

# Overview of Reorganizations toward Further Growth

December 15, 2023  
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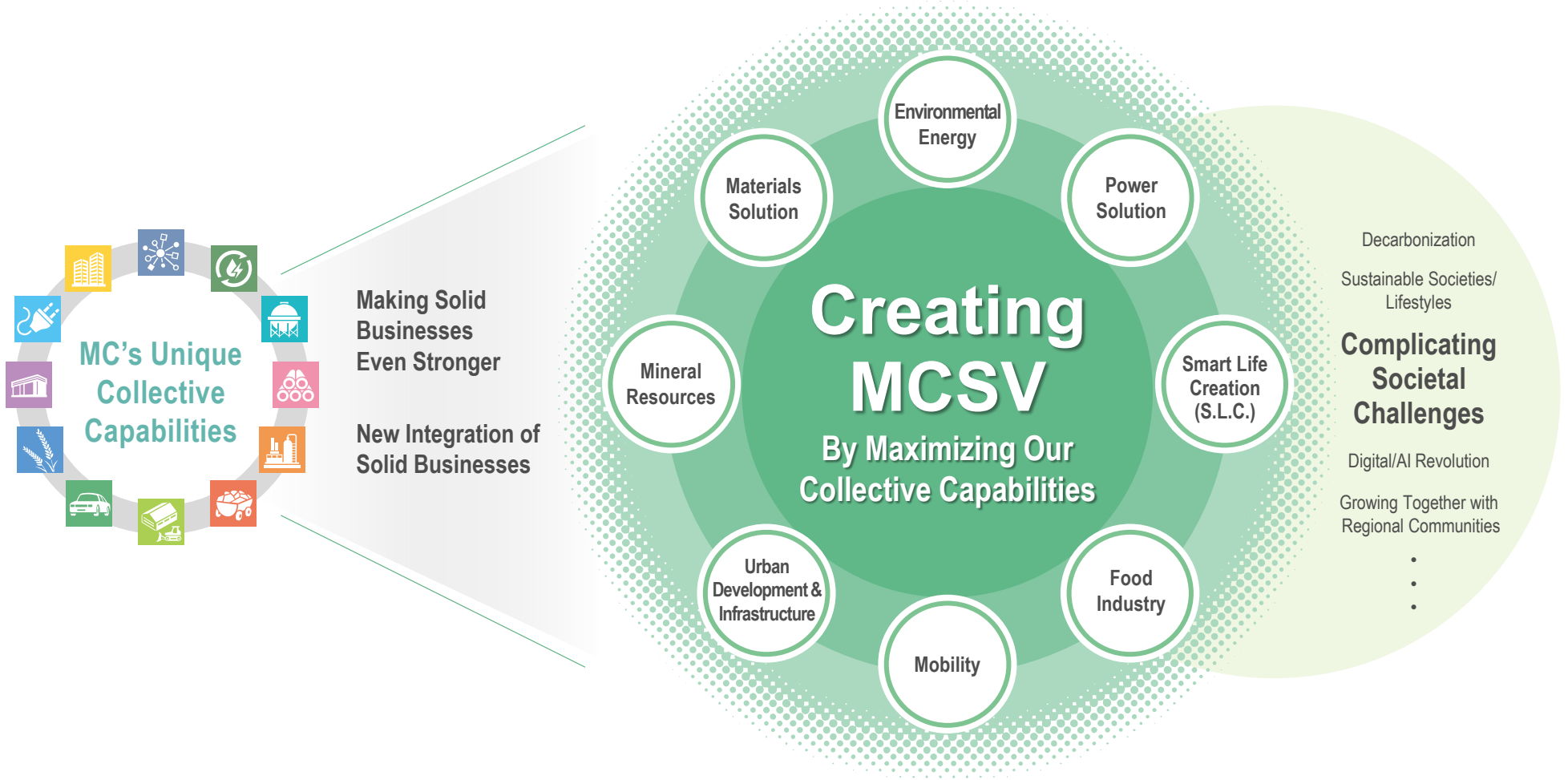
- The business environment is changing at an unprecedented speed, due to a number of factors, including various upheavals in the international community, revolutionary advances in technological innovation including generative AI, restructuring of global supply chains, global inflation and high interest rates, and energy security concerns. As a result, paradigm shifts are progressing across all industries, beyond the boundaries of individual business domains. "In this environment, our ability to achieve further growth is at risk unless we can demonstrate the true value of the MC Group's 'diversity' and 'collective capabilities.'" It was based on this sense of crisis that I announced "Midterm Corporate Strategy 2024" in May of last year.
- Under Midterm Corporate Strategy 2024, we have set the goal of creating MC Shared Value (MCSV). More specifically, this refers to the continuous creation of significant shared value by elevating the MC Group's collective capabilities in order to address societal challenges. To this end, we are promoting a number of growth strategies, namely our Energy Transformation (EX) Strategy, Digital Transformation (DX) Strategy and Creating a New Future (Fostering New Industries/Regional Revitalization). In this way, we are strengthening the capabilities of each Business Group and working to develop cross-industry businesses that transcend the boundaries of business domains.
- As a result of these efforts, we have come to the following conclusions.
  - We are seeing tangible progress resulting from collaboration among our 10 Business Groups as well as the Industry Digital Transformation Group and Next-Generation Energy Business Group. We are gradually seeing developments emerge in the form of new industry value chains, growth stories and new business combinations. In order to accelerate businesses capitalizing on these fresh "connections," we will look to augment our internal organizations based on "new integration" of businesses that are well positioned to execute our strategies more powerfully than before.
  - The Next-Generation Energy Business Group and Industry Digital Transformation have been working with our Business Groups and serving as drivers of our EX and DX Strategies. Consequently, we are gaining a clearer vision of each Business Group's business strategies going forward and themes to focus on in the future.
- Considering the circumstances, we will modify our organizational framework to enable the creation of MCSV on a larger scale by restructuring our organizations to support optimal progress in line with these business strategies and themes. In particular, the current structure of "10 Business Groups plus the Industry Digital Transformation Group and Next-Generation Energy Business Group" will be reorganized into 8 Business Groups, with 4 current Business Groups (Mineral Resources, Mobility (renamed from Automotive & Mobility), Food Industry, and Power Solution) being joined by 4 new Business Groups (Environmental Energy, Materials Solution, Urban Development & Infrastructure, and Smart Life Creation (S.L.C.)), and together, we will strive to create MCSV.

- The Next-Generation Energy Business Group, Natural Gas Group, and related businesses will be integrated to form the Environmental Energy Group. As a result of collaboration between the Next-Generation Energy Business Group, established in April 2023, and each Business Group, multiple EX projects are now in the pipeline. Many of these are expected to generate synergies with natural gas, which is one of the pillars of our EX Strategy. Through the integration of these organizations, we can now create EX businesses of scale by establishing a clearer path toward commercialization and revenue growth.
- The Industrial Materials Group and Chemicals Solution Group will be combined to create the Materials Solution Group. Both Business Groups have complementary business areas in the materials industry, a key industry in Japan. Integrating them into one Business Group will enable us to take action a half step or full step ahead of others as we seek to enhance competitiveness and promote low/zero carbon initiatives while maintaining a bird's-eye view of the entire materials value chain.
- The Industrial Infrastructure Group, the Urban Development Group's businesses for developing and managing real estate and urban development projects, and our water businesses will be combined to create the Urban Development & Infrastructure Group. Both current Business Groups have been developing businesses rooted in infrastructure and urban development in Japan and around the world. While seeking to capture growth in the global market, the new Business Group will be able to lead the way as a solution provider and enhance social infrastructure by generating synergies as it reassesses business domains from a broader perspective with an eye toward contributing to a prosperous future.
- The Industry Digital Transformation Group, Consumer Industry Group, and MC's biotech and financial businesses will be combined to form the Smart Life Creation (S.L.C.) Group. Through the efforts of the Industry Digital Transformation Group, established in July 2022, fresh ideas have emerged for new digital businesses, including "consumer industry × DX" and "finance × DX" combinations. For example, with new business opportunities in the B2C financial market poised to emerge with the rise of fintech and other developments, we can expect to create new financial service businesses by combining the financial knowledge we have accumulated with consumer-related businesses and DX. In light of such circumstances, the new organization's mission is to build a platform for value creation, primarily in midstream and downstream segments, with the aim of driving "smart life" creation in the form of improved lifestyles. By integrating consumer-related businesses, including healthcare, into a single organization, the new Business Group will be able to mobilize our collective capabilities by interlinking the MC Group's real-world and digital businesses.
- Reorganizations will also be implemented to bolster the functions of the Corporate Staff Section and MC's regional offices around the world.
- Under this new structure, we will seek to maximize MCSV and address societal challenges by making solid businesses even stronger and pursuing "new integration" of solid businesses.



**Katsuya Nakanishi**  
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10 Business Groups  
 +  
 Industry Digital Transformation Group  
 +  
 Next-Generation Energy Business Group  
 → 8 Business Groups



## Environmental Energy Group

Advancing energy transitions while ensuring a stable supply of energy



- Supply chain development for next-generation energy sources including hydrogen/clean ammonia/SAF (Sustainable Aviation Fuel)/e-methane (synthetic methane) and carbon management business
- LNG investment, marketing and new business development
- Projects/marketing of crude oil/petroleum products/LPG

## Materials Solution Group

Enhancing the material industry's competitiveness and promoting decarbonization initiatives while taking a broad view of supply chains



- Manufacturing and global marketing of chemical products
- Comprehensive services for distribution, processing, and other activities related to steel products
- Manufacturing and sales of carbon materials, construction materials and ceramic minerals
- Business development of environmental materials and semiconductors, etc.

## Mineral Resources Group

Contributing to a better society through the reliable and sustainable supply of high-quality mineral resources



- Investments, operations, and business development of ferrous raw materials (metallurgical coal, iron ore, etc).
- Investments, operations, and business development of critical minerals (copper, aluminum, battery minerals, etc.)
- Global trading and marketing of mineral resources
- Development of metals recycling business
- Investments in startups and early-stage emerging tech companies in the metals and mining sector

## Urban Development & Infrastructure Group

Creating a better future by leading progress in urban development and infrastructure



- Urban development and management business, real estate development and fund management business, data center business
- Airport and toll road operation business, water business
- Industrial plants/energy infrastructure/ships/aerospace/defense-related business
- Distribution business (machine tools and agricultural machinery), facility management business, construction solution business including equipment rental

## Mobility Group

Realizing a prosperous, comfortable society by providing mobility solutions that support the optimal movement of people and goods



- Production/sales/financing of automobiles
- Manufacturing and sales of tires and intermediary and domestic trading business
- Development of battery supply chain services
- Total mobility service business

## Food Industry Group

Enriching the lives of people around the world through a stable supply of sustainable food for well-being



- Development/production/sales of food/health ingredients, etc.
- Production/sales of food products from a market perspective
- Procurement/processing/sales of grains/food ingredients, production/sales of flour/sweeteners, etc.
- Production/processing/sales of salmon and other marine products
- Production/processing/sales of meat and other fresh foods

## Smart Life Creation (S.L.C.) Group

Addressing issues and needs from the consumer's perspective by linking digital capabilities with the real world in order to drive smart (better) life creation



- Retail/data marketing/payment platform business
- Food distribution logistics business development
- Manufacturing/sales of clothing and home living accessories, packaging, etc.
- Sales of medical equipment/materials, nursing care business, development/production/sales of pharmaceutical/agrochemical raw materials and intermediates
- Business development, consulting/solutions using digital tech/AI, etc.
- Financial business including private equity/leasing/reinsurance

## Power Solution Group

Realizing a carbon neutral society through the stable supply of renewable energy



- Power generation and transmission business, power trading business, energy management business, power retail business
- Distributed power supply business, hydrogen business

# Reorganization of the Corporate Staff Section/Regional Framework

- Revising the scope covered by Corporate Functional Officers, including the creation of new posts, “Corporate Administration, Legal” and “Human Resources, Global Planning & Coordination, IT.”
- Strengthening the global management system by appointing "CROs" for the Americas; Europe, Middle East & Africa; and Asia & Oceania. Functions previously covered by a single CRO will be performed by three CROs.
- “Regional CEOs” and “Representatives in each country” will play a central role in capturing global growth and driving speedy business creation originating from each region.

