

## Messages from Outside Directors



### Aiming to Be a Leading Company that Meets Society's Expectations and Consistently Provides Value

**Mitsuhiro Furusawa**

Director

Amid dramatic changes in the global economy and geopolitics, Japan is starting to see light at the end of the tunnel after years of economic stagnation. There is also increasingly open and lively debate on the role of national defense and nuclear energy from a broader perspective, which is leading to a revision of national policies. These changes are closely related to the activities of MHI Group. It has been a little over a year since I became a director, and I feel honored to be involved in the management of MHI during this time of great change.

The purpose of corporate governance is to ensure sustainable growth and increase shareholder value over the medium to long term. Simply pursuing profit alone will not lead to sustainable growth. We need to continue fostering the development of society through business activities that align with societal expectations. I will make every effort to ensure that MHI Group is a leading entity that consistently creates universal value that contributes to the safe, secure, and sustainable lives of people around the world.

#### Engaging in Discussions from a Wholistic Perspective

In large companies and organizations, it is not uncommon for actions deemed optimal by individual departments to lack a wholistic perspective. However, after attending Board of Directors' meetings for a year, I have come to realize that MHI Group is effectively managing the challenges that are inherent in large organizations. The Board serves as a forum for candid discussions, where each director presents informed opinions based on his or her own experiences from their careers. Outside directors do not feel that their role is merely to endorse the actions of the executive team. They have remarkably sharp insight into the inner workings of the company. I wish I could share all of the discussions that take place at the Board meetings

with those who might doubt this.

With regard to sustainability, it is important both to put in the work day to day while also ensuring that we are recognized for our achievements. It is essential to actively communicate what we are doing through disclosure and evaluation frameworks. Furthermore, our MISSION NET ZERO commitment aims to achieve Carbon Neutrality by 2040, ten years ahead of the Japanese government's target. This is a highly ambitious target, and the branding is excellent. With such a remarkable goal in place, it is important to produce tangible results going forward.

#### Strengthening Portfolio Management

For MHI Group, which has a wide range of businesses, strengthening portfolio management is a highly important strategic priority. It is noteworthy that the 2024 MTBP has set a clear direction in this regard, and I highly commend the ambitious financial targets of increasing revenue by 20% and business profit by 60% over a three-year period.

The Group has been able to sustain itself over the last 140 years by anticipating the needs of the future, sowing the seeds of new businesses, and developing innovative products and technologies. For a company to endure beyond the life span of individual businesses, the key is to identify what will be needed 10 to 20 years from now, to define new areas of focus, and to shift human resources smoothly while maintaining employee motivation.

Meanwhile, partnerships will become increasingly important to address the diverse and complex needs of society. With this in mind, I plan to leverage my personal experience to contribute to the Group as it works to accurately identify changing global trends and to transform itself into a hub for ecosystems to change society.



## Strengthening Human Capital to Drive Sustainable Growth

### Masako Ii

Director  
Audit and Supervisory Committee Member

There are two key aspects of MHI Group's corporate governance that I view highly. First is the substantive discussions that take place at Board meetings. The meetings have an open atmosphere where attendees feel comfortable speaking their minds, and sometimes quite unsparing opinions are shared. I feel that the overall balance of skills and careers among the Board members enables wide-ranging discussions on the challenges that management faces.

Second, there is an extensive support system for outside directors. Information is provided well in advance, and the support staff respond to requests promptly and courteously. This allows us to attend Board meetings with the information we need in hand. We also have opportunities to visit domestic and international locations and interact directly with employees from a variety of divisions. This has been helpful to me in my role as outside director.

### Agreeing with the President's Powerful Message

We announced our new business plan, the 2024 MTBP, in May 2024. President Izumisawa explained the policies of the plan in an in-house video message. Under the plan, he called for a strong commitment to achieve profitability in line with our competitors' while evolving our business, to provide realistic solutions based on the problems faced by individual regions and customers, and to expand our business up- and down-stream within value chains. It is extremely important for leaders to deliver clear messages like this when making significant management decisions or implementing organizational changes.

The 2024 MTBP also clearly indicates MHI's commitment to our focus areas. We do not have to choose between the environment and the economy; we can have both. I believe

the Group's efforts to position MISSION NET ZERO as a pillar of our growth strategy are a prime example of this. Even companies providing public infrastructure have a responsibility as for-profit entities to generate returns while managing their businesses sustainably. As a specialist in public policy, I have spent many years considering the relationship between the public and private sectors. I will use the insight accumulated over my career to contribute to the effective management of MHI Group.

I also commend the prioritization of strengthening human capital within the plan. This means providing opportunities for employee growth and enhancing engagement through work-style reforms and other initiatives. In a time when many companies struggle with recruitment, it is especially important to attract, develop, and retain talented individuals who can contribute over the long term. Going forward, I plan to focus on HR initiatives and provide support as necessary.

### Valuing Personal Perspectives and Opinions

The people working at MHI Group are truly exceptional. Every time I interact with employees, I grow fonder of the Group. What worries me a little, however, is that perhaps there is an overemphasis on precedent and quantitative evidence. As an economist, I certainly value data-driven logic and precedent, but it is also true that intuition and spontaneity can sometimes lead to important breakthroughs. If we can broaden the scope of discussions to include personal views and draw out the rich imagination of each employee, I believe this will drive the Group toward the next stage of growth. It will also help improve the transparency and health of the organization and reduce risk.