including 6.5 gases) | 21,046 | 19,518 | 20,537 | |
| | [Ref.] Restated figures | 22,364 | 20,867 | — | |
| Consolidated | Scope 2 | 1,806 | 1,746 | 1,544 | ○ |
| | Scope 1 & 2 Total | 22,852 | 21,264 | 22,081 | |
| | [Ref.] Restated figures | 24,170 | 22,613 | — | |

[Reference]

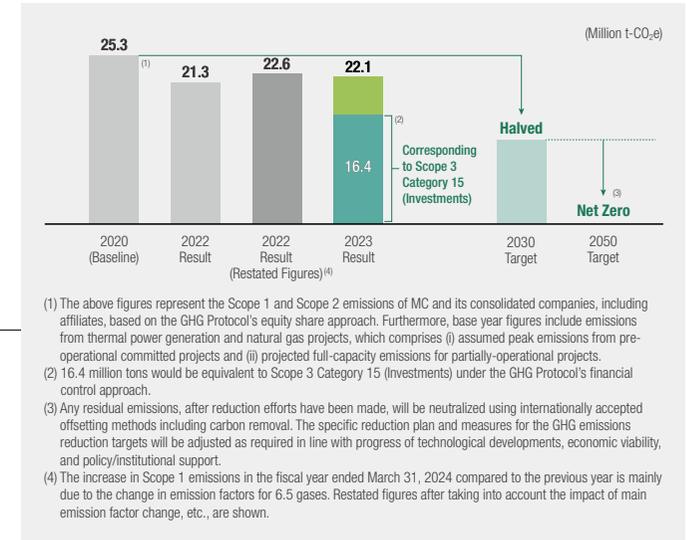
· Restated figures (Scope 1 (including 6.5 gases), Scope 1 & 2 Total): The increase in Scope 1 emissions in the fiscal year ended March 31, 2024 compared to the previous year is mainly due to the change in emission factors for 6.5 gases. Restated figures for the previous fiscal periods after taking into account the impact of main emission factor change, etc., are shown.

Scope 3 (Thousand t-CO₂e)

| | | 2022.3 | 2023.3 | 2024.3 | Scope of Reduction Target |
|------------------|---|---------|---------|---------|---------------------------|
| Non-Consolidated | Category 4 (Upstream Transportation and Distribution) | 24 | 24 | 41 | |
| | Category 11 (Use of Sold Products) | 381,254 | 306,939 | 353,449 | |
| Consolidated | Ref. Category 15 (Investments) | 16,379 | 15,125 | 16,395 | ○ |

[Reference]

· Category 4 (Upstream Transportation and Distribution): Data collected in compliance with the Act on the Rational Use of Energy in Japan. Logistics figures cover domestic (Japan) transport where MC is the cargo owner (includes waste transportations).
· Category 15 (Investments): Of the Scope 1 & 2, emissions from affiliates and joint ventures (equivalent to Category 15 if the financial control approach of the GHG Protocol is adopted). Restated figures after taking into account the impact of main emission factor change, etc., are shown in the same manner as Scope 1.



Please see Environmental Data for detailed data and third-party verification initiatives

For businesses contributing to the transition toward a decarbonized society with quantifiable reduction effects, avoided emissions are calculated by referring to international guidelines.

[Avoided Emissions] Stock Basis

| Assessed Product | Avoided Emissions (thousand t-CO ₂ e) | Details |
|-------------------------------|--|---|
| Solar | 474 | Contribution by the creation of renewable energy |
| Onshore wind | 1,227 | |
| Geothermal | 289 | |
| Hydroelectric | 110 | |
| Biomass | 339 | |
| Offshore wind | 652 | |
| Carbon credits (Revegetation) | 28 | Contribution by capture and storage of CO ₂ from new land-management practices to facilitate the regeneration of native woodlands that have been lost over the past few centuries due to clearing and overgrazing Note: These are carbon credits generated by projects in which MC has been involved and does not include credits purchased by MC from other companies. |

[Avoided Emissions] Flow Basis

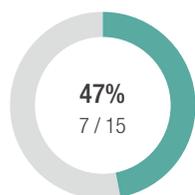
| Assessed Product | Avoided Emissions (thousand t-CO ₂ e) | Details |
|------------------|--|--|
| Aluminum | 46 | Contribution by supplying aluminum which is essential for EV chassis, etc. |
| | 3,800 | Contribution by supplying aluminum which is essential for solar power generation frames, panels, wind power blades, towers, connectors, etc. |
| Copper | 1,346 | Contribution by supplying copper which is essential for EV batteries, motors, wires, etc. |
| | 52,035 | Contribution by supplying copper which is essential for solar power generation wiring, solar thermal collectors, wind power generators, wiring, etc. |
| RO membranes | 4,438 | Contribution by using RO membrane products to avoid the use of heat in seawater desalination |
| Trunk line DX | 7 | Contribution by providing a timetable visualization and optimization system for trucking companies to reduce the number of truck operations |
| Needle coke | 6,355 | Contribution by supplying needle coke which is essential for graphite electrodes in electric furnaces that produce steel with low GHG emissions |
| | 13 | Contribution by supplying needle coke used for the anode material of EV lithium-ion batteries |

Please see avoided emissions for details on calculation methods, baselines, etc.

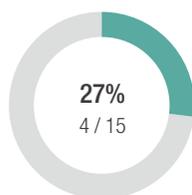
ESG Data

Governance Data

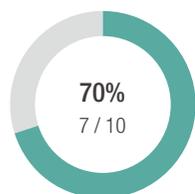
Percentage of Independent Directors among Total Directors*¹ (%)



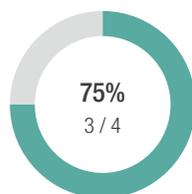
Percentage of Women among Total Directors*¹ (%)



Percentage of Independent Directors among Corporate Governance and Nomination Committee Members*¹ (%)

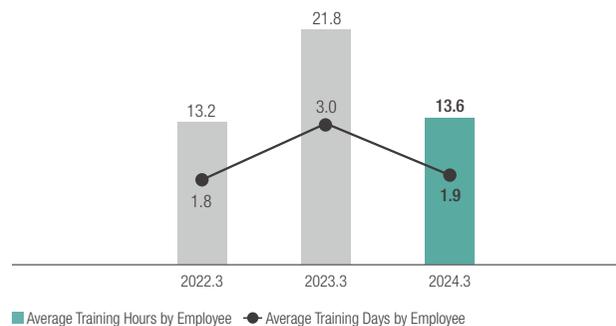


Percentage of Independent Directors among Compensation Committee Members*¹ (%)



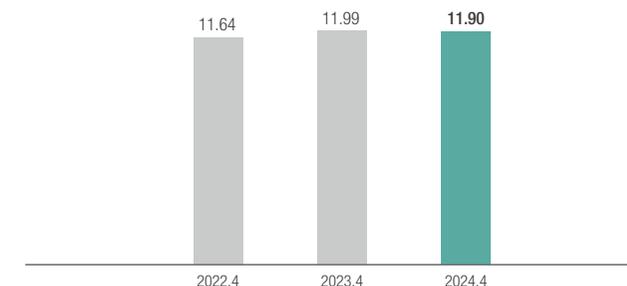
Social Data

Average Training Hours/Days by Employee*²



| | 2022.3 | 2023.3 | 2024.3 |
|------------------------------|--------|---------|--------|
| Total training hours (Hours) | 74,000 | 119,000 | 74,000 |

Percentage of Women in Management Positions (Non-Consolidated) (%)^{*3}



Employee Data (Non-Consolidated)

| | 2022.3 | 2023.3 | 2024.3 | |
|---|------------------|--------|--------|-------|
| Number of employees (non-consolidated) | Male | 4,141 | 4,051 | 4,038 |
| | Female | 1,430 | 1,397 | 1,383 |
| | Total | 5,571 | 5,448 | 5,421 |
| Gender ratio in management positions (unit: %) ^{*4} | Male | 88.36 | 88.01 | 88.10 |
| | Female | 11.64 | 11.99 | 11.90 |
| Average years of service | 18.5 | 18.5 | 18.3 | |
| Number of employees on overseas assignments (including global trainees) ^{*5} | 1,045 | 1,054 | 1,012 | |
| Employment rate of persons with disabilities (unit: %) ^{*6} | 2.45 | 2.41 | 2.68 | |
| Number of employees who took maternity/paternity leave ^{*7} | Male | 49 | 78 | 65 |
| | Female | 67 | 68 | 82 |
| | Total | 116 | 146 | 147 |
| Number of employees who took family care leave ^{*7} | Male | 0 | 1 | 1 |
| | Female | 0 | 0 | 1 |
| | Total | 0 | 1 | 2 |
| Monthly average overtime hours ^{*8} (unit: hours/month) ^{*9} | 30.4 | 29.9 | 29.2 | |
| Percentage of annual paid leave days taken (unit: %) ^{*10} | 60 | 67 | 71 | |
| Level of employee satisfaction (unit: %) ^{*11} | 76 | 74 | 77 | |
| Lost time injuries frequency rate ^{*12} | Consolidated | 2.03 | 1.98 | 1.75 |
| | Non-Consolidated | 0.15 | 0 | 0 |

^{*1} Based on status as of July 1, 2024.
^{*2} Average hours and days of training per employee are for training sponsored by the Head Office Global Human Resources Department only (excluding training for employees dispatched overseas). One day is calculated as 7.25 hours of working time.
^{*3} As of April 1 of each calendar year.
^{*4} As of April 1 of each calendar year.
^{*5} The Global Trainee System is an overseas assignment system aimed at young employees in order to respond to the global development of MC's business portfolio and strengthen the global competitiveness of MC's human resources.
^{*6} As of June 1 of each calendar year.
^{*7} The number of employees who began taking this type of leave during each fiscal year.
^{*8} Refers to monthly average overtime hours based on scheduled working hours.
^{*9} Employees working at the Head Office and domestic branches (excluding managers, corporate advisors, and contract employees).
^{*10} Employees working at the Head Office and domestic branches (excluding secondees from other companies).
^{*11} Employee awareness surveys are taken every year to obtain a snapshot of employee motivation and organizational vitality. The findings are used to improve management and other aspects of operations. Employee satisfaction figures represent the percentage of staff members responding positively to questions about employee engagement (Do you work with enthusiasm and take pride in/admire your Company?) in the survey.
^{*12} On a consolidated basis, the scope includes Employees and Permanent Contractors at subsidiaries, joint operations, joint ventures, and affiliates. On a non-consolidated basis, the scope includes Employees and Contractors at the Head Office and domestic branches (excluding corporate advisors and contract employees). The scope of disclosure has been changed from the fiscal year ended March 31, 2023 and has been revised retroactively to previous fiscal periods.
 (Reference) Lost time injuries frequency rate/Nationwide average at places of business: 2.43
 (From 2023 survey on workplace accidents, Ministry of Health, Labour and Welfare of Japan).

Corporate Information (As of March 31, 2024)

Internet URL: <https://www.mitsubishicorp.com/jp/ja/about/profile/> (Japanese)
<https://www.mitsubishicorp.com/jp/en/about/profile/> (English)

| | |
|--|---|
| Company Name | Mitsubishi Corporation (Securities code: 8058) |
| Date Established (Date Registered) | July 1, 1954 (April 1, 1950) |
| Capital | 204,446,667,326 yen |
| Shares of Common Stock Issued | 4,179,018,153 |
| Head Office | Mitsubishi Shoji Building 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8086, Japan (Registered address of the Company) Telephone: +81-3-3210-2121 Marunouchi Park Building 6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8086, Japan |
| Number of Employees | Parent company: 5,421 Consolidated: 80,037 |
| Independent Auditors | Deloitte Touche Tohmatsu LLC |
| Number of Shareholders | 534,916 |
| Stock Listing | Tokyo |
| Transfer Agent for Shares and Special Accounts, Account Management Institution | Mitsubishi UFJ Trust and Banking Corporation |
| Contact Address | Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikkocho, Fuchu, Tokyo, 183-0044, Japan Telephone: 0120-232-711 (within Japan) |
| Postal Contact Address | PO BOX 29 Shin Tokyo Post Office, Tokyo, 137-8081, Japan |
| Contact | Investor & Shareholder Relations Department, Mitsubishi Corporation 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8086, Japan Telephone: +81-3-3210-2121 |

Forward-Looking Statements

This integrated report contains forward-looking statements about Mitsubishi Corporation's future profit plans, strategies, beliefs, and performance that are not historical facts. They are based on current expectations, estimates, forecasts, and projections about the industries in which Mitsubishi Corporation operates and beliefs and assumptions made by management. As the expectations, estimates, forecasts, and projections are subject to a number of risks, uncertainties, and assumptions, they may cause actual results to differ materially from those projected. Mitsubishi Corporation, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, Mitsubishi Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

Risks, uncertainties, and assumptions mentioned above include, but are not limited to, commodity prices; exchange rates and economic conditions; the outcome of pending and future litigation; and the continued availability of financing, financial instruments, and financial resources.

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