

# SUSTAINABILITY DATABOOK 2024

For the Year Ended March 31, 2024

# Contents

Sustainability Management

Environment

Society

Governance

Data Section

## 03 Editorial Policy

## 05 Sustainability Management

- 06 CEO MESSAGE
- 07 Sustainability Framework
- 09 Material Issues
- 16 Stakeholder Engagement
- 17 Initiatives and Groups We Participate In
- 18 Recognition from Society

## 19 Environment

- 20 Environmental Management
- 28 Climate Change
- 35 Water Management
- 37 Biodiversity
- 42 Waste/Pollution

## 43 Society

- 44 HR Strategy
- 45 Human Resources Development
- 54 Talent Attraction and Retention
- 61 Human Rights
- 66 Ensuring Diversity, Equity, and Inclusion in the Workplace
- 71 Occupational Safety and Health
- 78 Product Safety
- 84 Innovation
- 87 Customer Relationship Management
- 92 Supply Chain Management
- 97 Social Contribution Activity

## 101 Governance

- 102 Corporate Governance
- 110 Risk Management
- 116 Compliance

## 124 Data Section

- 125 Environment
- 132 Society
- 143 Governance
- 144 Third-party Assurance



# Editorial Policy

## ■ Reason for Publishing and Positioning of This Report (SUSTAINABILITY DATABOOK)

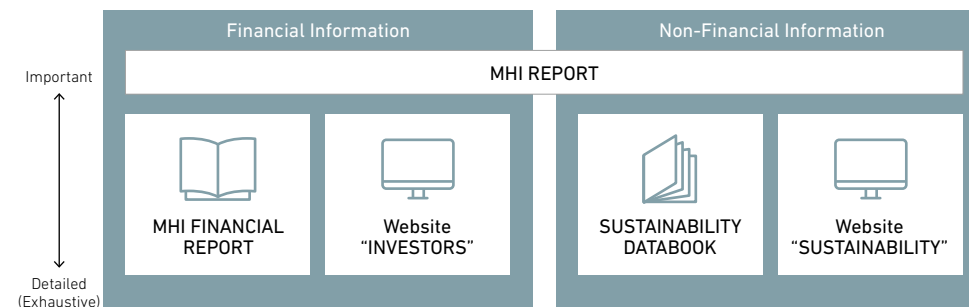
Based on the Group Statement, which sums up the Group's management principles, MHI Group aims to continue its development alongside the changing world by responding to the present and future issues and needs of society with a variety of technologies and services.

To enhance the understanding of our philosophy among all of our stakeholders, we have integrated financial information, including management strategy and operating performance, with non-financial information related to the Group's environmental and social activities into the MHI REPORT (MHI Group Integrated Report). This SUSTAINABILITY DATABOOK serves as a supplement to the MHI REPORT, summarizing non-financial information and presenting it along with detailed performance data to stakeholders who possess a vested interest in the sustainability initiatives of the Group.

## ■ Structure of Information Disclosure

The MHI REPORT contains financial and non-financial information that is important to understanding MHI Group.

The SUSTAINABILITY DATABOOK and the Company SUSTAINABILITY website contain more detailed non-financial information.



MHI REPORT, MHI FINANCIAL REPORT: <https://www.mhi.com/finance/library/annual/>  
SUSTAINABILITY: <https://www.mhi.com/sustainability/>

## ■ Coverage

Target organization: In principle, the scope of reporting includes MHI and its consolidated subsidiaries.

The scope of some information is for MHI on a non-consolidated basis, in which case it is identified as such.

Target period: From April 1, 2023, to March 31, 2024 (includes information on some activities after March 31, 2024)

Reporting cycle: Annual

Date published: December 2024



## Editorial Policy

### ■ Third-party Assurance

To enhance the reliability of data, we have received third-party assurance.

Third-party Assurance ▶ P.144

(Note) Environmental and Social data subject to third-party assurance is indicated with ✓.

- Assurance Statement on Materiality Disclosure
- Assurance Statement on Environmental and Social Data

### ■ Reference Guidelines

- International Financial Reporting Standards (IFRS) Foundation "International Integrated Reporting Framework"
- Global Reporting Initiative (GRI) Sustainability Reporting Standards  
(Reference) GRI Guidelines Comparison Tables  
[https://www.mhi.com/sustainability/management/report\\_gri.html](https://www.mhi.com/sustainability/management/report_gri.html)
- International Financial Reporting Standards (IFRS) Foundation "IFRS Sustainability Disclosure Standard"
- Ministry of the Environment of Japan Environmental Reporting Guidelines (2018 version)
- National Standards Bodies Guidance on social responsibility ISO26000
- Task Force on Climate-related Financial Disclosures (TCFD)

### ■ Forward-Looking Statements

Forecasts regarding future performance presented in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. As such, these projections involve risks and uncertainty. For this reason, investors are recommended not to depend solely on these projections for making investment decisions.

It is possible that actual results may change significantly from these projections for a number of factors.

Sustainability Management

Environment

Society

Governance

Data Section





▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section

# Sustainability Management

06 CEO MESSAGE

07 Sustainability Framework

07 Sustainability and CSR Policy

08 Sustainability Promotion System

09 Material Issues

09 Basic Approach/Promotion System

10 Processes of Identifying Material Issues

11 Material Issues, KPI, Progress

16 Stakeholder Engagement

16 Basic Approach

17 Initiatives and Groups We Participate In

18 Recognition from Society

18 Status of Inclusion in ESG Indexes/External Assessment of Sustainability



## CEO MESSAGE

### ▼ Sustainability Management

#### CEO MESSAGE

#### Sustainability Framework

#### Material Issues

#### Stakeholder Engagement

#### Initiatives and Groups We Participate In

#### Recognition from Society

#### Environment

#### Society

#### Governance

#### Data Section



### Contributing to the solution of increasingly complex social issues

The external environment surrounding Mitsubishi Heavy Industries (MHI) Group continues to change significantly due to factors such as the instability of energy supply and demand, economic security, and geopolitical risks, leading to increasingly complex social issues. In light of this, MHI Group has established a Medium-Term Business Plan for the three-year period starting in FY2024, underscoring our commitment to fulfilling our expected roles in advancing decarbonization and national security.

In the 2024 Medium-Term Business Plan, we will build on the business and financial foundations laid out in the 2021 Medium-Term Business Plan to drive further business growth and profitability. This includes “strengthening portfolio management” and “strengthening technologies and human capital”. Furthermore, we will continue to push forward with our carbon-neutral initiative, MISSION NET ZERO, targeting carbon neutrality by 2040.

To strengthen portfolio management, we have identified two key focus areas: ensure steady performance in growing core businesses and commercialize future growth areas. To strongly advance the commercialization of the energy transition sector, one of these growth areas, we established a new organization, GX Solutions in April 2024. This new organization integrates various divisions related to the hydrogen, ammonia, and CO<sub>2</sub> value chains, enhancing both project management and engineering functions. This structure enables us to efficiently allocate resources and provide a one-stop solution to meet customer needs, dedicating the full strength of MHI Group to green transformation (GX) initiatives.

In terms of strengthening technologies and human capital, which are essential to supporting business growth and profitability, we will expand revenue opportunities by building a licensing network aligned with our intellectual property strategy. Furthermore, under our HR strategy, we will concentrate on four key areas: development of future management candidates, talent acquisition and development, enhancing organizational strength, and employee engagement. Through these initiatives, we will reinforce our ability to execute business plans and work toward achieving our goals with confidence.

In promoting MISSION NET ZERO, the Group achieved around a 42% reduction in CO<sub>2</sub> emissions (Scope 1 and 2) in FY2023 compared to the baseline year of 2014. We have now set a new target to reduce emissions by 47% by the end of FY2026, the final year of the current business plan. Regarding our contributions to society across the entire value chain (Scope 3 + CCUS\* reduction efforts), we will continue to promote societal carbon neutrality by providing low-emission products and advancing the broader implementation of CCUS.

To help our various stakeholders gain an understanding of MHI Group’s initiatives aimed at balancing corporate and social sustainability, we have issued this SUSTAINABILITY DATABOOK. This year’s edition includes a new introduction to our HR strategy, along with expanded disclosures on our intellectual property strategy and additional reporting aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Going forward, we will continue to strive for the realization of a sustainable, safe, and secure society while ensuring the sustainable growth of the Group.

\* CCUS: Carbon dioxide Capture, Utilization and Storage.

**Seiji Izumisawa**  
President and CEO



# Sustainability Framework

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework  
 > Sustainability and CSR Policy  
 > Sustainability Promotion System

Material Issues

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section

## Sustainability and CSR Policy Policy

In accordance with the Three Corporate Principles\* that are at the heart of Our Principles, MHI Group serves as a manufacturing corporation that contributes to societal progress through its business endeavors of delivering products and technologies in support of social and industrial infrastructure worldwide. MHI shall not only make contributions through its products and technologies to resolve social issues such as environmental problems, but shall also work on resolving a wide range of social challenges through various activities in the process of its overall business and promote CSR activities in tandem with its business activities. MHI believes the basis of CSR is to engage in business activities that take its diverse range of stakeholders into consideration and return profits to all stakeholders in optimum fashion, while at the same time providing excellent products and technologies to realize a sustainable society and a secure future for people and the planet.

The MHI Group's CSR Action Guidelines serve as collective standards for all MHI Group employees. These guidelines provide a concrete and easy-to-understand way for employees to consistently keep CSR in mind as the Group contributes to societal progress through its business endeavors and Our Principles centered on the principles of CSR.

In 2015, we established the MHI Group Global Code of Conduct, a provision of common principles which stipulates how the Group's employees with various backgrounds, nationalities and cultures should act and behave. Regarding the environment, MHI Group has established the "Basic Policy on Environmental Matters" and "Action Guidelines" to encourage initiatives to reduce environmental burden based on them. As for the human rights, we formulated the "MHI Policy on Human Rights," while supporting international norms such as the Universal Declaration of Human Rights.

\* The Three Corporate Principles  
 The corporate philosophy set forth in the 1930s by Koyata Iwasaki, the fourth president of Mitsubishi Goshi Kaisha.  
 Corporate Responsibility to Society "Shoki 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.

### Our Principles

- We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide.
- We act with integrity and fairness, always respecting others.
- We constantly strive for excellence in our operations and technology, building on a wide global outlook and deep local insights.



### CSR Action Guidelines

MHI strives to move the world toward a more secure future. Through our technology, our business practices, and our people, we:

- ▶ **Care for the planet**  
 We are eco-conscious, and engineer environmentally-friendly technologies that improve sustainability and protect the Earth
- ▶ **Create a more harmonious society**  
 We embrace integrity and proactive participation to solve societal challenges
- ▶ **Inspire the future**  
 We cultivate global talent who share a vision and desire to move the world forward for generations to come



### (Others)

- MHI Group Code of Conduct  
<https://www.mhi.com/company/aboutmhi/policy/conduct.html>
- MHI Policy on Human Rights  
<https://www.mhi.com/company/aboutmhi/policy/humanrights.html>
- Basic Policy on Environmental Matters and Action Guidelines  
<https://www.mhi.com/jp/company/aboutmhi/policy/environment.html>
- Privacy Policy  
<https://www.mhi.com/privacy.html>
- Policy of Safety and Health  
[https://www.mhi.com/company/aboutmhi/policy/safety\\_health.html](https://www.mhi.com/company/aboutmhi/policy/safety_health.html)
- Procurement Policy  
<https://www.mhi.com/company/procurement/policy/index.html>
- MHI Group Supply Chain CSR Promotion Guidelines and Basic Policy Concerning Conflict Minerals  
<https://www.mhi.com/company/procurement/csr/>
- MHI Group's Declaration on Biodiversity  
[https://www.mhi.com/sustainability/environment/pdf/declaration\\_on\\_biodiversity\\_e.pdf](https://www.mhi.com/sustainability/environment/pdf/declaration_on_biodiversity_e.pdf)



# Sustainability Framework

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

- > Sustainability and CSR Policy
- > Sustainability Promotion System

Material Issues

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

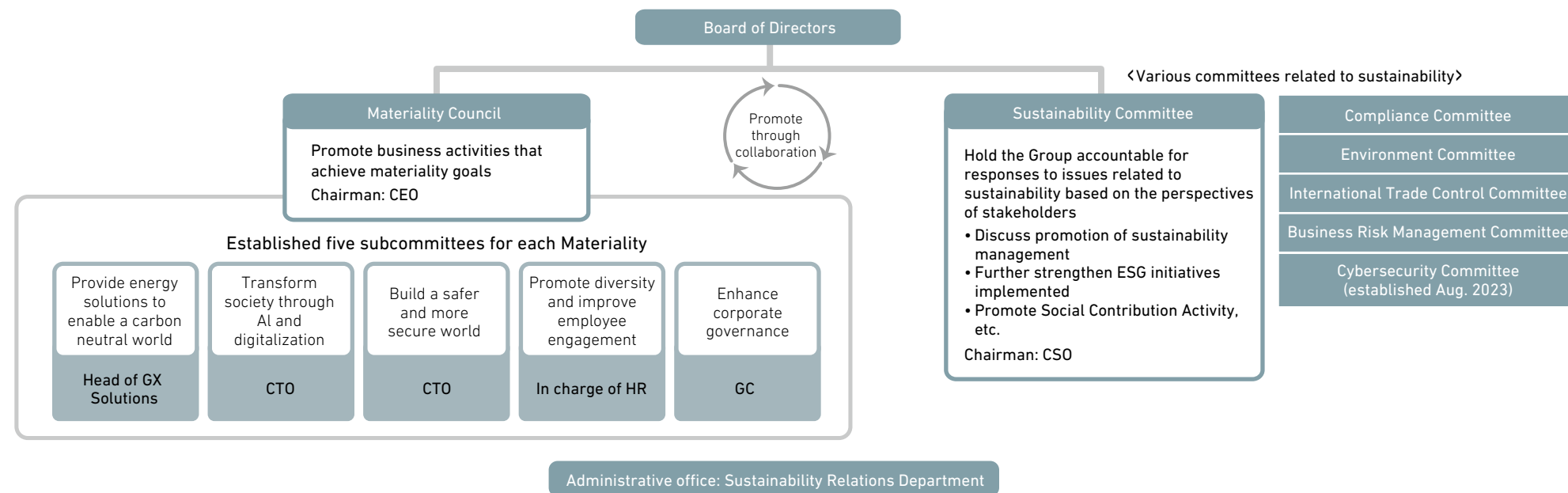
Society

Governance

Data Section

## Sustainability Promotion System System Activity results

In order to promote management that takes into account the sustainability of society, we developed and reorganized the former CSR Committee into the Sustainability Committee, and newly established the Materiality Council on October 1, 2021. In consideration of the environmental, social and economic sustainability of companies demanded by the international community, institutional investors and other stakeholders, we will further strengthen our sustainability management system centered on the issues and values faced by modern society.



Committee name	Head	Members	Purpose	Meetings held in FY2023	Main agenda items in FY2023
Materiality Council	CEO	Executive Vice Presidents, CSO (Chief Sustainability Officer), GC (General Counsel), CFO, CTO, officer in charge of HR, head of Business Strategy Office, and domain CEOs.	To follow up on business activities to realize materiality goals and discuss how to respond going forward	2	<ul style="list-style-type: none"> <li>Detailed decisions on company-wide materiality goals and the scope of initiatives for KPI (progress monitoring indicators)</li> <li>Monitoring progress of materiality initiatives</li> </ul>
Sustainability Committee	CSO (executive officer in charge of sustainability)	Executive Vice Presidents, GC, CFO, CTO, officer in charge of HR, head of Business Strategy Office, and domain CEOs.	To make management-level decisions related to how to address sustainability issues (ESG initiatives, etc.)	2	<ul style="list-style-type: none"> <li>Research into trends in sustainability-related industry policy and regulations</li> <li>Drafting strategy for dealing with ESG rating agencies</li> <li>TCFD planning cycle for FY2023</li> <li>Progress on ESG initiatives (human rights, biodiversity, etc.)</li> <li>How to carry out sustainability management</li> </ul>

\* CEO: Chief Executive Officer, CSO: Chief Strategy Officer, CTO: Chief Technology Officer, GC: General Counsel, HR: Human Resources





# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section

## Basic Approach Policy

To enhance corporate value and grow in the medium to long term through solutions to social issues, in fiscal 2020, MHI Group has identified Material Issues it should be addressing. Progress in each Material Issue is managed with progress monitoring indicators (KPIs), and the PDCA cycle is steadily applied.

## Promotion System System

Activities involving engagement with Material Issues embody sustainability management in terms of business. To make the activities effective, we have established subcommittees with managers and departments for each Material Issue, and the person responsible and organizing department consider specific measure and roadmaps.

In October 2021, we established the Materiality Council, chaired by the CEO and attended by officers in charge of corporate and domain CEOs, to follow up on business activities aimed at realizing company-wide goals for Material Issues and to instruct business divisions addressing the goals to take necessary measures. At this time (as of September 2023), the 4th Materiality Council has been held. During the meeting, information on the progress made with respect to each Material Issue was shared and reported, along with related project examples from business units, and questions and opinions were freely exchanged. We are making progress with R&D projects in such areas as Carbon Neutrality and digital platform services, and our efforts are starting to bear fruit. These activities are important themes in sustainability management and are regularly reported to the Board of Directors.

Sustainability Promotion System ▶ P.08

### ■ Third-party Assurance (AA1000AS)

We have obtained the AA1000AS warranty from an independent third party for disclosure information regarding the “Mitsubishi Heavy Industries Group Material Issues” identified in 2020.

Third-party Assurance (AA1000AS) ▶ P.144



# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

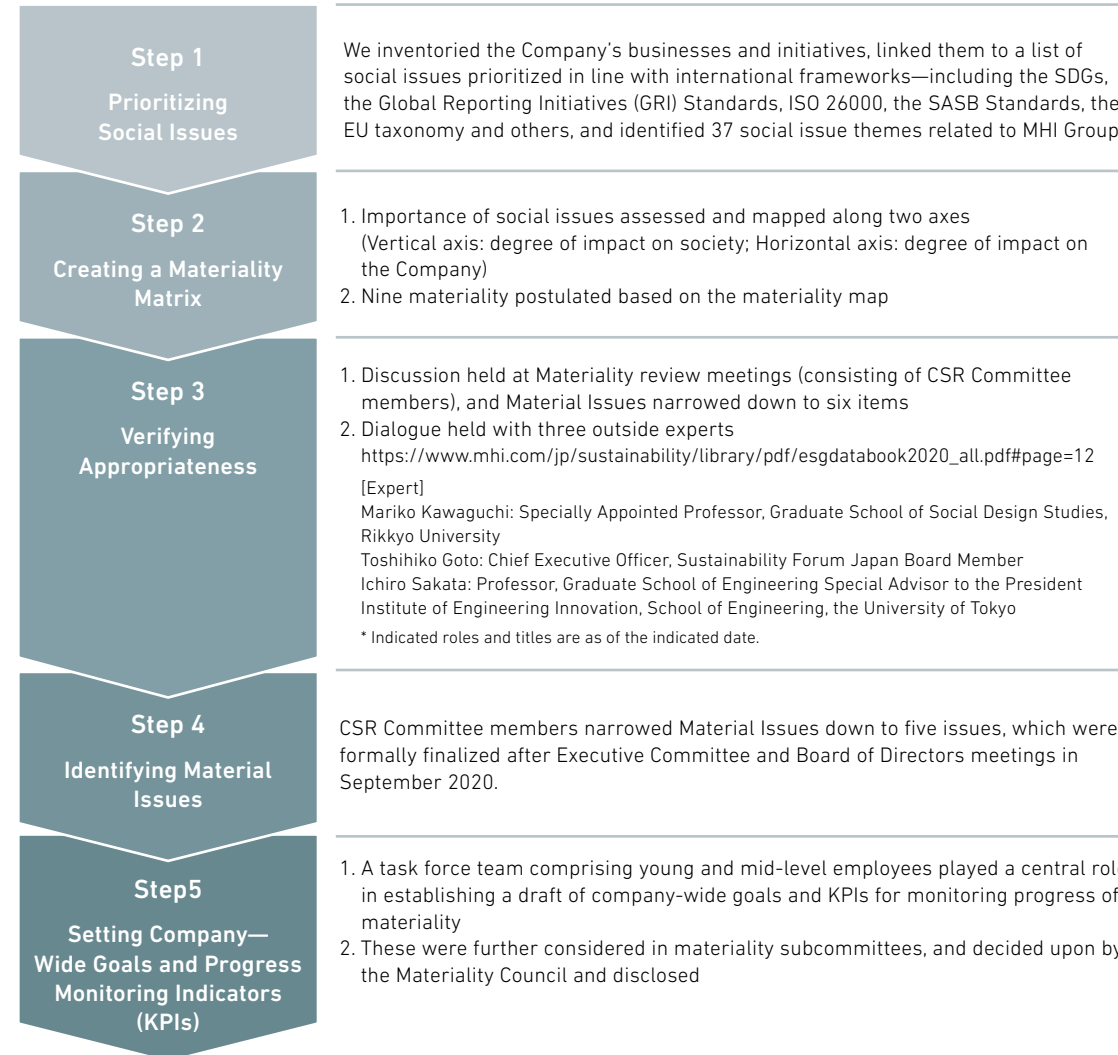
Environment

Society

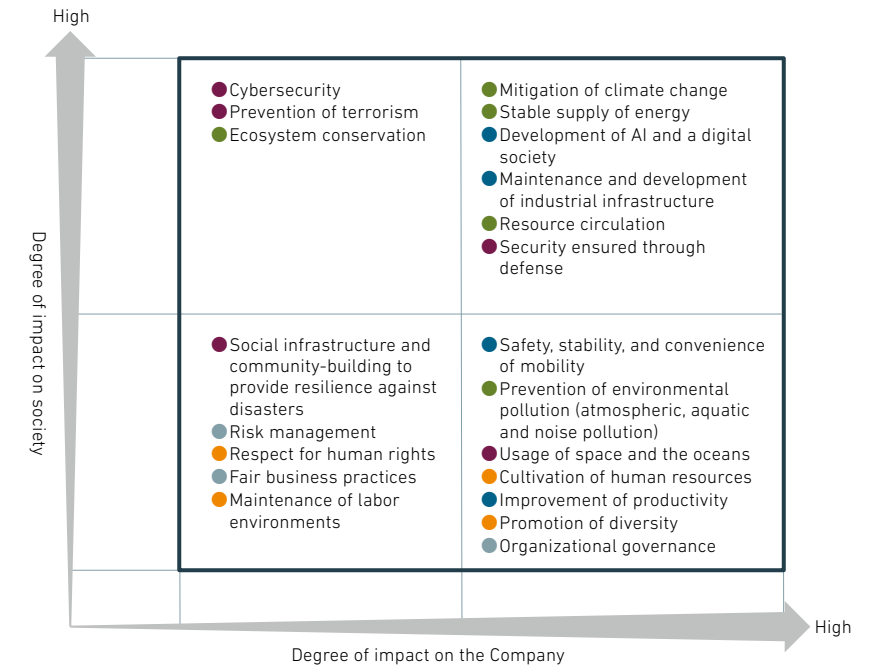
Governance

Data Section

## Processes of Identifying Material Issues Policy



### Approach to Identifying Material Issues



### Five Material Issues identified based on social issues important to MHI Group

Business Contribution (business-related)	<ul style="list-style-type: none"> <li>Provide energy solutions to enable a carbon neutral world</li> <li>Transform society through AI and digitalization</li> <li>Build a safer and more secure world</li> </ul>
Foundation to Support Business (corporate-related)	<ul style="list-style-type: none"> <li>Promote diversity and improve employee engagement</li> <li>Enhance corporate governance</li> </ul>



# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society


Environment

Society

Governance

Data Section

Material Issues, KPI, Progress **Policy** **System** **Activity Results**

Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2023	
<p><b>Provide energy solutions to enable a carbon neutral world</b></p>  <p><b>CSO and Senior General Manager, Growth Strategy Office</b></p> <p>In recent years, as the effects of climate change become more serious, people eagerly await the realization of a carbon neutral world. In the future, energy infrastructure will be reconstructed in accordance with 3E+S<sup>(Note)</sup> based on the characteristics of each country, while resource recycling and decarbonization are expected to develop on the demand side. To achieve this transformation of social infrastructure as quickly as possible, MHI Group will strive to continue using existing facilities and promote carbon recycling by significantly improving energy efficiency, capturing and fixing CO<sub>2</sub>, introducing carbon-free fuels, and expanding the use of nuclear power and renewable energies that meet the world's highest safety standards.</p>	<p>Reduce the CO<sub>2</sub> emissions of MHI Group</p> <p>Achieve Net Zero CO<sub>2</sub> emissions from its operations by 2040 (Scopes 1 and 2)</p>	<p>Reduce total CO<sub>2</sub> emissions from business activities (Scopes 1 and 2) by 50% by 2030 (compared to 2014 levels), and achieve net zero by 2040</p>	MHI Group (Global)	<ul style="list-style-type: none"> <li>Forecasting a reduction in 2023 CO<sub>2</sub> emissions of 42% (compared to 2014 levels).</li> <li>At Mihara Machinery Works, which is pioneering initiatives to reduce CO<sub>2</sub> emissions, forecasting a 97.7% reduction (compared to 2021 levels) through installation of solar panels, energy conservation, and streamlining, and acquired practical plant decarbonization know-how.</li> </ul>	
		<p>Reduce CO<sub>2</sub> emissions across the entire value chain (Scope 3 + CCUS contribution for CO<sub>2</sub> reduction) by 50% by 2030 (compared to 2019 levels) and achieve net zero by 2040</p>		MHI Group (Global)	<ul style="list-style-type: none"> <li>Forecasting a reduction in 2023 CO<sub>2</sub> emissions (Scope 3 Category 11) of 36% (compared to 2019 levels).</li> </ul>
		<p>Contribution to society throughout the value chain by 2040</p> <p>Achieve Net Zero CO<sub>2</sub> emissions from its entire value chain by 2040 (Scope 3 + reduction through CCUS)</p>	<p>Develop products and services that contribute to decarbonization of the energy supply by 2040 (energy transition)</p>	MHI Group (Global)	<ul style="list-style-type: none"> <li>Conducted a successful demonstration operation of 30%*1 hydrogen fuel co-firing the GTCC demonstration power plant in Takasago Hydrogen Park, using a state-of-the-art JAC gas turbine.</li> <li>To increase global business opportunities for CO<sub>2</sub> capture, expanded partnerships, including concluding a general license agreement with the major engineering firm Saipem.</li> <li>Nearly completed the basic design for the Advanced Light Water Reactor "SRZ-1200," which will have the world's highest standards of safety. In addition, selected as the core company for design and development of a demonstration fast reactor and an HTGR (high-temperature gas-cooled reactor) demonstration reactor, both promoted by the Japanese government.</li> </ul>
			<p>Develop products and services that contribute to conservation, decarbonization, and automation of energy use by 2040 (Smart Infrastructure)</p>	MHI Group (Global)	<ul style="list-style-type: none"> <li>Responded to feasibility study (FS) and front-end engineering and design (FEED) requests for numerous projects in a variety of industries, including a FEED contract for a CO<sub>2</sub> capture plant for major cement manufacturer Heidelberg Materials.</li> <li>Prepared for commercialization in the electrification and data center fields by developing a new container-type data center with an immersion/air-cooled hybrid cooling system, and by strengthening the North American service system through the acquisition of Concentric.</li> </ul>
		<p>Develop and prove new products and services that contribute to the carbon cycle</p>	MHI Group (Global)	<ul style="list-style-type: none"> <li>Conducted demonstration tests for biowaste utilization (hydrolysis), and pursued development of production technologies for carbon-neutral fuels such as sustainable aviation fuel (SAF).</li> </ul>	

(Note) The pursuit of energy security, economic efficiency, and environmental conformance on the precondition of safety

\*1 The hydrogen mixture ratio is expressed as a volume ratio.



# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In


Recognition from Society

Environment

Society

Governance

Data Section

Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2023
<p><b>Transform society through AI and digitalization</b></p>  <p><b>Senior General Manager, Growth Strategy Office</b></p> <p>Due to the rapid advancement of AI and digitalization present day, human values, activities, and lifestyles are undergoing major changes. In the midst of various social concerns such as climate change, aging societies with low birthrates, widening disparity between the rich and the poor, and COVID-19, two key themes are how to provide a convenient and comfortable life to everyone without discrimination and how to live in a sustainable manner. MHI Group will seek to realize a society that balances economic development with the resolution of social issues (Society 5.0) by breaking away from preconceived notions and maximizing the use of AI and digitalization to pursue the question of what it means for people to lead affluent lives.</p>	<p>Expand lineup of useful and sustainable AI/digital products meeting needs of customers and users</p>	<p>Steadily increase the number of newly developed advanced AI and digital solutions (services, products, R&amp;D) that solve customer issues</p>	<p>MHI Group (Global)</p>	<ul style="list-style-type: none"> <li>Confirmed the basic performance of the prototype for the next generation unmanned forklift (based on ΣSynX), and conducting demonstration activities for an automated picking solution at YHH*2. Further development of intelligent logistics systems is also continuing.</li> <li>An automated material handling system for maritime transportation is under development.</li> <li>An intelligent system for operation of industrial machines is under development.</li> <li>Within our central R&amp;D organization, MHI Group conducts advanced research and development, and the results are applied widely across our business areas. This allows us to promote the development of solutions such as AI and digital products and services for diverse business units.</li> </ul>
	<p>Contribute to a sustainable society through future-oriented energy management strategies that use AI and digitalization to appropriately and efficiently manage power supply and demand</p>	<p>Propose optimal energy infrastructures to customers according to the characteristics of the region</p>	<p>MHI Group (Global)</p>	<ul style="list-style-type: none"> <li>Started feasibility study of optimal energy infrastructure solutions for a city in Japan and the factory of a domestic beverage manufacturer, considering regional characteristics based on an assessment balancing social, economic, environmental factors, and carbon neutrality.</li> </ul>
	<p>Improve our working environment to produce creative products</p>	<p>Increase the number of products linked to future-oriented energy management systems</p>	<p>MHI Group (Global)</p>	<ul style="list-style-type: none"> <li>Conducted external verification of a core energy management system (EMS) with expanded control functions for heating equipment for use in carbon neutral EMS products.</li> </ul>
				<p>The following were implemented in order to make MHI a more creative workplace:</p> <ul style="list-style-type: none"> <li>Internal community site (EKKYO BASE): Organized collaboration projects and distributed related digital contents such as one-on-one workshops. Expanding opportunities for dialogue and co-creation with employees from inside/outside of MHI.</li> <li>Future Design Task Force: R&amp;D activity "Future design process" is ongoing. Eight new themes in six areas are under development.</li> <li>Formulated a human resource development plan in the field of Digital Innovation, under the strategic goal of developing 22,000 Digital Innovation experts groupwide.</li> <li>Advanced efforts in promoting groupwide use of CRM (Customer Relations Management), utilization of data foundation, and development of future IT architecture.</li> <li>YHH: Started verification tests and co-creation research for container DC, EMS, etc. Established LogiQ X Lab, a logistics intelligence project, and conducted verification tests with Kirin Beverage that led to an order for an actual logistic system.</li> <li>From October 2022, Continued human resources development program at YHH for entrepreneurship. Two employees contributed to revitalizing new business creation activities and improving business operations, after returning to their original posts.</li> </ul>

\*2 YHH: Yokohama Hardtech Hub. Co-creation space for manufacturing administered by MHI in Honmoku, Yokohama





# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section

Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2023
<p style="text-align: center;"><b>Build a safer and more secure world</b></p>  <p style="text-align: center;"><b>CTO</b></p> <p>Building a safe and secure society is essential for realizing affluent lives. In recent years, we have faced various risks including natural disasters, pandemics, a shrinking workforce, and changes in the security environment, including cyberspace. Since its establishment, MHI Group has contributed to the development of society by building critical infrastructure and taking on challenges in the unknown worlds of space and the deep sea. By drawing on this wealth of knowledge and experience, we will build a flexible, robust, and labor-saving system that will contribute to the realization of a safer and more secure society.</p>	<p>Boost the resilience of products, businesses, and infrastructure</p>	<p>Carry out various disaster impact assessments, and promote the development and practical application of resilient designs and technologies</p>	<p>MHI Group (Global)</p>	<ul style="list-style-type: none"> <li>Completed the application of disaster prevention simulation for tsunami, typhoon, heavy rain, storm surge, etc. at all domestic MHI factories. The weak points at each factory regarding various disasters were clarified, and the effectiveness of countermeasures was confirmed and verified. We will continue to promote measures to strengthen plant resilience and review our BCP.</li> <li>In the above simulations, we also conducted an impact assessment of severe heavy rainfall considering climate change scenarios in the wake of the flooding of the Hitachi plant caused by Typhoon No. 13 in September 2023.</li> <li>The disaster prevention simulation was applied in the proposal for a customer's plant construction.</li> </ul>
	<p>Implement fully-automated and labor-saving measures</p>	<p>Promote the development and practical application of technologies that enable the remote operation and automatic inspection of products, businesses and infrastructure</p>	<p>MHI Group (Global)</p>	<ul style="list-style-type: none"> <li>Confirmed functional performance of forklift operation via low delay video transmission in cooperation with NTT.</li> <li>Started system design on the highway Vehicle-to-Infrastructure system, which uses wireless communication to connect ICT-enabled "connected" vehicles and related infrastructure components, in preparation toward realizing a future of autonomous mobility.</li> <li>Continued to promote the research &amp; development of unmanned defense equipment.</li> <li>Developing a system for ferry cargo handling to perform repetitive simple tasks and difficult work in harsh environments.</li> <li>Delivered a monitoring platform (ΣSynX Supervision) for ships.</li> <li>A remote monitoring and operation support system (MaiDASR) for a waste incinerator plant has been verified and presented at a major academic conference.</li> <li>Continued to promote the research and development of intelligent operation systems for paper converting machinery.</li> <li>Developing plant piping inspection robots.</li> <li>Developing an explosion-proof plant patrol inspection robot together with ENEOS.</li> </ul>
	<p>Continuously strengthen cybersecurity measures for all MHI products</p>	<p>Promote the development and practical application of cybersecurity technologies</p>	<p>MHI Group (Global)</p>	<ul style="list-style-type: none"> <li>In FY2023, cybersecurity R&amp;D investments increased 2.0 times the level of FY2020.</li> <li>In order to strengthen the security resistance of our factories, evaluation and verification of network security detection devices were conducted in Sagami-hara Machinery Works, YHH, Nagoya Guidance &amp; Propulsion Systems Works – Komaki North Plant and other locations.</li> <li>The basic security requirements set by Charter of Trust*<sup>3</sup> were shared at ICS Device Security Administrators Meeting.</li> <li>A webform to receive vulnerability information on products and services was established.</li> </ul>

\*3 Charter of Trust: Activities at the private-sector company level to build cybersecurity reliability. MHI has participated since April 2019.



# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In


Recognition from Society

Environment

Society

Governance

Data Section

Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2023
<p><b>Promote diversity and improve employee engagement</b></p>  <p><b>In charge of HR</b></p> <p>Given the globalization of business in recent years, there is an urgent need to develop human resources who have a firm awareness of human rights across the supply chain and can operate on the international stage. In addition, to continue creating new value based on diverse ideas, it is essential to improve productivity and ensure safety by building a culture in which each individual is respected and can demonstrate and develop their abilities. Therefore, we support the growth and health of human resources through the promotion of diversity and health management. Our goal is to train human resources who are full of vitality and can contribute to society not only during their employment but also after retirement.</p>	Project new value through participation of diverse human resources	Increase the ratio of women on the Board of Directors to at least 30% by 2030	MHI	<ul style="list-style-type: none"> <li>Continued our training program for potential future executive candidates in collaboration with each business unit.</li> <li>Expanded various employee support systems with consideration to childcare and caregiving to enable employees to continue their careers. Promoting a workplace environment and organizational culture allowing for a balance of professional and private life.</li> </ul>
	Ensure safe and comfortable workplaces	Double the ratio of women in management positions by 2030 (compared to FY2021)	MHI Group (Global)	<ul style="list-style-type: none"> <li>Started development of educational materials (e-learning) on the topic of respecting human rights in MHI Group. About 75,000 employees world-wide took the course.</li> </ul>
	Ensure safe and comfortable workplaces	Reduce the number of serious accidents to zero	MHI Group (Global)	<ul style="list-style-type: none"> <li>A subcontractor's fatal accident occurred. The root cause analysis was undertaken immediately to prevent recurrence and measures were announced to all departments in MHI.</li> </ul>
	Ensure safe and comfortable workplaces	Maintain a labor (work absence) accident frequency each year at a rate that is equal to or lower than the industry average	MHI Group (Global)	<ul style="list-style-type: none"> <li>The rate of lost-worktime injuries was less than the industry average.</li> <li>Conducted early detection and root cause analysis based on data from past accidents, and studied and developed countermeasures across divisions.</li> </ul>
	Improve our environment that maximizes employee performance, and develop human resources who are healthy, energetic and able to contribute to society	Raise the employee awareness survey's "engagement" score above the global average by FY2030	MHI Group (Global)	<ul style="list-style-type: none"> <li>The 4th MHI Group Employee Survey was undertaken in March 2023.</li> <li>President's Town Meeting was held at 7 sites in Japan.</li> <li>Announced pulse survey tool to all MHI Group and continuing operational improvement.</li> </ul>



# Material Issues

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

- > Basic Approach/Promotion System
- > Processes of Identifying Material Issues
- > Material Issues, KPI, Progress

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section

Material Issues, Officer in Charge	Company-wide Goals	Progress Monitoring Indicator (KPI)	Scope	Initiatives and Progress in FY2023
<p><b>Enhance corporate governance</b></p>  <p><b>GC</b></p> <p>For a company to continue to provide value to society, it is important to earnestly address the issues and demands of global society and form a sound organizational culture. Since we have a particularly diverse range of businesses, it is essential that we strengthen the governance structure of the entire Group. We will promote compliance management and strengthen internal controls to ensure compliance with laws and regulations and promote honest, fair, and equitable business practices. We will promptly identify opportunities and risks for the organization and take appropriate action. In addition, to earn the trust of society, we will implement timely and appropriate information disclosure regarding management, while ensuring fairness and transparency.</p>	Further enhance deliberations by the Board of Directors	Maintain the ratio of independent outside directors on the Board of Directors at 50% or more	MHI	<ul style="list-style-type: none"> <li>Maintained the percentage of independent outside directors at 50% (6/12) and worked to speed up decision-making processes and strengthen oversight functions.</li> </ul>
	Assess the effectiveness of the Board of Directors annually to ensure and improve it	Assess the effectiveness of the Board of Directors annually to ensure and improve it	MHI	<ul style="list-style-type: none"> <li>Engaged in the following initiatives to evaluate the effectiveness of the Board of Directors in FY2023.                             <ul style="list-style-type: none"> <li>Conducted questionnaires to all members of the board.</li> <li>Discussed the results of these evaluations in meetings of independent outside directors and reported the same to Board of Directors meetings.</li> <li>Established policies based on the results of the effectiveness evaluation and finalized the draft of disclosure, both by the resolutions of the Board of Directors. Also started planning the agenda schedule for FY2024.</li> </ul> </li> </ul>
	Promote legal compliance and honest and fair business practices	Maintain the number of serious laws/regulation violations at zero	MHI Group (Global)	<ul style="list-style-type: none"> <li>There were no serious laws/regulation violations.</li> <li>Case studies related to compliance were published monthly to raise awareness within the company.</li> <li>Compliance information tailored to each region was shared with Group companies outside Japan in an effort to prevent compliance issues.</li> <li>Ensuring that overseas group companies set up hotlines for reporting on compliance issues.</li> </ul>
	Further promote responsible (CSR) procurement in the global supply chain	Continue activities that promote an open organizational culture	MHI Group (Global)	<ul style="list-style-type: none"> <li>Implemented the following compliance training for employees both within and outside Japan.                             <ul style="list-style-type: none"> <li>Japan: e-learning, discussion-based training, job graded training</li> <li>Outside Japan: e-learning</li> </ul> </li> </ul>
	Offer continuous educative information to suppliers/business partners in order to establish and maintain a sustainable supply chain	Promote sustainability and CSR procurement activities with partners to build a sustainable supply chain	MHI Group (Global)	<ul style="list-style-type: none"> <li>Implemented a CSR questionnaire for Japanese and overseas partner companies with a certain amount of regular orders from MHI, and obtained their agreement to the MHI Group Supply Chain CSR Promotion Guidelines.</li> </ul>
	Conduct ESG briefings to investors at least once a year	Create opportunities to explain non-financial information	MHI Group (Global)	<ul style="list-style-type: none"> <li>Delivered educational materials on CSR procurement when sending the periodical CSR questionnaire for partner companies, and confirmed understanding within each company. Performed CSR procurement education at business briefings and meetings with partners.</li> <li>Held Energy Transition Briefing in May 2023 and explained our aim to contribute to the reduction of CO<sub>2</sub> emissions through our products, technologies, and services.</li> </ul>



# Stakeholder Engagement

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

Stakeholder Engagement  
> Basic Approach

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section

## Basic Approach Policy

MHI Group prioritizes management initiatives that reflect input from the various stakeholders in its business activities, including customers, suppliers, business partners, Group employees, and local communities. In addition to seeking out stakeholder input in its everyday activities, MHI engages in dialogue with experts and NGOs having specialized expertise related to CSR and global issues, striving to incorporate societal viewpoints.



## Main Initiatives in FY2023 Activity Results

### Experts

MHI is participating in the Executive Sustainability Forum, a conference for business leaders focused on sustainable growth in Japan and Asia.

In this forum, 13 participating companies collaborated to formulate a Joint Statement on the Circular Economy and Carbon Neutrality, which was announced at the World Economic Forum Annual Meeting (Davos Meeting) held in January 2024.

<https://www.pwc.com/jp/en/press-room/joint-statement240116.html>

### Institutional Investors

In addition to various reports and information disclosed at briefings, we hold interviews with the participation of officers and employees to improve communication with institutional investors inside and outside Japan.

In October 2023, we engaged with the investor initiative Climate Action 100+ to urge companies with high GHG emissions to take action toward achieving carbon neutrality by 2050.

### Employees

The Sustainability Relations Office holds regular discussion sessions to further raise the awareness of employees with regard to sustainability. Following the engagement with the production department's supervisors and assistant supervisors in fiscal 2022, we held discussions in fiscal year 2023 with approximately 400 managers from various locations. During these meetings, we shared the latest developments in sustainability and facilitated dialogues aimed at achieving more effective internal integration of sustainability initiatives.

### Suppliers

At platforms such as business partner meetings and business policy briefings, we explain the Group's CSR promotion guidelines and offer educative information on the conduct expected of suppliers by introducing cases of ESG risks in the supply chain.

In addition, to reduce risks in the supply chain, we conduct a CSR survey to confirm the CSR promotion initiatives of suppliers, and based on the results we reconfirm laws related to CSR and ESG, conduct onsite surveys on the status of compliance systems and initiatives, and consult with suppliers on making improvements.

### NPOs





Since 2015, in Tanegashima, a key location for the Group's rocket launch transport business, MHI Group has offered its support for the Tanegashima Loggerhead Turtle Survey, an event sponsored by Earthwatch Japan, an authorized NPO. The Group participates in the survey each year. In fiscal 2023, approximately 30 employees from the Group participated as volunteer researchers in the individual survey of sea turtles that came ashore to nest.





# Initiatives and Groups We Participate In

MHI Group participates in initiatives and groups inside and outside Japan related to sustainability to help realize a sustainable society.

Groups and initiatives in which we participate	<p>UN Global Compact</p> 	<p>Task Force on Climate-related Financial Disclosures (TCFD)</p> 	<p>GX League</p> 	<p>Keidanren Initiative for Biodiversity</p> 
Activities	<p>MHI became a signatory to the UN Global Compact in 2004 and put into practice the compact's ten principles. In 2015, we created the MHI Group Global Code of Conduct to provide a set of action guidelines for all MHI Group employees to follow. We also participate in subcommittees on the environment, human rights and the supply chain established by Global Compact Network Japan, a local network in Japan, which is helping us to plan our own initiatives and solve issues.</p>	<p>MHI has a mission of leading the way in climate action and in February 2019 announced its support for disclosure based on the TCFD recommendations.</p>	<p>MHI is boldly taking on the challenge of transitioning to carbon neutrality. It participates in the GX League, a framework through which successful international companies drive the green transformation.</p> <p>We also plan to participate in a voluntary emissions trading scheme (GXETS), which is a pledge and review framework for achieving the voluntary emission reduction targets the companies have set.</p>	<p>A total of 345 companies and groups (as of May 31, 2024) participate in the initiative by engaging in a least several of the seven items that make up the Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition) or by expressing their support for the initiative overall. As a participating company, we are involved in promoting biodiversity initiatives.</p>

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

Environment

Society

Governance

Data Section



# Recognition from Society

▼ Sustainability Management

CEO MESSAGE

Sustainability Framework

Material Issues

Stakeholder Engagement

Initiatives and Groups We Participate In

Recognition from Society

> Status of Inclusion in ESG Indexes/  
External Assessment of Sustainability

Environment

Society

Governance

Data Section

## Status of Inclusion in ESG Indexes Indexes

MHI Group promotes management with an emphasis on sustainability and is focused on various activities and information disclosure. Thanks to these initiatives, we have been selected for the sixth consecutive year for inclusion in the Asia Pacific Index of the Dow Jones Sustainability Index (DJSI), a globally leading index for environmental, social, and governance (ESG) investing.

The Government Pension Investment Fund (GPIF), a Japanese pension fund that is one of the largest institutional investors in the world, has selected MHI for the following ESG-related indices for Japanese equities (as of September 2024).

- MSCI Japan ESG Select Leaders Index
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

### 2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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## External Assessment of Sustainability Ratings and certifications



### CDP Climate Change 2023 Score A-

The international nonprofit CDP globally assesses corporate efforts on climate change and water issues. Scores are rated on a nine-step scale: A, A-, B, B-, C, C-, D, D-, and F (decline to answer and no response). MHI received a score of A- in the CDP Climate Change 2023 assessment.



### MHI Obtains "Eruboshi" Mark Certification

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace (the "Act to Promote Women's Participation"), the "Eruboshi" certification is granted by the Minister of Health, Labour and Welfare of Japan to those companies making outstanding contributions under certain standards for promoting women's participation. In July 2020, MHI obtained a three-star rating, the highest of three possible levels. This certifies that MHI has fulfilled the screening criteria for all items concerning elements of the workplace environment that make it easier for women to demonstrate their ability.



### MHI Obtains "Kurumin" Mark Certification

Companies that have formulated action plans for supporting employee child rearing based on the Japanese law the Act on Advancement of Measures to Support Raising Next-Generation Children, enacted in April 2005, and that have been recognized for their results, receive the "Kurumin" mark certification. MHI obtained this certification in 2007.



### Certified Excellent Health and Productivity Management Corporation

An "Excellent Health and Productivity Management Corporation" is a certification system launched by the Ministry of Economy, Trade and Industry in 2015 to promote "health management." Corporations that are recognized for considering and practicing employee health management from a managerial perspective are recognized. In 2019, our company issued the President's Declaration on Health Management and promoted health management. As a result, the company was recognized as an "Excellent Health and Productivity Management Corporation 2024."



Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

Biodiversity

Waste/Pollution

Society

Governance

Data Section

# Environment

## 20 Environmental Management

- 20 Basic Policy on Environmental Matters and Action Guidelines
- 21 Environmental Management
- 22 Environmental Targets
- 23 Sustainable Finance
- 25 Environmental Management System/  
Education and Collaboration with Local Communities
- 26 Product Stewardship Initiatives

## 28 Climate Change

- 28 Basic Approach and Policy
- 29 GHG Emissions/Energy Consumption Data
- 30 Activities that Mitigate Climate Change
- 31 TCFD Disclosure

## 35 Water Management

- 35 Basic Approach and Policy/Management System /Initiatives
- 36 Quantity of Water Intake Data

## 37 Biodiversity

- 37 Basic Policy on Biodiversity/Biodiversity Goals/  
Corporate Structure on Biodiversity
- 38 Biodiversity Initiatives

## 42 Waste/Pollution

- 42 Basic Approach and Policy/Management System/  
Waste Generation/VOC Emissions Data



# Environmental Management

## Basic Policy on Environmental Matters and Action Guidelines Policy

With environmental problems gaining recognition on a global scale, MHI Group established the Environment Committee in 1996 in order to clarify its attitude toward the environment, to express its stance to people both inside and outside the Company, and to direct and promote its environmental activities. At its first meeting, the Environment Committee formulated the Basic Policy on Environmental Matters and Action Guidelines (refer below), in line with the MHI Group's Principles: "We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide." Since that time, the entire Group has worked to promote environmental initiatives through maintaining a dialogue with suppliers and other stakeholders in accordance with this Basic Policy and these guidelines. MHI Group made partial revisions to its Basic Policy on Environmental Matters and Action Guidelines in January 2018 with the approval of the Executive Committee, chaired by the President and CEO.

### Basic Policy on Environmental Matters

Provision 1 of MHI Group's principles reads: "We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide." This means that our primary purpose is to contribute to society through R&D, manufacturing and other business activities. The company shall undertake all aspects of its business activities with the understanding that it is an integral member of society and will strive to reduce its burden on the environment, contributing to the development of a sustainable society.

### Action Guidelines

1. Prioritize environmental protection within company operations, and take steps across the entire MHI Group to protect and enhance the environment.
2. Clarify roles and responsibilities regarding environmental protection by developing an organizational structure to deal with matters related to environmental protection, and to define environment-related procedures, etc.
3. Strive continuously to improve and enhance environmental protection activities not only by fully complying with environmental laws and regulations but also, when necessary, by establishing, implementing and evaluating independent standards and setting environmental goals and targets.
4. Strive to alleviate burden on the environment in all aspects of company business activities, from product R&D and design to procurement of raw materials, manufacture, transport, usage, servicing and disposal, through pollution prevention, conservation of resources, energy saving, and waste reduction.
5. Strive to develop and market advanced and highly reliable technology and products that contribute to solving environmental and energy challenges.
6. Strive to preserve the environment in partnership with our stakeholders and gain their understanding of this policy.
7. Take steps to raise environmental awareness among all group employees through environmental education, etc., while delivering environment-related information to the public and taking part in CSR activities.

Formulated in 1996 (Revised in January 2018)

[Paragraph 6 Supplementary Information] Stakeholders include suppliers, joint venture partners, licensees, external outsourcing companies, and other business partners. In addition, cases involving environmental due diligence and M&As will be taken into consideration.

## Sustainability Management

### Environment

#### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

#### Climate Change

#### Water Management

#### Biodiversity

#### Waste/Pollution

#### Society

#### Governance

#### Data Section



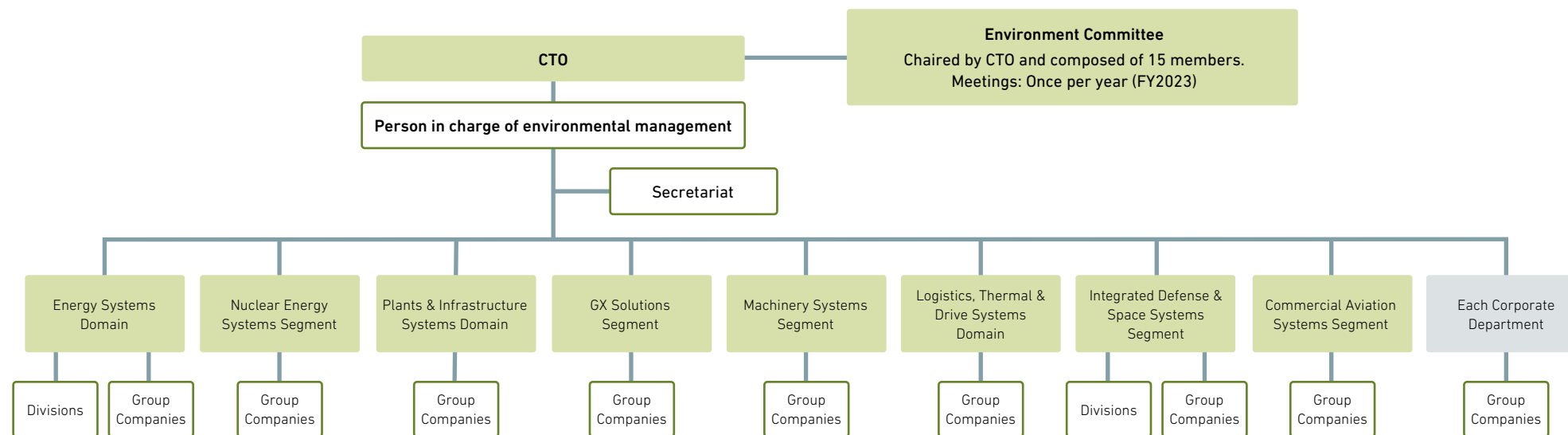


# Environmental Management

## Environmental Management System

At MHI Group, the Environment Committee is chaired by the Chief Technology Officer (CTO), who takes charge of environmental management, and made up of members selected from the domains and segments, and corporate units. The committee plans and drafts policies and initiatives shared throughout the Group and deploys them across all Group companies via the domains, segments of each business, and corporate units.

The MHI Group's Environmental Management Organization (As of April 1, 2024)



### ■ Environmental audit system

At MHI Group, two levels of audits are conducted including one by each domain, segment, and corporate unit on their respective organization as well as one by the environmental secretariat at MHI headquarters on the environmental management division of each domain, segment, and corporate unit. As a general rule, the respective domains, segments, and corporate units conduct internal environmental audits at the works, plants, and other facilities in Japan they oversee to ensure compliance with environmental laws and regulations and to conduct physical, on-site verification of operational conditions. Based on the Group's environmental policy, these audits confirm that environmental management associated with addressing climate change and

pollution as well as water conservation have been properly employed. The environmental secretariat at MHI headquarters conducts audits on the status of compliance and environmental management of the environmental management division of each domain, segment, and corporate unit.

### ■ Reporting on breaches

Regarding the number of environment-related violations, their details, and measures taken, there was no significant breach of the sort that would cause the company to be fined (as of July 31, 2024; coverage is Japan).

Sustainability Management

Environment

### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

Climate Change

Water Management

Biodiversity

Waste/Pollution

Society

Governance

Data Section



# Environmental Management

Sustainability Management

Environment

Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

Climate Change

Water Management

Biodiversity

Waste/Pollution

Society

Governance

Data Section

## Environmental Targets Target

The Long-Term Environmental Target established at a meeting of the Environment Committee held in March 2021 aims at decarbonizing the business activities of the MHI Group by 2040. Despite increased production, we achieved all the Fifth Environmental Targets for fiscal 2023 through ongoing improvements. To further address environmental issues, which are significant social challenges, the MHI Group will continue to set targets every three years for reductions in CO<sub>2</sub> emissions, water usage, and waste generation, and will work as one to achieve these goals.

Item	Scope of target	Target (FY2021-FY2040)
<b>The Long-Term Environmental Target (FY2040)</b>	Reduction in CO <sub>2</sub>	Entire MHI Group Decarbonize MHI Group's business activities by 2040

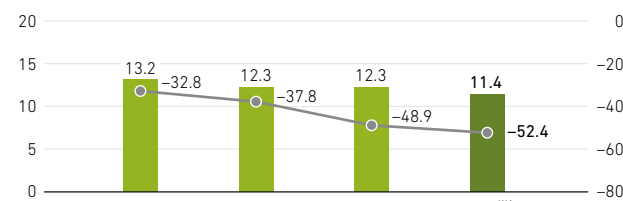
(Note) Consolidated Group Companies will be subject to this target

KPI Items	Scope of target	The Fifth Environmental Targets (FY2021-FY2023)	Fifth Environmental Targets Results	The Sixth Environmental Targets (FY2024-FY2026)
1. Reduction in CO <sub>2</sub> emissions	Entire MHI Group	Reduction in CO <sub>2</sub> emissions per unit from offices and plants by 9% in FY2023 relative to FY2014.	FY2023 Results 52.4% emissions reduction per unit	[Total emissions] Reduction of CO <sub>2</sub> emissions from offices and plants in FY2026 from 960,000 tons in FY2014 to 505,000 tons in FY2026 [emissions per unit] CO <sub>2</sub> emissions per unit indicator for FY2026: 8.7 tons/100 million yen
2. Reduction in water usage	Entire MHI Group	Reduction in water usage per unit in FY2023 by 7% relative to FY2014. (Water: industrial water, tap water, groundwater, rivers, lakes; excludes seawater).	FY2023 Results 43.6% emissions reduction per unit	To be determined
3. Reduction in waste generation	Entire MHI Group	Reduction in waste generation per unit in FY2023 by 7% relative to FY2014 (Excluding valuable materials; including hazardous waste.)	FY2023 Results 42.8% emissions reduction per unit	To be determined

(Note) Consolidated Group Companies will be subject to this target

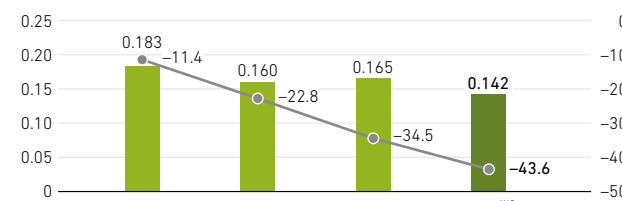
### ■ Progress on Environmental Targets (KPI: per unit)\*4

1. CO<sub>2</sub> emissions/Amount of sales



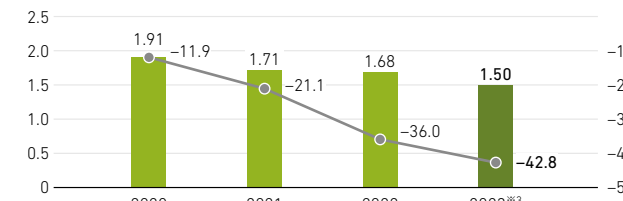
Result (left axis) Vs. FY2014 (right axis/%) [Climate change ▶ P.28](#)

2. Water usage/Amount of sales



Result (left axis) Vs. FY2014 (right axis/%) [Water Management ▶ P.35](#)

3. Waste generation/Amount of sales



Result (left axis) Vs. FY2014 (right axis/%) [Pollution/waste ▶ P.42](#)

[Scope] : \*1 MHI and 156 domestic and overseas Group companies  
 \*2 MHI and 141 domestic and overseas Group companies  
 \*3 MHI and 116 domestic and overseas Group companies  
 \*4 Figures for consolidated net sales have been used for "amount of sales" since fiscal 2022.



# Environmental Management

## Sustainability Management

### Environment

#### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

#### Climate Change

#### Water Management

#### Biodiversity

#### Waste/Pollution

#### Society

#### Governance

#### Data Section

## Sustainable Finance Initiatives

MHI has defined two growth areas to focus on in its 2021 Medium-term Business Plan, announced in October 2020: "Energy Transition," which aims to decarbonize the energy supply side, and "Smart Infrastructure," which aims to realize decarbonization and promote energy efficiency, manpower saving in the energy demand side. As part of the financing necessary for focusing on businesses in these areas, and promoting decarbonization, electrification and intelligence in its existing businesses, MHI is utilizing sustainable finance such as green bonds, transition bonds, and positive impact finance.

Sustainable finance is not merely a means of financing for investments but presents us with valuable opportunities for dialogue and communication with investors and society at large. Through continuous dialogue with investors and our broader stakeholders we will enhance corporate value by accelerating our energy transition efforts and utilizing financing arrangements appropriate to these areas.

### Green Bonds

MHI issued green bonds<sup>(Note)</sup> in November 2020 and September 2021. All funds procured through issuance of the MHI Green Bond in 2020 were allocated in full toward the Company's business in renewable energy (partial refinancing of investment relating to offshore wind power systems). Funds raised from the 2nd Series MHI Green Bond issued in 2021 were allocated to the Company's renewable energy business (wind power systems and business) and clean energy business (hydrogen power systems and business).

(Note) Green Bonds are unsecured corporate bonds where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles.

Bond Name	Issue Date	Outstanding Balance	Interest Rate	Redemption Date
36th unsecured corporate bond (MHI Green Bond)	November 24, 2020	¥25.0 billion	0.140%	November 21, 2025
38th unsecured corporate bond (2nd Series MHI Green Bond)	September 1, 2021	¥15.0 billion	0.090%	September 1, 2026

Information on past issues can be found on our website.  
Green Bonds <https://www.mhi.com/finance/stock/esg/greenbond>



Takasago Hydrogen Park, a validation facility for hydrogen power generation

### <Issuance and External Evaluation of Green Bond Framework>

In preparation for issuance of its green bond, MHI Group has established the MHI Green Bond Framework in accordance with the Green Bond Guidelines of the International Capital Markets Association (ICMA).

With respect to evaluation of the green bond's suitability, the Company has received a second party opinion (SPO) from Sustainalytics, a third-party institution, attesting to the bond's conformity with ICMA's "Green Bond Principles 2021" and the "Green Bond Guidelines" (2020 edition) issued by the Japanese Ministry of the Environment.



### Transition Bonds

#### <Selection of Model Example for 2021 Climate Transition Finance Model Projects of Ministry of Economy, Trade and Industry>

In March 2022, MHI applied for the 2021 Climate Transition Finance Model Projects of the Ministry of Economy, Trade and Industry (METI)<sup>(Note)</sup>, and was selected as a model example. One of the unique features of this model example is that MHI not only plans to achieve emission reduction from its own economic activities but also attempts to enable the realization of transition strategies of other parties through its products and services.

(Note) A project of METI which provides information on and reduces the assessment costs for examples that are deemed to have model qualities in order to promoting the spread of transition finance. Examples that conform to the "Basic Guidelines on Climate Transition Finance," formulated by the Ministry of the Environment (MOE) and the Financial Services Agency (FSA) and have model qualities will be selected as model examples.



# Environmental Management

## Sustainability Management

### Environment

#### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

#### Climate Change

#### Water Management

#### Biodiversity

#### Waste/Pollution

#### Society

#### Governance

#### Data Section

### <Issuance of Transition Bonds>

MHI issued transition bonds<sup>(Note)</sup> in September 2022, August 2023 and September 2024.

The funds raised from the first Mitsubishi Heavy Industries Transition Bond issued in 2022 are allocated for the development of hydrogen gas turbine (co-firing) and hydrogen production (blue or turquoise, etc.).

The funds raised from the second series of Mitsubishi Heavy Industries Transition Bonds issued in 2023 are allocated for the development of metals machinery (hydrogen-reduced ironmaking, etc.) and CO<sub>2</sub> capture and storage.

We also issued the third series of Mitsubishi Heavy Industries Transition Bonds in September 2024.

((Note) A type of bond issued by companies seeking to reduce greenhouse gas emissions in order to raise funds for projects intended to facilitate the transition to a decarbonized society.

Bond Name	Issue Date	Outstanding Balance	Interest Rate	Redemption Date
40th Series Unsecured Bond (1st Mitsubishi Heavy Industries Transition Bond)	September 8, 2022	¥10.0 billion	0.310%	September 8, 2027
42nd Series Unsecured Bond (The 2nd Series of Mitsubishi Heavy Industries Transition Bonds)	August 31, 2023	¥10.0 billion	0.459%	August 31, 2028
44th Series Unsecured Bond (The 3rd Series of Mitsubishi Heavy Industries Transition Bonds)	September 5, 2024	¥10.0 billion	0.700%	September 5, 2029

Information on past issues can be found on our website.  
Transition Bonds <https://www.mhi.com/finance/stock/esg/transitionbond.html>

### <Issuance and External Evaluation of Green/Transition Finance Framework>

MHI has developed "Mitsubishi Heavy Industries, Ltd. Green/Transition Finance Framework" for the issue of transition bonds in March 2022 and revised it in August 2024 to reflect the latest status. We have obtained a second party opinion from DNV Business Assurance Japan K. K., an independent external reviewer, that the framework is aligned with the principles and guidelines at right.

- ICMA Climate Transition Finance Handbook 2023
- Financial Services Agency, Japan; Ministry of Economy, Trade and Industry, Japan; and Ministry of the Environment Japan Basic Guidelines on Climate Transition Finance (May 2021)
- ICMA Green Bond Principles 2021
- Ministry of the Environment Japan Green Bond and Sustainability Linked Loan Guidelines 2022
- LMA, APLMA, LSTA Green Loan Principles 2023
- Ministry of the Environment Japan Green Loan and Sustainability Linked Loan Guidelines 2022



### ■ Positive Impact Finance (PIF)

MHI concluded Positive Impact Finance<sup>(Note)</sup> loan agreements with MUFG Bank, Ltd. (2.0 billion yen) in March 2022, Nippon Life Insurance Company (6.0 billion yen) in February 2024 and Sumitomo Mitsui Trust Bank, Limited (10.0 billion yen) in March 2024.

In concluding this agreement, themes were selected from the MHI Group's materiality and other topics as activities contributing to the achievement of the SDGs (Sustainable Development Goals). Qualitative and quantitative evaluations are received from each financial institution, and MHI has obtained third-party opinions from rating agencies regarding the compliance of its evaluation procedures with the Principles for Positive Impact Finance and the reasonableness of the performance indicators used for evaluation.

(Note) Positive Impact Finance (PIF), based on the Principles for Positive Impact Finance and implementation guidelines formulated by the United Nations Environment Programme Finance Initiative (UNEP FI), is a loan intended to provide continuous support for corporate activities while comprehensively analyzing and evaluating the impacts (both positive and negative) those activities have on the environment, society, and the economy.

Financial Institution	Agreement Timing	Loan Amount	Rating Agency
MUFG Bank, Ltd.	March 2022	¥2.0 billion	Japan Credit Rating Agency, Ltd.
Nippon Life Insurance Company	February 2024	¥6.0 billion	Rating and Investment Information, Inc.
Sumitomo Mitsui Trust Bank, Limited	March 2024	¥10.0 billion	Japan Credit Rating Agency, Ltd.

Further information can be found on our website.  
Positive Impact Finance <https://www.mhi.com/finance/stock/esg/pif>



# Environmental Management

## Environmental Management System Initiatives

The MHI Group operates environmental management systems (EMS) to reduce its environmental impact and contribute to the sustainable development of society. As of March 2024, our group companies, which account for approximately 80% of our sales, have manufacturing bases that have acquired ISO 14001 certification, the international standard for EMS. In addition, some group companies have acquired Eco Action 21 certification, an environmental management system standard established by the Ministry of the Environment, and KEMS (Kobe Environmental Management System) operated by the Kobe Environmental Forum. All of us, including smaller group companies, are working to operate and maintain EMS practices.

## Education and Collaboration with Local Communities Initiatives

### ■ Environmental education

#### <Environmental Education and Training for Employees>

To raise environmental awareness among employees, we have implemented an environmental education curriculum, including e-learning programs. We also strive to share our Basic Environmental Policy, which calls for efforts to reduce environmental impact, our initiatives to reduce energy and water consumption and waste generation, and the Group's environmental goals. In addition, training programs for internal environmental auditors are organized by the Training Center, and specialized training on daily management procedures and emergency treatment methods is provided to personnel engaged in painting and the handling of hazardous materials.

#### Record of environmental education for employees in FY2023

Details	Target	Participants
Environmental e-learning	MHI and Group companies All employees	Approx. 22,000
Seminar on environmental law	MHI and Group companies Environmental managers	1,038

### <Environmental Education for Suppliers>

MHI Group's Action Guidelines stipulate that we "strive to preserve the environment in partnership with our stakeholders and gain their understanding of this policy." Under these guidelines, we created a section titled "Respect for the Environment" in the MHI Group Supply Chain CSR Promotion Guidelines, and we communicate that content with our suppliers.

[Supply Chain Management ▶ P.92](#)

### ■ Coordination with local communities

We are involved in major environmental preservation initiatives that include support for a conservation survey on loggerhead turtles in danger of extinction and forest conservation activities with local governments and NPOs.

[Biodiversity ▶ P.37](#)

## Sustainability Management

### Environment

#### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

#### Climate Change

#### Water Management

#### Biodiversity

#### Waste/Pollution

## Society

## Governance

## Data Section





# Environmental Management

## Product Stewardship Initiatives Initiatives

### ■ Life-cycle assessment

#### <Environmental Standards for Product Development and Manufacturing, and Assessment of Environmental Impact>

Given the recent significant expansion in orders, an increase in the production volume of products and parts is expected. Therefore, balancing increased production activities with reducing environmental impact is a critical challenge. In 2005, we formulated the Basic Guidelines for Environment-Friendly Product Fabrication as a reference for manufacturing products that contribute to environmental protection and CO<sub>2</sub> reduction. For example, the Guidelines provide information on environmental impact assessments throughout the product life cycle and on the creation of products designed to reduce environmental impact, as follows:

- Reduction of energy input at any stage of the product lifecycle, including electricity and steam used at a factory when manufacturing products or parts; fuel consumed during product/parts transportation by truck, etc.; and electricity/fuel used as a power source when using a product.
- Reduction of material input at any stage of the product life cycle.
- Management easiness, e.g., in terms of parts replacement during a service; easiness of disassembly or sorting out for collection, recycling and disposal; and safety level of work.

We will continue to adhere to these guidelines, introduce new energy-saving technologies, and pursue carbon neutrality for factory electricity, aiming to address the aforementioned challenge.

#### <Reduction to Hazardous Substances in Products>

In accordance with the regulations of the countries and regions in which we provide products and services, we are working to reduce or eliminate hazardous substances in each of our businesses. For example, we are working to reduce the lead content of brass material bearings used in medium- and large-sized turbochargers for industrial machinery to less than 4% (the final target is less than 0.1%) in order to meet customers' needs subject to the EU's RoHS Directive. This is an application exempt from the RoHS Directive and the expiration date is 2024, so it will be reduced by 2024.

### ■ Environmental Product Declaration

#### <Environmental Product Declaration>

Since the majority of our products are industrial products for BtoB sales, we need confirmation with each customer regarding the precise details required for product tests, provisions, and contracts by going beyond the general Environmental Product Declaration in order to ensure the environmental standards and performance to be met. As for products for the general public, we have air conditioners that are fully compatible with the Energy Saving Labeling Program authorized by the Ministry of Economy, Trade and Industry (METI) by meeting 100% of the set energy-saving standards. In addition, certain centrifugal chillers, heat pumps, gas engines, and other units have been recognized with the LD-Tech certification of the Ministry of the Environment in Japan for their leading decarbonization technology. The sales ratio of products subject to the Environmental Product Declaration is less than 10%.

## Sustainability Management

### Environment

#### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

#### Climate Change

#### Water Management

#### Biodiversity

#### Waste/Pollution

### Society

### Governance

### Data Section



# Environmental Management

## Sustainability Management

### Environment

#### Environmental Management

- > Basic Policy on Environmental Matters and Action Guidelines
- > Environmental Management
- > Environmental Targets
- > Sustainable Finance
- > Environmental Management System/ Education and Collaboration with Local Communities
- > Product Stewardship Initiatives

#### Climate Change

#### Water Management

#### Biodiversity

#### Waste/Pollution

### Society

### Governance

### Data Section

#### ■ Collection and Recycling of Used Products

##### <Collection and Recycling of Used Products>

Although the majority of our products are industrial products targeted for business to business (BtoB) use, we promote product management throughout their entire life cycle, including disposal and recycling, through project stewardship centered on eco-design and eco-labeling.

As for products targeted for the general public (BtoC), air conditioners are subject to the Home Appliances Recycling Law of Japan, and are therefore collected in compliance with relevant laws and regulations. Furthermore, our rental forklifts are selected from registered Rental UP vehicles, inspected, and have parts replaced based on our in-company standards. These vehicles are then divided into three ranks according to replacement parts, painting, and warranty period for sale as a "certified second-hand vehicle." We are currently developing this business model as the first of its kind in Japan.

The sales ratio of products subject to product recovery/reuse and recycling is less than 10%.

##### <Recognizing Outstanding Environmental Contributions through MHI's Best Innovation Awards>

MHI Group introduced as part of its "Best Innovation" in-house award program the Environment/Sustainability Award, which recognizes various contributions across the Group toward reducing environmental loads.

In fiscal 2023, the awards were given to projects including a high-performance hybrid bag filter that supports decarbonization and environmental load reduction at waste incineration facilities, and the factory decarbonization project at Mihara Machinery Works, which significantly reduces CO<sub>2</sub> emissions.

See here for more details.

MHI website: MHI Group Presents "Best Innovation 2023" Awards  
<https://www.mhi.com/news/240221.html>



#### [Initiative Example] GTCC Field Service Training Center

This training center was established in 2022 as a practical training facility, using MHI's gas turbine and other equipment from the former T-Point gas turbine combined cycle (GTCC) power plant demonstration facility that operated at our Takasago Machinery Works until 2019.

The training center accommodates not only our customers (power companies) but also domestic and international construction partner companies. Our experienced instructors provide hands-on training on disassembly and assembly work using actual equipment, as well as classroom-based instruction.

In addition to allowing participants to focus on key tasks for periodic maintenance in a more concentrated timeframe than the actual on-site process, the training also offers the opportunity to repeatedly practice until fully understood, which is not possible during real on-site work. This approach, combined with customized training programs tailored to each participant, enhances the overall learning effectiveness.

Rather than scrapping the equipment after its role as a demonstration power plant was completed, this is an example of repurposing it as a training facility, thereby providing new value to society.



The training center



Training in progress



# Climate Change

## Basic Approach and Policy Policy

### MISSION NET ZERO, Our Declaration to Achieve Carbon Neutrality

We hereby make the declaration of achieving Carbon Neutrality by 2040.

MHI has defined two growth areas to focus on in its 2021 Medium-term Business Plan, announced in 2020: "Energy Transition," which aims to decarbonize the energy supply side, and "Smart Infrastructure," which aims to realize the decarbonization, and promote the energy efficiency, manpower saving in the energy demand side. MHI Group is committed to promoting the business strategies of these two areas, and to advancing the decarbonization of the existing businesses, electrification, and intelligence, in order to achieve Net Zero by 2040, and to help create

a carbon neutral society.

Realizing a carbon neutral society is a global issue and we believe that as a technology leader, with a proven track record in the field of decarbonization, it is MHI's responsibility to help lead the fight against climate change.

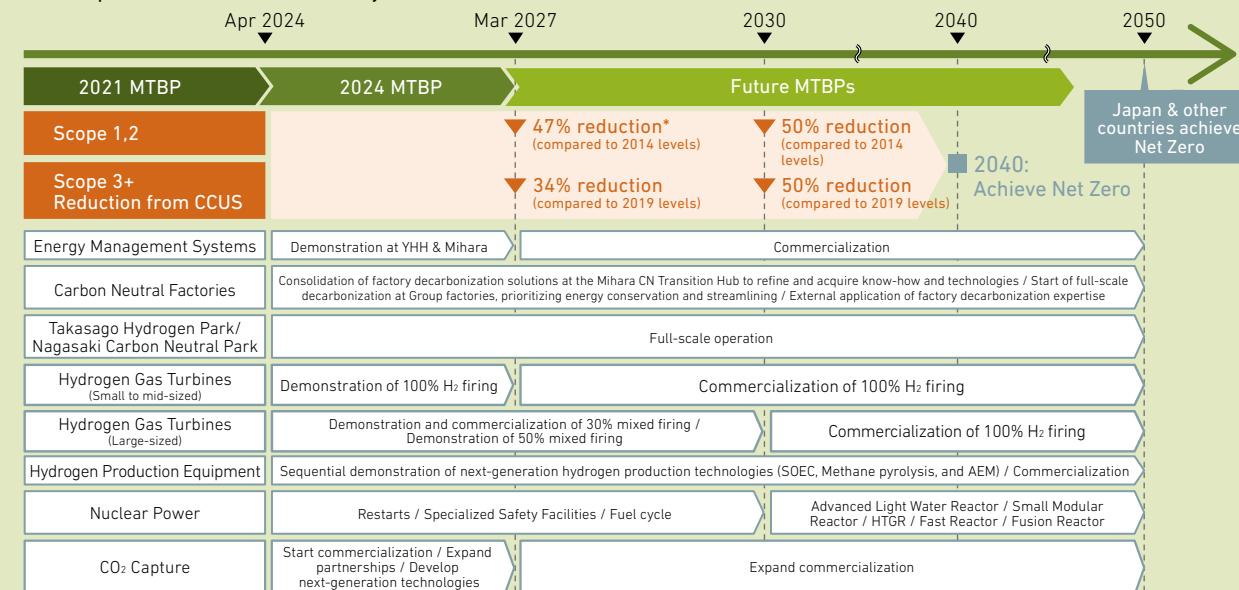
To this end, each and every one of us will be embracing and internalizing MISSION NET ZERO and will act to implement a Net Zero future, working closely with all of our stakeholders, including clients, partners, academia and local and national governments.

### CO<sub>2</sub> Emission Reduction Target

Target Year	Reduce CO <sub>2</sub> emissions across MHI Group Scope 1&2	Reduce CO <sub>2</sub> emissions across MHI's value chain Scope 3 + reductions from CCUS
2030	-50% (compared to 2014)	-50% (compared to 2019)
2040	Net Zero	Net Zero

Scope 1&2: The calculation standard is based on the GHG Protocol.  
Scope 3: The calculation standard is based on the GHG Protocol. However, we also account for reductions achieved by CCUS as an MHI original index.

### Roadmap to Achieve Carbon Neutrality



\* Although CO<sub>2</sub> emissions in FY2027 are expected to be reduced by only 35% (compared to 2014 levels) due to business expansion during the 2024 MTBP, MHI Group aims to achieve a 47% reduction (compared to 2014 levels) through energy conservation, streamlining, electrification, and fuel conversion.

### ■ Environmental Targets

The Long-Term Environmental Target (2021–2040) and the Sixth Environmental Target (FY2024–FY2026) have been established as targets for reducing CO<sub>2</sub> emissions, and we are working to solve the problem of climate change through business activities, products and services. By promoting energy saving activities and improving work processes we are reducing the energy load and continuing to work to reduce CO<sub>2</sub> emissions. Environmental Targets ▶ P.22

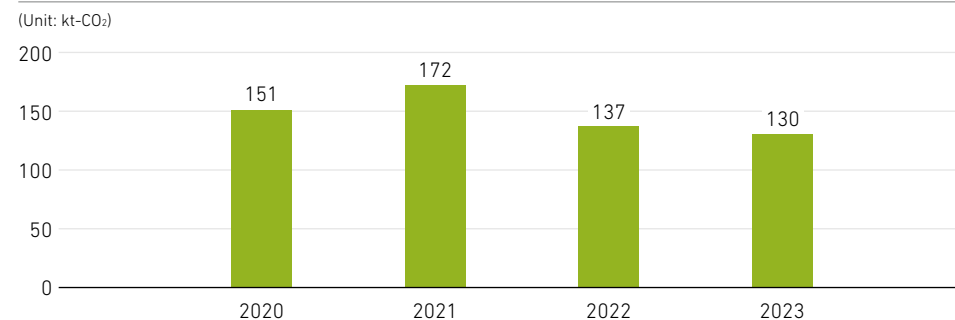


# Climate Change

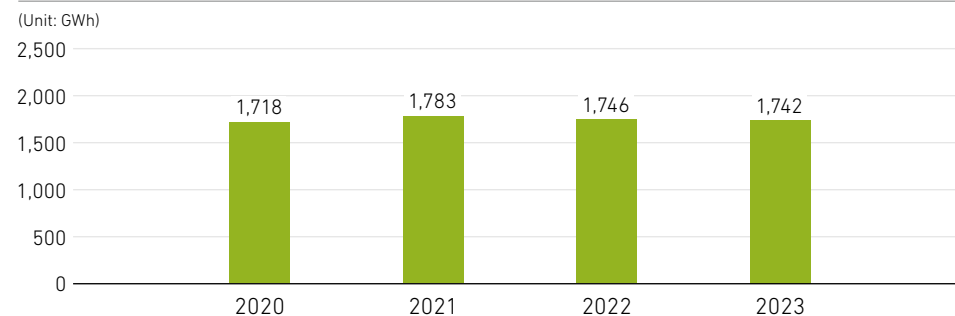
## GHG Emissions/Energy Consumption Data Results Data

### GHG Emissions

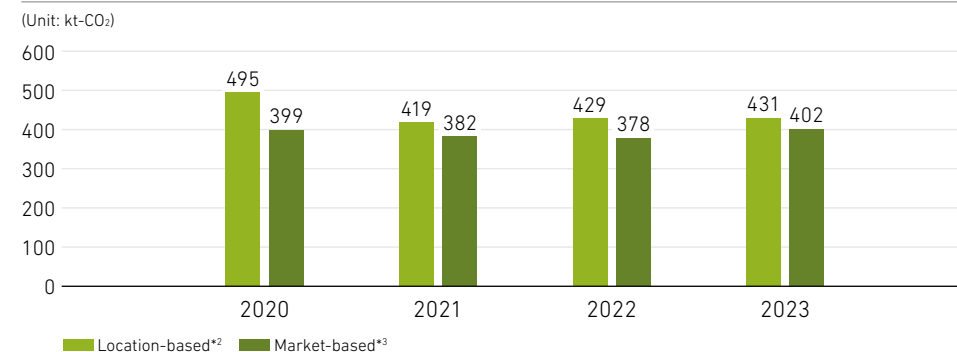
#### Direct GHG emissions (Scope 1)\*1



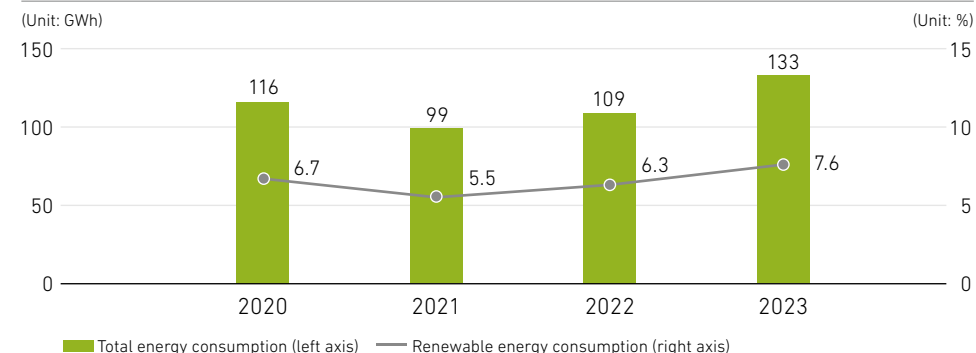
#### Energy consumption\*1



#### Indirect GHG emissions (Scope 2)\*1



#### Total energy consumption/Renewable energy consumption\*1



\*1 Coverage: MHI and domestic and overseas Group companies (156 companies in FY2020, 158 companies in FY2021, 163 companies in FY2022, and 156 companies in FY2023 [accounting for 98% of net sales])

\*2 For Japan, the national average of emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) is applied. For others, International Energy Agency (IEA) IEA Emission Factors average coefficients by country are applied.

\*3 For Japan, adjusted emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) are applied. For others, IEA Emission Factors of the International Energy Agency (IEA) are applied when it is difficult to obtain emission factors provided by electricity suppliers.

### Other indirect GHG emissions (Scope 3)

Refer to the Data Section.

Data Section ▶ P.127

Refer to the Data Section for energy usage records (domestic) and third party-verified data.

Data Section ▶ P.129

Sustainability Management

Environment

Environmental Management

Climate Change

- > Basic Approach and Policy
- > GHG Emissions/Energy Consumption Data
- > Activities that Mitigate Climate Change
- > TCFD Disclosure

Water Management

Biodiversity

Waste/Pollution

Society

Governance

Data Section



# Climate Change

## Activities that Mitigate Climate Change Initiatives

### ■ Initiatives in Business Activities

#### <Energy-saving Activities>

To reduce emissions of CO<sub>2</sub> and other greenhouse gases from our operations, MHI Group conducts a range of activities to conserve and raise the efficiency of energy at each site, including the shift to LED lighting and highly energy-efficient substation equipment.

In addition, in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, the Company (\*non-consolidated) is aiming to reduce unit energy consumption by an average of 1% per year.

#### <Introduction of renewable energy>

MHI Group, at some of its business sites, works to reduce emissions of CO<sub>2</sub> and other greenhouse gases by shifting to renewable energy and using electricity. Each site has installed photovoltaic (PV) systems and purchases electricity generated through hydroelectric power. In March 2018, PV systems were installed on the rooftop of the Thailand plant of Mitsubishi Turbocharger Asia Co., Ltd, reducing annual CO<sub>2</sub> emissions by nearly 3,000 tons, for which the company received high acclaim from the Thai government as it contributed to the country's reduction of CO<sub>2</sub> emissions. Furthermore, the electricity generated by the White Deer Wind Farm operated in the group exceeded the electricity used by Group companies in the United States in fiscal 2023. In fiscal 2023, electricity consumption in the United States was derived from 100% renewable energy through a Renewable Energy Certificate (REC), and is reducing CO<sub>2</sub> emissions by about 38,000 tons per year. Furthermore, at our Mihara Machinery Works, to achieve a "carbon neutral factory" with zero CO<sub>2</sub> emissions, we collaborated with electric utilities to introduce solar power generation equipment during fiscal 2023 and are advancing energy-saving and efficiency improvement initiatives.

### ■ Product and service initiatives

#### <Development of Various Products>

MHI Group is working to create a low-carbon society across a broad spectrum of fields, including large-scale power generation technologies such as highly efficient thermal power generation plants and nuclear power plants; power generation systems that utilize wind, geothermal, and other renewable energies; ships and transportation systems for improving the efficiency of the transportation sector; and high energy-saving air-conditioning systems that use heat pump technology; and CCUS that captures CO<sub>2</sub> for utilization or storage.

#### <Incentives Toward Management Activities Related to the Issue of Climate Change>

MHI Group introduced as part of its "Best Innovation" in-house award program the Environment/Sustainability Award, which recognizes products and business activities that contribute to global environmental conservation and protection, and reduction of environmental loads. Award winners receive rewards of up to several hundred thousands of yen. In fiscal 2023, awards were given for products or activities aimed at mitigating climate change, including "A liquefied CO<sub>2</sub> handling system that accelerates building of a CCUS value chain" and "Factory decarbonization project at Mihara Machinery Works demonstrating how CO<sub>2</sub> emissions can be significantly reduced."

See here for more details.

MHI website: MHI Group Presents "Best Innovation 2023" Awards  
<https://www.mhi.com/news/240221.html>

## Sustainability Management

### Environment

#### Environmental Management

#### Climate Change

- > Basic Approach and Policy
- > GHG Emissions/Energy Consumption Data
- > Activities that Mitigate Climate Change
- > TCFD Disclosure

#### Water Management

#### Biodiversity

#### Waste/Pollution

### Society

### Governance

### Data Section



# Climate Change

## TCFD Disclosure

MHI Group has endorsed the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations and discloses climate-related information in accordance with the TCFD recommendations.

### ■ 1. Governance

MHI Group has identified the "provision of energy solutions to enable a carbon-neutral world" as a material issue under our materiality framework ("materiality"). The Materiality Council, chaired by the CEO, meets twice a year to monitor business activities aimed at achieving materiality targets, discusses the direction of future initiatives, and provides necessary directives to the business divisions.

The Chief Strategy Officer (CSO) is responsible for assessing and managing climate-related risks and opportunities and reporting within the Sustainability Committee, which meets twice a year. The CSO also reports to the Board of Directors at least once a year on the status of the Sustainability Committee's activities at least once annually.

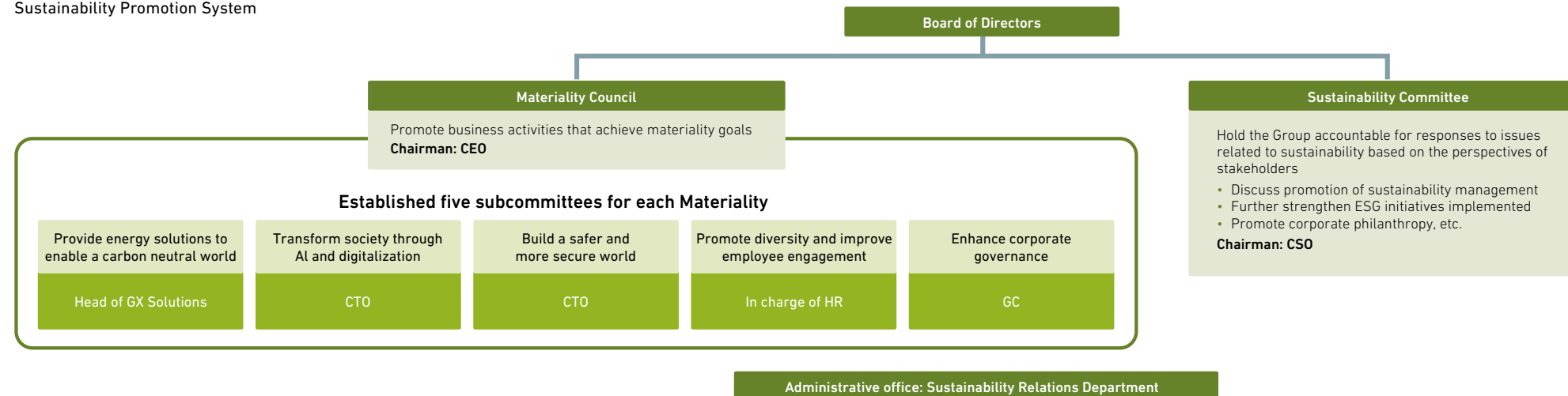
In addition, since fiscal 2023, evaluation results by major ESG evaluation organizations, including the assessment of the Company's response to climate change, have been reflected in the stock-based remuneration portion of officer remuneration.

### ■ 2. Risk Management

The process of identifying, assessing, and managing climate-related risks and opportunities is integrated into the overall sustainability promotion system of the Group. Specifically, under the responsibility of the CSO, we identify, assess, and manage climate-related risks and opportunities through the following four steps:

STEP 1	Referring to external scenarios, the administrative office identifies and assesses risks and opportunities for each business unit.
STEP 2	The risks and opportunities identified in Step 1 are assessed against the current business plans of each unit to ensure alignment.
STEP 3	During the planning stages of actual projects, risk management is thoroughly conducted through review meetings and other initiatives within each business unit.
STEP 4	The risks and opportunities identified and assessed by the administrative office and each business unit are presented to the higher-level organization, the Sustainability Committee, which reviews and manages them.

### Sustainability Promotion System



## Sustainability Management

### Environment

#### Environmental Management

#### Climate Change

- > Basic Approach and Policy
- > GHG Emissions/Energy Consumption Data
- > Activities that Mitigate Climate Change
- > TCFD Disclosure

#### Water Management

#### Biodiversity

#### Waste/Pollution

### Society

### Governance

### Data Section





# Climate Change

## ■ 3. Strategies (Scenario Analysis)

### <Assumptions for Scenario Analysis>

#### Assumed Climate Scenarios

Decarbonization Scenario	A "scenario to promote decarbonization through stricter climate change policies," which aims to achieve economic growth while limiting the global average temperature rise to a maximum of 1.5°C above pre-industrial levels in the year 2100.
Fossil Fuel Dependency Scenario	A "scenario in which climate change policies are not made stricter and the dependence on fossil fuels proceeds," which assumes a global average temperature increase of 4.0°C above pre-industrial levels in the year 2100.

#### Definition of short-, medium-, and long-term time horizons

Time horizon	Period	Reason for setting
Short term	Over the next three years, from FY2024 to FY2026	Established in line with the period of MHI Group's 2024 Medium-Term Business Plan
Medium term	Through 2030	Established in line with the interim target year of MISSION NET ZERO, MHI Group's Declaration to Achieve Carbon Neutrality
Long term	Up to 2040	Established in line with the Net Zero target year of MISSION NET ZERO, MHI Group's Declaration to Achieve Carbon Neutrality

#### Degrees of potential financial impacts

Impact	Definition
Large	Impact on business profit of ¥10.0 billion or more
Medium	Impact on business profit between ¥5.0 billion and less than ¥10.0 billion
Small	Impact on business profit of up to ¥5.0 billion

### <Potential Financial Impacts of and Responses to Shared Risks and Opportunities for the Group>

Category	Content	Time horizon	Scenario	Impact	Calculation method	Response
Transition risks	Increase in economic burden due to enhanced regulations such as carbon taxes	Medium to long term	Decarbonization	Large	We estimated the potential financial impact by applying the carbon price projections from the IEA's Net Zero Emissions by 2050*1 to the Scope 1 and 2 future projections for CO <sub>2</sub> emissions reduction at Group sites, supposing that we do not implement measures to reduce CO <sub>2</sub> emissions.	<ul style="list-style-type: none"> <li>Promote energy conservation, the introduction of carbon-free power sources, and the carbon neutralization of all plants based on our own technologies</li> </ul>
Physical risks	Increase in property damage due to an increase in natural disasters such as wind and flood damage	Long term	Decarbonization	Small	Of the natural disasters our Group has experienced over the past seven years, approximately 90% have occurred in Japan. Taking water-related disasters, a major cause, as an example, we estimated the potential future financial impact using the Group's past property damage records, and the parameters for the frequency of floods from 2040 published by the Ministry of Land, Infrastructure, Transport and Tourism*2.	<ul style="list-style-type: none"> <li>Review our procedures on a regular basis, which specify alternative measures and backup systems in the event of a disaster causing catastrophic functional failure within our businesses, and conduct extensive training for employees and other relevant personnel</li> <li>Currently taking measures based on the results of the risk survey conducted in all domestic plants up to fiscal 2021 to reduce the risk of property damage in the event of a disaster, on the assumption that the frequent occurrence of major disasters could result in higher insurance premiums or suspension of insurance coverage in high-risk areas</li> </ul>
			Fossil fuel dependency	Medium		

Category	Content	Time horizon	Scenario	Response	Targets
Opportunities	Expanding demand for products and services that contribute to decarbonization	Medium term	Decarbonization Fossil fuel dependency	Promote "Energy Transition," which aims to decarbonize the energy supply side, and "Smart Infrastructure," which aims to enable energy conservation, automation, and decarbonization on the energy demand side	Aim to reach a business scale of 1 trillion yen by fiscal 2030

Notes:

- 140 USD/t-CO<sub>2</sub> in 2030 and 205 USD/t-CO<sub>2</sub> in 2040 in advanced economies with net zero emissions pledges.
- Based on policy recommendations on flood control planning under climate change from MLIT's Technical Working Group on Flood Management Planning Considering Climate Change, approximately 2 times under the 2°C scenario (read as the Decarbonization Scenario in this analysis), and 4 times under the 4°C scenario (read as the Fossil Fuel Dependency Scenario).

## Sustainability Management

### Environment

#### Environmental Management

#### Climate Change

- > Basic Approach and Policy
- > GHG Emissions/Energy Consumption Data
- > Activities that Mitigate Climate Change
- > TCFD Disclosure

#### Water Management

#### Biodiversity

#### Waste/Pollution

### Society

### Governance

### Data Section



# Climate Change

## <Potential Financial Impacts of and Responses to Risks and Opportunities by Major Business>

### ■ Potential financial impacts of and responses to risks and opportunities by business domain under the Decarbonization Scenario

MHI Group performs separate analyses for each business to assess the risks and opportunities anticipated in the medium term when the Decarbonization Scenario is applied.

Detailed analyses were conducted for major businesses, predicting and estimating the potential financial impacts of these risks and opportunities by comparing business profits at the end of fiscal 2023 with those projected for 2030.

The following criteria were used to select which businesses to analyze in detail:

- Businesses at or above a certain scale (roughly 200 billion yen) that are significantly impacted by carbon neutrality
- Businesses that are currently small in scale but are expected to grow significantly in the future due to the impact of carbon neutrality

### <Risks>

#### Energy Systems

	Type	Content	Impact	Response
GTCC	Technology	• Delayed development of hydrogen gas turbines	Small	• Adhere to the development schedule
Steam Power	—	• No significant risk exists under this precondition <sup>(Note)</sup>	—	—
Nuclear power	—	• No significant risk exists under this precondition	—	—

#### Plants and Infrastructure Systems

	Type	Content	Impact	Response
CO <sub>2</sub> Capture System	Technology	• Decline in the competitiveness of our current CO <sub>2</sub> capture technology • Emergence of innovative alternative technologies	Small	• Improve the current CO <sub>2</sub> capture technology • Expand our CO <sub>2</sub> capture technology lineup
Metals Machinery	—	• No significant risk exists under this precondition <sup>(Note)</sup>	—	—

#### Logistics, Thermal & Drive Systems

	Type	Content	Impact	Response
Engines and Turbochargers	Market/ Customer Trends	• Reduced demand for conventional models due to the shift to carbon-neutral fuels and electrification of vehicles	Small	• Introduce products compatible with carbon neutrality to the market -Hydrogen-powered engines -Electric compressors for fuel cells
Logistics Systems	Market/ Customer Trends	• Possible reduction of service revenue due to the shift from engine to battery forklift trucks	Small	• Consider ways to expand service revenue from battery-powered forklifts
HVAC Systems	Changes in policy and legislation Market/ Customer trends	• Excessive strengthening of environmental regulations, such as those for refrigerants • Loss of sales opportunities due to electricity shortages as electricity consumption increases in emerging countries	Small	• Lobby through industrial associations and other organizations, and develop new products that use alternative refrigerants • Diversify sales channels and develop energy-efficient models

(Note) In determining the impact of risks and opportunities, we compared the impact on business profit between the end of FY2023 and 2030. Based on this, the risks associated with declining demand for coal-fired power plants and carbon-intensive steelmaking plants have been factored into the FY2023 figures (base plan figures).

GTCC: Gas Turbine Combined Cycle

### <Opportunities>

#### Energy Systems

	Type	Content	Impact	Response
GTCC	Market/ Customer Trends	• Increased demand for products and services that promote carbon neutrality	Medium	• Promote development of hydrogen gas turbines • Promote solutions that combine GTCC and CCUS
Steam Power	Market/ Customer Trends	• Increased demand for products and services that promote carbon neutrality	Medium	• Promote ammonia co-firing/ mono-firing conversion
Nuclear power	Changes in policy and legislation. Market/ Customer Trends	• Promote policies aimed at maximizing nuclear power use in Japan • Increasing importance of energy security • Increased demand for products and services that promote carbon neutrality	Large	• Promote the new construction of advanced light water reactors, provide support for restarting existing plants (PWR/BWR), and provide maintenance for restarted plants

#### Plants and Infrastructure Systems

	Type	Content	Impact	Response
CO <sub>2</sub> Capture System	Changes in policy and legislation. Market/ Customer Trends	• Development of legal/tax systems in various countries and regions • Increased demand for products and services that promote carbon neutrality	Large	• Promote CO <sub>2</sub> capture business in North America, Europe, etc., where progress has been made in establishing the legislation, tax systems • Expand our CO <sub>2</sub> capture-related product lineup and develop new business model • Promote strategic partnerships
Metals Machinery	Market/ Customer Trends	• Increased demand for products and services that promote carbon neutrality	Small	• Strengthen solutions such as electric arc furnaces (EAF) and direct reduction ironmaking • Promote the development of new technologies related to hydrogen reduction ironmaking

#### Logistics, Thermal & Drive Systems

	Type	Content	Impact	Response
Engines and Turbochargers	Market/ Customer Trends	• Increased demand for products and services that promote carbon neutrality • Tightening of environmental regulations in emerging countries	Small	• Introduce products compatible with carbon neutrality to the market -Hydrogen-powered engines -Electric compressors for fuel cells • Expand sales to new customers, especially those in emerging countries
Logistics Systems	Market/ Customer Trends	• Increased demand for products and services that promote carbon neutrality	Small	• Provide competitive battery-powered forklift trucks as well as eco-friendly port handling equipment (RTG) • Promote the logistics solutions business
HVAC Systems	Changes in policy and legislation Market/ Customer trends	• Appropriate strengthening of environmental regulations, such as those for refrigerants • Increased demand for products and services that contribute to carbon neutrality	Small	• Expand sales of air conditioners that use refrigerants with lower global warming potential and heat pump heaters

## Sustainability Management

### Environment

#### Environmental Management

#### Climate Change

- > Basic Approach and Policy
- > GHG Emissions/Energy Consumption Data
- > Activities that Mitigate Climate Change
- > TCFD Disclosure

#### Water Management

#### Biodiversity

#### Waste/Pollution

#### Society

#### Governance

#### Data Section



# Climate Change

## ■ 4. Metrics and Targets

### (1) Our Declaration to Achieve Carbon Neutrality by 2040

MHI Group has identified the “provision of energy solutions to enable a carbon-neutral world” as a material issue and has announced MISSION NET ZERO, our commitment to achieving Carbon Neutrality by 2040, which includes two targets.

The first target is to reduce the Group’s CO<sub>2</sub> emissions from production activities at the Group’s facilities (Scope 1, 2<sup>(Note 1)</sup>) to net zero by 2040. As an interim target, we also plan to reduce emissions by 50% by 2030 (versus 2014 levels). In addition, in the 2024 Medium-Term Business Plan, we have set a target to reduce emissions by 47% by fiscal 2026 (versus 2014 levels).

The second target is to achieve net zero CO<sub>2</sub> emissions across the entire value chain by 2040. As an interim target, we also plan to reduce emissions by 50% by 2030 (versus 2019 levels). This is primarily based on our customers reducing CO<sub>2</sub> emissions (Scope 3<sup>(Note 2)</sup>), through the use of our Group’s products, as well as reduction contributions from the widespread use of CCUS.

(Note 1) Scopes 1 and 2 of the GHG Protocol, an international standard for the accounting and reporting of greenhouse gas (GHG) emissions.

(Note 2) Scope 3 of the GHG Protocol, an international standard for the accounting and reporting of greenhouse gas (GHG) emissions.

### (2) Progress

As a result of the success of earlier energy conservation efforts, CO<sub>2</sub> emissions for fiscal 2022 were approximately 530,000 ton-CO<sub>2</sub>, marking a 45% reduction compared to 2014 levels. This is relative to our interim target of reducing Scope 1 and 2 CO<sub>2</sub> emissions by 50% by 2030.

For Scope 3 emissions, various development efforts are underway to meet the interim target of 50% reduction in 2030. Scope 3 CO<sub>2</sub> emissions for fiscal 2022 were approximately 1.2 billion ton-CO<sub>2</sub>. We achieved a 10% reduction compared to 2019 levels, demonstrating steady progress toward our target.

Scope 3 has a total of 15 categories, but the Company’s Scope 3 emissions are around 99% accounted for by CO<sub>2</sub> emissions from product use (Category 11), and our main activities are aimed at reducing these emissions. Going forward, we will refine measurements for the other categories as well and consider reductions.

See here for details.

MHI website: Disclosures Based on TCFD Recommendations  
[https://www.mhi.com/sustainability/environment/climate\\_tcf.html](https://www.mhi.com/sustainability/environment/climate_tcf.html)

Target Year	Reduce CO <sub>2</sub> emissions across MHI Group Scope 1&2	Reduce CO <sub>2</sub> emissions across MHI's value chain Scope 3 + reductions from CCUS
2030	-50% (compared to 2014)	-50% (compared to 2019)
2040	Net Zero	Net Zero

See here for more details

MISSION NET ZERO, Our Declaration to Achieve Carbon Neutrality ▶ P.28

Sustainability Management

Environment

Environmental Management

Climate Change

- > Basic Approach and Policy
- > GHG Emissions/Energy Consumption Data
- > Activities that Mitigate Climate Change
- > TCFD Disclosure

Water Management

Biodiversity

Waste/Pollution

Society

Governance

Data Section



# Water Management

Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

- > Basic Approach and Policy/  
Management System/Initiatives
- > Quantity of Water Intake Data

Biodiversity

Waste/Pollution

Society

Governance

Data Section

## Basic Approach and Policy Policy

The MHI Group set targets for reducing water usage per unit as part of its three-year environmental targets. The Fifth Environmental Targets, set to be achieved by the end of fiscal 2023, were met even as production increased. We will continue to set targets for water reduction and are working to minimize water usage in our business activities. This includes carrying out early repairs and process improvements through water leakage surveys. At some sites, wastewater from production activities is treated using on-site wastewater treatment facilities and a portion of the water is reused to flush toilets. The treatment of factory wastewater varies depending on its characteristics. To comply with legally mandated standards, the wastewater is purified using treatment facilities before being discharged into rivers and other bodies of water. In addition, from the viewpoint of ensuring the quality of wastewater, regular monitoring is conducted to prevent water pollution.

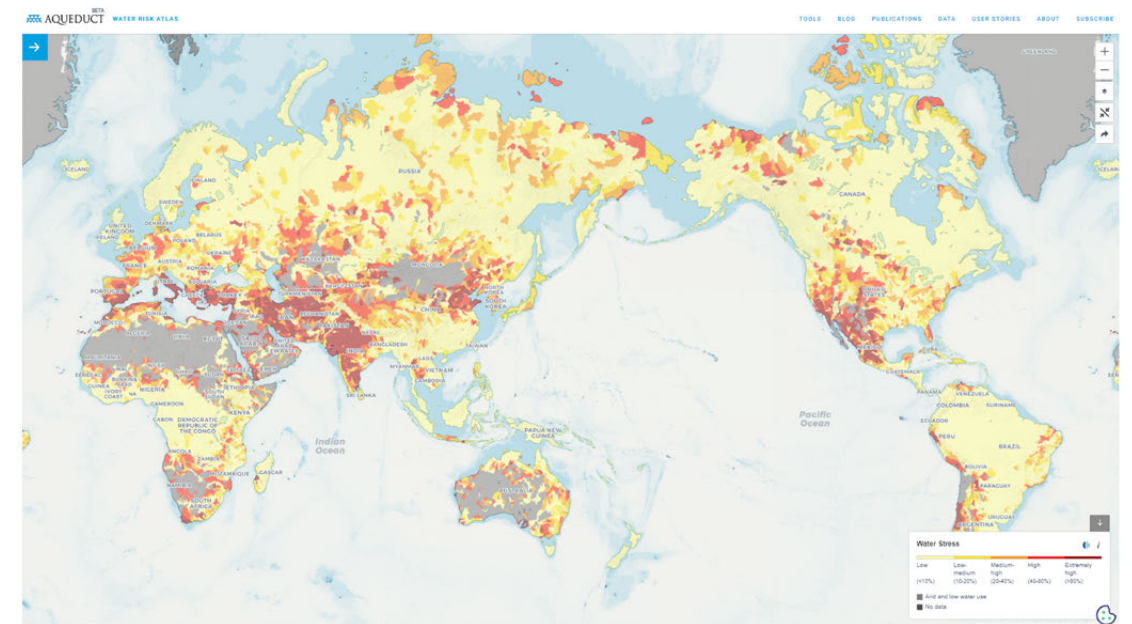
## Management System Systems

As part of our three-year environmental targets, reduction goals were set in relation to the effective use of water resources, and measures are being undertaken on a Groupwide basis. We have created an action plan to reduce water consumption and appropriately manage water resources through each Group subsidiary's environment-management program and similar measures. We monitor the progress of the effort by each subsidiary, using an IT system that allows for compilation and reporting of water-related data.

## Initiatives Initiatives

### Water Risk Assessment at Main Production Sites

MHI Group conducted a water-stress survey of production bases with high water intake in Japan and abroad using the Aqueduct Water Risk Atlas (ver. 3.0). Four of the surveyed facilities (17%) are in regions rated "high-risk" and above. Based on the survey results and analysis, we will identify high water-risk facilities, specify water risks, strengthen measures and raise the level of risk-management to best fit each facility.



Source: World Resource Institute's Aqueduct tool



# Water Management

## ■ Water-related Initiatives through Use of Our Products

### <Example of Customer Installation>

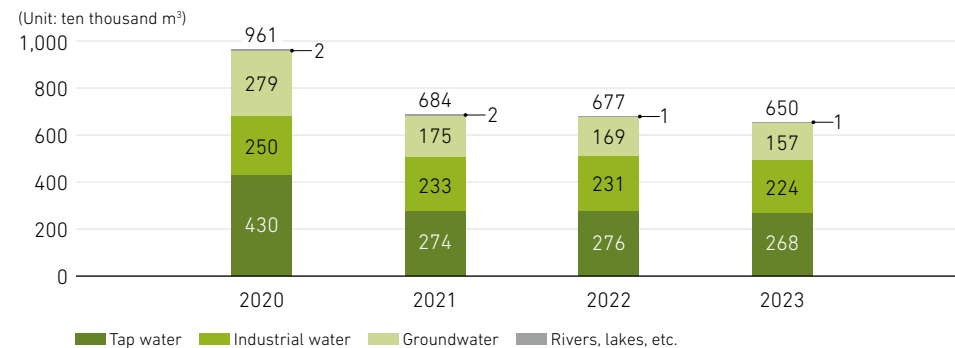
Desalination plants for converting sea water into plain water are often built in combination with power plants constructed in Saudi Arabia, where water resources are limited. Combining our products from a wide range of areas, MHI has been delivering solutions for issues pertaining to water resources.

### <Example of Installation at Group Sites>

At our major domestic facilities, we have implemented wastewater treatment systems developed by Mitsubishi Heavy Industries Power Environmental Solutions, a Group company. We are actively reducing water-related environmental impacts in our operations by leveraging our own products and technologies.

## Quantity of Water Intake Data Results

### ■ Water Usage



[Coverage] MHI and domestic and overseas Group companies (139 companies in FY2020, 144 companies in FY2021, 143 companies in FY2022, and 141 companies in FY2023 [accounting for 95% of net sales])

See here for other water-related data [Data Section ▶ P.130](#)

Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

- > Basic Approach and Policy/  
Management System/Initiatives
- > Quantity of Water Intake Data

Biodiversity

Waste/Pollution

Society

Governance

Data Section



# Biodiversity

## Basic Policy on Biodiversity Policy

Today, rapid loss of biodiversity and natural capital is recognized internationally. The Kunming-Montreal Global Biodiversity Framework adopted at the 15th meeting of the Conference of the Parties to the UN Convention on Biological Diversity (COP-15) in December 2022 called for nature-positive initiatives to halt and reverse biodiversity loss to put nature on a path to recovery as its mission for 2030, and to achieve a world that lives in harmony with nature as its vision for 2050.

MHI Group's business activities both depend on and have potential to impact biodiversity and natural capital in various ways. In keeping with the Kunming-Montreal Global Biodiversity Framework, the Group profoundly recognizes the importance of adopting nature-positive initiatives, and to realize a world that lives in harmony with nature by 2050. MHI Group will undertake the initiatives to conserve and restore biodiversity and natural capital.

## ■ MHI Group's Declaration on Biodiversity

MHI Group issued the "MHI Group's Declaration on Biodiversity" in April 2023.

### MHI Group's Declaration on Biodiversity April 2023

Recognizing that our business activities both depend on and have potential to impact biodiversity and natural capital, MHI Group aims to realize the vision of a world that lives in harmony with nature by 2050 and declares that we will undertake the following initiatives:

1. Identify dependencies and potential impacts of Group business activities on biodiversity and natural capital
2. Strive to mitigate negative impacts on biodiversity and natural capital in all aspects of our business activities, including product R&D, design, procurement of raw materials, manufacture, transport, usage, service, and disposal
3. Recognize that biodiversity loss and climate change are closely linked and treat biodiversity loss as one of the most important management issues together with climate change
4. Promote recovery of nature and revitalization of regions through environmental stewardship initiatives to preserve biodiversity and natural capital
5. Share knowledge through collaboration with stakeholders to improve effectiveness of initiatives for biodiversity and natural capital
6. Raise awareness on biodiversity and natural capital among all Group employees through environmental education

MHI Group's Declaration on Biodiversity

[https://www.mhi.com/sustainability/environment/pdf/declaration\\_on\\_biodiversity\\_e.pdf](https://www.mhi.com/sustainability/environment/pdf/declaration_on_biodiversity_e.pdf)

## Biodiversity Goals Goals

### ■ Realize a world in harmony with nature

To realize a world in harmony with nature by 2050, we will strive to mitigate negative impacts of business activities on biodiversity and natural capital and contribute to recovery of biodiversity and natural capital through our businesses and environmental stewardship initiatives.

## Corporate Structure on Biodiversity Corporate Structure

- **Officer in charge:** CSO
- **Deliberative body:** Sustainability Committee (meets twice a year)
- **Department in Charge:** Sustainability Relations Department

As one of the EGS measures being undertaken by MHI Group on a priority basis, we are promoting biodiversity initiatives led by the Sustainability Committee.

The activities of the Sustainability Committee, which include biodiversity initiatives, are regularly reported to the Board of Directors.

Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

Biodiversity

> Basic Policy on Biodiversity/  
Biodiversity Goals/Corporate Structure  
on Biodiversity

> Biodiversity Initiatives

Waste/Pollution

Society

Governance

Data Section





# Biodiversity

## Biodiversity Initiatives Initiatives

### ■ Biodiversity Risk Assessment: High-level Analysis

In accordance with TNFD's risk categories, we have identified potential nature-related risks associated with the Group's business activities, including both upstream and downstream activities in the value chain.

		Examples of potential nature-related risks anticipated for the Group	Examples of related dependencies/impacts
Physical risks	Chronic risks	<ul style="list-style-type: none"> <li>Excessive water extraction in water-stressed areas could lead to water shortages and land subsidence, potentially impacting operations and raw material procurement.</li> </ul>	<ul style="list-style-type: none"> <li>Resource use</li> </ul>
	Acute risks	<ul style="list-style-type: none"> <li>Climate change may increase natural disasters such as floods, potentially impacting operations and raw material procurement.</li> <li>In regions where infrastructure such as water pipes is aging, earthquakes and other factors could cause water supply disruptions, potentially affecting operations and raw material procurement.</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions</li> <li>Resource use</li> <li>Disaster mitigation</li> </ul>
Transition risks	Policy	<ul style="list-style-type: none"> <li>Strengthened regulations and international agreements aimed at achieving nature-positive outcomes could impose restrictions on the use of natural capital such as water, materials with significant ecological impacts during mining, and substances such as chemicals and plastics that may cause environmental pollution. These restrictions could affect operations and raw material procurement.</li> </ul>	<ul style="list-style-type: none"> <li>Resource use</li> <li>Land use change</li> <li>Pollution</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Insufficient environmental considerations in business activities such as land and resource use, pollution control, or inadequate disclosure of nature-related information could lead to divestment and the loss of opportunities in ESG investments and green finance.</li> <li>Changing end-user preferences may result in increased demands from customers concerning nature and biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>Resource use</li> <li>Land use change</li> <li>Pollution</li> </ul>
	Reputational	<ul style="list-style-type: none"> <li>Inadequate corporate efforts towards nature and biodiversity in business activities such as land and resource use, pollution control, or in social contribution activities related to environmental conservation, could lead to lower ESG ratings, a decline in corporate image, criticism from environmental NGOs, and conflicts with local communities.</li> </ul>	<ul style="list-style-type: none"> <li>Resource use</li> <li>Land use change</li> <li>Pollution</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>Strengthened environmental regulations and changing customer needs may result in usage restrictions on existing technologies that have a significant impact on nature and biodiversity, potentially leading to a loss of competitive advantage.</li> </ul>	<ul style="list-style-type: none"> <li>Resource use</li> <li>Land use change</li> <li>Pollution</li> </ul>
	Liability	<ul style="list-style-type: none"> <li>Failure to consider environmental factors in activities such as land and resource use or pollution control, as well as neglecting to disclose critical nature-related information, may result in lawsuits from local residents or shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Resource use</li> <li>Land use change</li> <li>Pollution</li> </ul>

Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

Biodiversity

> Basic Policy on Biodiversity/  
Biodiversity Goals/Corporate Structure  
on Biodiversity  
> Biodiversity Initiatives

Waste/Pollution

Society

Governance

Data Section



# Biodiversity

## ■ Biodiversity Risk Assessment: Detailed Analysis

Recognizing the importance of location-based analysis for understanding dependencies and impacts on nature, we are working on biodiversity risk assessment through the process at right, referring to the LEAP\*1 approach presented in the TNFD framework.

### Risk assessment process utilizing the LEAP approach

- STEP 1** Locate our interface with important areas to nature
- STEP 2** Evaluate dependencies and impacts on nature
- STEP 3** Assess risks and opportunities related to dependencies and impacts on nature
- STEP 4** Prepare to respond to nature-related risks and opportunities

## <Locate Interfaces with Areas of Biodiversity Importance Utilizing IBAT\*2>

As STEP 1, we used IBAT\*1, a tool recommended by the TNFD, to investigate the interface with areas of biodiversity importance within a 3 km radius of 99 MHI Group operational sites, mainly major production sites around the globe.

The targets of our investigation were protected areas for biodiversity (World Heritage Sites, Ramsar Convention wetlands, UNESCO MAB biosphere reserves, IUCN Protected Area Categories Ia, Ib, II and III), and Key Biodiversity Areas (KBA).

As a result, we spotted 3 Ramsar Convention wetlands, 1 UNESCO MAB biosphere reserve, 2 IUCN Category Ia areas, 1 IUCN Category II area, 1 IUCN Category III area and 11 KBAs within a 3 km radius of the operational sites.

Investigation results: Number of areas of biodiversity importance close to MHI Group sites

	Areas of biodiversity importance							
	Protected areas							Key Biodiversity Areas (KBA)
	World Heritage sites	Ramsar Convention wetlands	UNESCO MAB	IUCN Protected Area Categories				
				Ia	Ib	II	III	
1. Japan (36 sites)	0	1	0	0	0	0	0	3
2. Asia (31 sites)	0	0	0	0	0	0	0	3
3. Europe (8 sites)	0	2	0	2	0	1	0	3
4. North America (21 sites)	0	0	1	0	0	0	0	2
5. South America (3 sites)	0	0	0	0	0	0	1	0
<b>Total operational sites investigated (99 sites)</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>11</b>

\*1 LEAP: An assessment process for nature-related risks and opportunities, comprised of the following 4 phases: Locate the organization's interfaces with nature, Evaluate dependencies and impacts, Assess risks and opportunities, and Prepare to respond to nature-related risks and opportunities and report.

\*2 IBAT (Integrated Biodiversity Assessment Tool): One of TNFD's recommended tools, it can survey protected natural areas, habitats of endangered species, etc. around a target location based on latitude and longitude information.

Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

Biodiversity

- > Basic Policy on Biodiversity/  
Biodiversity Goals/Corporate Structure  
on Biodiversity
- > Biodiversity Initiatives

Waste/Pollution

Society

Governance

Data Section



# Biodiversity

## <Evaluate Potential Dependencies and Impacts on Nature Using ENCORE\*>

Next, as STEP 2, we used ENCORE as recommended by TNFD to evaluate the materiality of potential dependencies and impacts of our business on nature at the operational sites confirmed in STEP1 as located close to areas of biodiversity importance, as Very High, High, Medium, Low, or Very Low.

As a result, no material items were identified as High or Very High for potential dependencies on nature. On the other hand, five material items were identified as High for potential impacts on nature.

We will conduct detailed risk assessment based on the results of STEP1 and STEP2 and continue business activities with even further consideration given to biodiversity.

\* ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): One of TNFD's recommended tools, potential dependencies and impacts on nature can be assessed for each of 11 sectors and 157 sub-industries.

### Ecosystem Services

Heat map on dependencies	Ecosystem Services																					
	Direct Physical Input				Enables Production Process				Mitigates Direct Impacts			Protection from Disruption										
	Animal-based energy	Fibres and other materials	Genetic materials	Groundwater	Surface water	Maintain nursery habitats	Pollination	Soil quality	Ventilation	Water flow maintenance	Water quality	Bio-remediation	Dilution by atmosphere and ecosystem	Filtration	Mediation of sensory impacts	Buffering and attenuation of mass flows	Climate regulation	Disease control	Flood and storm protection	Mass stabilization and erosion control	Pest control	
Aerospace & Defense				M	M				VL	M	L		L	VL	M		VL		M	VL		
Auto Parts & Equipment				M	M				VL	M	L		L	VL	M		VL		M	VL		
Construction Machinery & Heavy Trucks				M	M				VL	M	L		L	VL	M		VL		M	VL		
Industrial Machinery				M	M				VL	M	L		L	VL	M		VL		M	VL		
Heavy Electrical Equipment				M	M				VL	M	L		L	VL	M		VL		M	VL		
Household Appliances				M	M				VL	M	L		L	VL	M		VL		M	VL		

Very High | High | Medium | Low | Very Low

### Impact Drivers

Heat map on impacts	Land/freshwater/ocean use change			Resource use		Climate change	Pollution			Other	
	Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Water use	Other resource use	GHG emissions	Non-GHG air pollutants	Water pollutants	Soil pollutants	Solid waste	Disturbances
Aerospace & Defense				H		H	M	H	H	H	M
Auto Parts & Equipment				H		H	M	H	H	H	M
Construction Machinery & Heavy Trucks				H		H	M	H	H	H	M
Industrial Machinery				H		H	M	H	H	H	M
Heavy Electrical Equipment				H		H	M	H	H	H	M
Household Appliances				H		H	M	H	H	H	M

Very High | High | Medium | Low | Very Low

## Sustainability Management

### Environment

#### Environmental Management

#### Climate Change

#### Water Management

#### Biodiversity

- > Basic Policy on Biodiversity/ Biodiversity Goals/Corporate Structure on Biodiversity
- > Biodiversity Initiatives

#### Waste/Pollution

#### Society

#### Governance

#### Data Section



# Biodiversity

## ■ Collaboration with Stakeholders

### <Collaboration with NPOs> Supporting conservation survey for loggerhead turtles in danger of extinction

Since 2015, in Tanegashima, a key location for the Group's rocket launch business, MHI Group has offered its support for the Tanegashima Loggerhead Turtle Survey, an event sponsored by Earthwatch Japan, an authorized NPO. The loggerhead turtle is in danger of global extinction. Although Tanegashima is the second largest spawning ground for the loggerhead turtle, there have been very few individual identification surveys conducted in the past for the purpose of preservation. Accordingly, we anticipate that the Tanegashima Loggerhead Turtle Survey will not only help to clarify the ecology of the loggerhead turtle but also lead to its conservation. In local surveys, our employees participate as volunteers. Under the guidance of the NPO Sea Turtle Association of Japan, they put identification tags on mother turtles that laid eggs and check the scute and weights of newly hatched turtles.

### <Collaboration with Local Governments> Forest conservation

- At the Sagami-hara Machinery Works, Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. has worked with Kanagawa prefecture as partners in forest rebuilding through the Kanagawa Water Forest Creation Project every year since 2009, assisting with planning and carrying out forest conservation activities. The purpose of this partnership is to raise awareness for the conservation of the natural environment among employees.
- Since 2009, Mitsubishi Heavy Industries Thermal Systems, Ltd. has endorsed the initiative by naming the "Corporate Forest" in Mie Prefecture "Beaver Forest Kihoku". The employees regularly visit the site to plant trees and maintain the side road.
- At Mitsubishi Power Gas Turbine Engineering Technology (Nanjing) Co., Ltd. in China, around 100 employees and their family members planted 50 Chinese tallow trees at the Laoshan National Forest Park on the outskirts of Nanjing.

## ■ Raising Awareness of Biodiversity and Natural Capital

### <Environmental Education for Employees>

Through e-learning-based environmental and sustainability education, we are working to raise the awareness of employees with regard to biodiversity and natural capital.

## ■ Consideration for Biodiversity Across the Supply Chain

MHI Group has included items related to consideration for the environment in the MHI Group Supply Chain CSR Promotion Guidelines and requests its business partners to conduct activities with consideration for biodiversity and ecosystems.

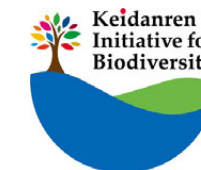
MHI: Promotion of CSR Procurement  
<https://www.mhi.com/company/procurement/csr>

## ■ Participation in Initiatives

### <Participation in "Declaration of Biodiversity by Keidanren">

MHI is an active participant in the "Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)." As of May 31, 2024, a total of 345 companies and organizations are either carrying out a multiple number of the seven items listed under this initiative launched by Keidanren (Japan Business Federation), or agree with its overall idea and purposes.

Keidanren: Declaration of Biodiversity Initiative  
<https://www.keidanren-biodiversity.jp/>



### <The TNFD forum>

MHI supports the TNFD's principles and has joined the TNFD Forum. We are advancing our information disclosure efforts in line with the TNFD framework.

The TNFD forum  
<https://tnfd.global/engage/tnfd-forum/>



## Sustainability Management

### Environment

#### Environmental Management

#### Climate Change

#### Water Management

#### Biodiversity

- > Basic Policy on Biodiversity/  
Biodiversity Goals/Corporate Structure  
on Biodiversity
- > Biodiversity Initiatives

#### Waste/Pollution

### Society

### Governance

### Data Section



# Waste/Pollution

Sustainability Management

Environment

Environmental Management

Climate Change

Water Management

Biodiversity

Waste/Pollution

> Basic Approach and Policy/  
Management System/Waste Generation/  
VOC Emissions Data

Society

Governance

Data Section

## Basic Approach and Policy Policy

The MHI Group has set targets for reducing waste generation per unit as part of its three-year environmental targets. Despite an increase in production, the Fifth Environmental Targets, set to be achieved by fiscal 2023, were successfully met.

We will continue to set targets for reducing waste generation and are committed to waste reduction through thorough sorting, promoting reuse, minimizing resource use, and encouraging circular utilization. Additionally, we aim to minimize waste output by selling recyclable materials, such as plastics, whenever possible. For waste generated from our business activities, we clearly specify waste separation and processing guidelines internally and then entrust the waste to licensed processors for proper treatment and resource recovery in accordance with regulations.

Regarding volatile organic compounds (VOCs), which are important air pollutants, we set internal targets to reduce levels of xylene, toluene, and ethylbenzene—chemicals that are emitted in large volumes—in the atmosphere, while continuously monitoring air emissions.

## Management System System

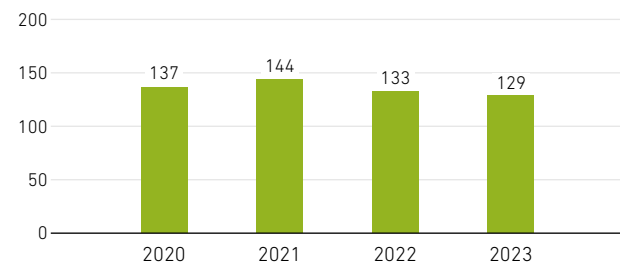
As part of our three-year environmental targets, consistent Groupwide reduction goals have been established for waste discharge, with measures being undertaken across the Group. We have created an action plan to reduce waste discharge through each Group subsidiary's environment-management program and similar measures. Regarding data related to waste and volatile organic chemicals (VOC), an IT system is used for compilation and reporting to review the progress of each company.

## Waste Generation/VOC Emissions Data Results Data

### Waste generation\*1,2

#### Waste generation

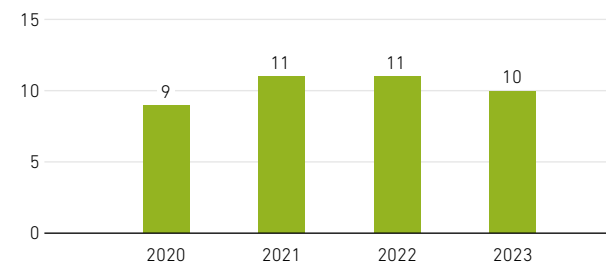
(Unit: thousand tons)



### Hazardous waste generation\*2

#### Hazardous waste generation

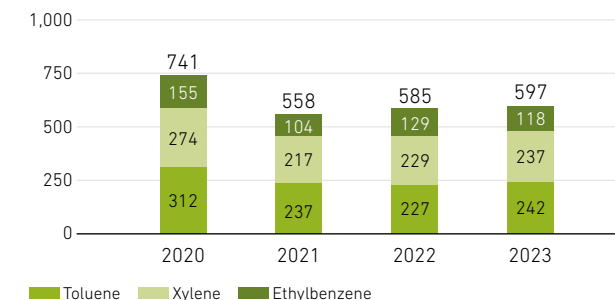
(Unit: thousand tons)



### VOC emissions\*3

#### Total

(Unit: tons)



\*1 Including valuables.

\*2 Coverage: MHI and domestic and overseas Group companies (119 companies in FY2020 and FY2021, 116 companies in FY2022, and 116 companies in FY2023 [accounting for 91% of net sales])

\*3 Coverage: MHI and domestic Group companies (25 companies in FY2020, 27 companies in FY2021, 25 companies in FY2022, and 24 companies in FY2023 [accounting for 89% of net sales])

See here for other pollution and waste data

Data Section ▶ P.131



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section

# Society

## 44 HR Strategy

44 HR Strategy for Achieving Business Goals

## 45 Human Resources Development

45 Basic Approach and Policy

46 Human Resource Development Structure

48 Training Hours and Training Costs

49 Initiatives to Develop Leadership Human Resources

51 Human Resource Development Initiatives for  
Mid-Level Employees

52 Human Resource Development Initiatives for Junior  
Employees

53 Human Resource Development Initiatives to Strengthen  
Business Operations through Digital Technology

## 54 Talent Attraction and Retention

54 Basic Approach and Policy/  
Recruitment System and Initiatives

55 Improve Engagement

57 Initiatives for Career-Development and Feedback

58 Main Systems and Initiatives to Promote Autonomous  
Workstyles among Employees

59 Major Systems and Measures to Support a Good  
Work-Life Balance

60 Approach to Work Conditions/Data on Workstyles and  
Support for Work-Life Balance

## 61 Human Rights

61 Basic Approach

62 System for Promoting Respect for Human Rights

63 Human Rights Due Diligence

65 Human Rights Awareness Dissemination and Education

## 66 Ensuring Diversity, Equity, and Inclusion in the Workplace

66 Basic Approach and Policy/System

67 Data Related to Diversity and Equal Opportunity

68 Initiatives to Promote the Advancement of Female

70 Efforts beyond Female Empowerment

## 71 Occupational Safety and Health

71 Basic Approach and Policy/Safety and Health System

72 Data on Occupational Safety and Health

73 Safety and Health Initiatives

74 Health and Productivity Management Declaration

75 MHI Group Health and Productivity  
Management Structure

76 Health Promotion Programs and Initiatives

## 78 Product Safety

78 Basic Approach/Product Safety and Quality Management

79 Quality and Safety Programs for Key Products

## 84 Innovation

84 Basic Approach/Promotion System

85 R&D Data/Intellectual Property Management

86 Examples of Activities

## 87 Customer Relationship Management

87 Basic Approach/Management System

89 Responsible Advertising Activities

90 Example of Initiatives

## 92 Supply Chain Management

92 Basic Approach/Promotion System

93 Data about the Supply Chain

94 Initiatives on Sustainability and CSR Procurement

95 Initiatives on Human Rights, Occupational Safety, and  
Procurement/Supply Chain Monitoring/Conflict Minerals

96 Our Improvements in the Supply Chain/  
Participating in Initiatives

## 97 Social Contribution Activity

97 Basic Approach

98 Performance Data

99 MHI Group Initiatives





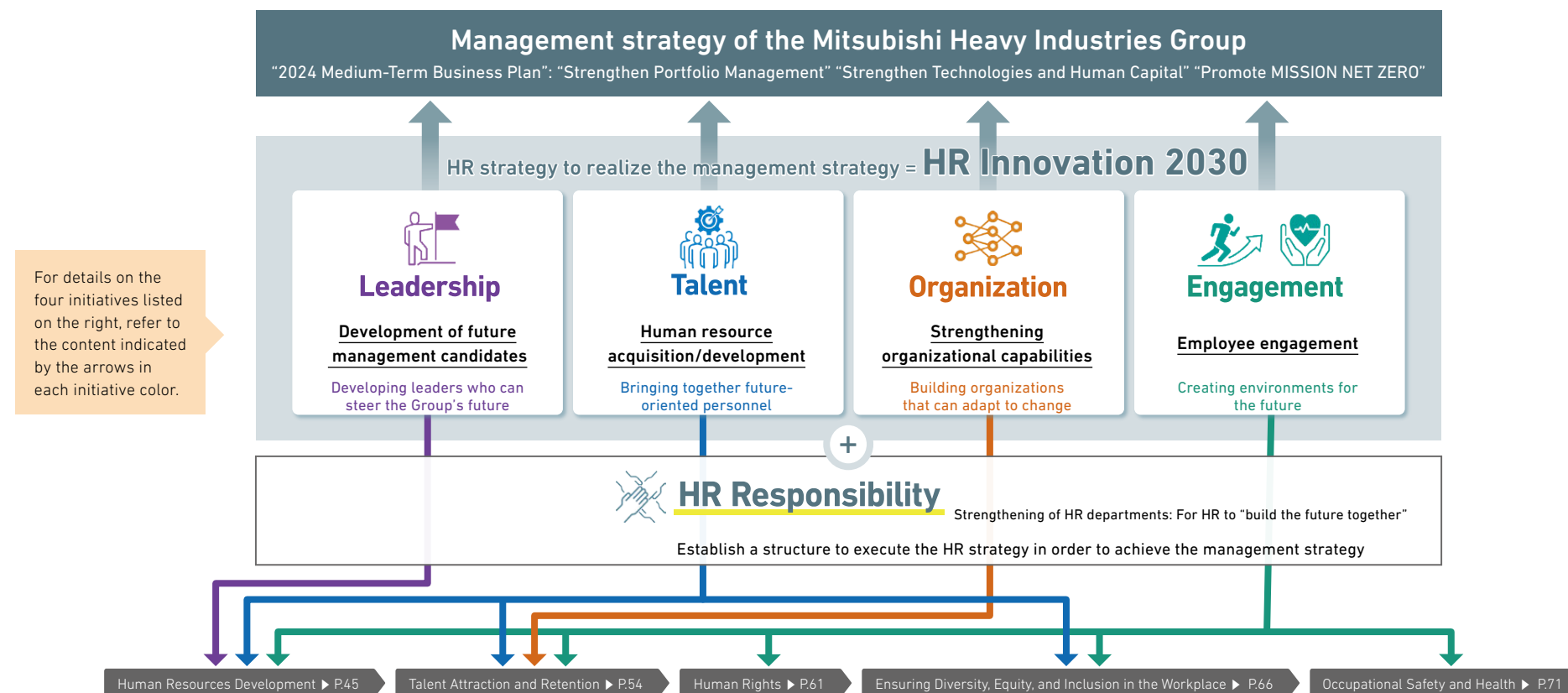
# HR Strategy—Initiatives to Strengthen Human Capital—

## HR Strategy for Achieving Business Goals Policy

MHI Group has sought to “Combine cutting-edge technology with many years of expertise to provide solutions to the evolving challenges facing the world while enriching people’s lives.” In accordance with this Group mission, we strive to create a safe, secure, and comfortable world with the goals to “Strengthen Portfolio Management,” “Strengthen Technologies and Human Capital,” and “Promote MISSION NET ZERO” in the “2024 Medium-Term Business Plan.” To achieve these goals, we are required to have business strategies that embody value creation and close coordination among HR strategies to maximize human capabilities.

We have drawn up our HR strategy “Launch the Future” to achieve our 2024 Medium-Term Business Plan and shape the future beyond it. It’s the “heart” of each one of us that “Launches the Future.” We can build strong momentum if each and every employee, including management leaders, pictures the future to be achieved, envisions it along with the future goal for the MHI Group, and establishes an organization where we can collaborate.

At the MHI Group, with management, business departments, and HR departments functioning as one, we will promote the initiatives to launch the “future” that we envision, along with all of our Group employees.



- Sustainability Management
- Environment
- ✓ Society
  - HR Strategy
    - > HR Strategy for Achieving Business Goals
  - Human Resources Development
  - Talent Attraction and Retention
  - Human Rights
  - Ensuring Diversity, Equity, and Inclusion in the Workplace
  - Occupational Safety and Health
  - Product Safety
  - Innovation
  - Customer Relationship Management
  - Supply Chain Management
  - Social Contribution Activity
- Governance
- Data Section



# Human Resources Development

## Basic Approach and Policy Policy

### ■ Basic Approach

The backbone of MHI Group's business is our people. Their individual strengths combine to give our organization its power. To strengthen our workforce, we will provide various challenges and growth opportunities in line with the MHI Group Talent Development Guidelines. These guidelines start from the idea that each employee should think about their own career. Rather than having opportunities for challenges and growth handed to them, they must create such opportunities themselves, carving out their own paths. Within the Group, we will help our team members find social value in their lives and align their goals with our aims as an organization.

### ■ MHI Group Talent Development Guidelines

To fulfill MHI Group's Mission of integrating cutting-edge technology into expertise built up over many years to provide solutions to some of the world's most pressing issues and provide better lives, we established the MHI Group Talent Development Guidelines outlining our direction for medium- to long-term initiatives for talent development. While sharing the values we cherish as a Group – ownership, collaboration, and challenge – as well as our approach to Talent Development, we are advancing various initiatives throughout the organization.

## MHI Group Talent Development Guidelines

**MHI Group's mission is to 'integrate cutting-edge technology into expertise built up over many years to provide solutions to the world's most pressing issues and provide better lives.' Towards the fulfilment of its mission, MHI Group works to upgrade the abilities of each Group employee, provides support for career development, and creates an environment where all can learn and grow.**

### MHI Group Values

To achieve MHI Group Mission we share three values, for which each and every member of MHI Group will take action.



#### Ownership

- Recognize one's role, and take ownership as a first-person mindset.
- Identify issues proactively and think thoroughly to provide solutions.



#### Collaboration

- Collaborate with each other with a future orientation. Contribute to society through further development of technologies cultivated over a long history.
- Respect and learn from each other to drive results as a team.



#### Challenge

- Without being bound by the past, gain insights into the true nature of the current issues. Never give up despite difficulties.
- Continue to grow by communicating with others to create opportunities.

### Approach to the Talent Development

The growth of each member of MHI Group is the source of sustainable development for the MHI Group. We will work to develop our talents continuously from a medium to long term perspective. Through dialogues, we identify each person's challenges and set goals. Through feedback, we support growth and career development by daily work experience (OJT: On the Job Trainings) as well as by complementary trainings (Off-JT: Off the Job Trainings) and self-development.

#### Role of employees

Grow with autonomy. Take advantage of opportunities to grow, self-learn, and challenge proactively.



Clarify skills and mindset that every MHI Group member is expected to have. Actively provide growth opportunities to employees who wish to grow by themselves.

Understand that talent development is one of the most important tasks for management. Support members' growth by setting goals, and by providing opportunities and feedback for OJT/Off-JT. Not only playing managerial roles, but also striving humbly for one's own growth.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Resources Development

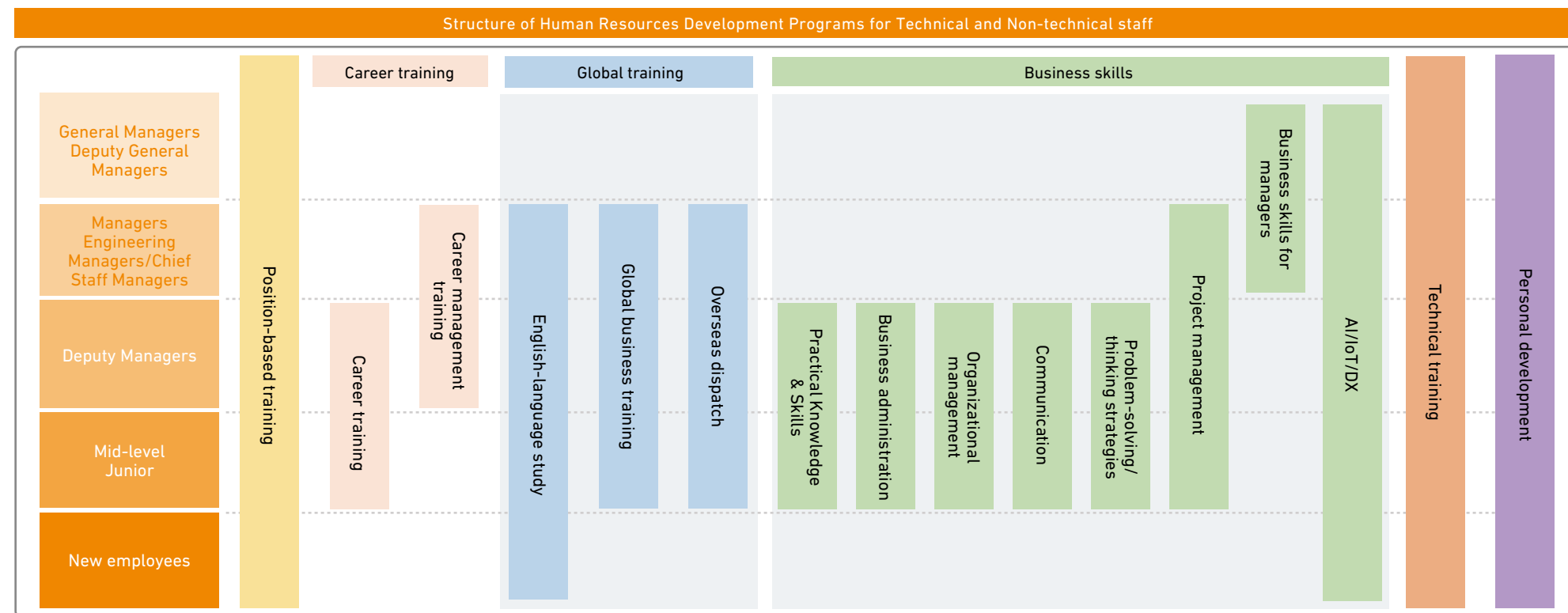
## Human Resource Development Structure Initiatives

### ■ Structure of Human Resource Development Programs

MHI Group recognizes the growth of individual Group employees as the source of the MHI Group's sustained development. We therefore offer a wide range of programs to support Group members in proactive learning and career ownership based on the MHI Group Talent Development Guidelines.

As core initiatives for human resource development, we focus on enhancing the management capabilities of management-level employees, supporting employees' career ownership, developing global human resources, promoting DX education, supporting the onboarding of junior employees, training junior technicians for the forefront of manufacturing, and providing training activities to Group company employees.

For technical and business skill training, our training center in Nagoya plays the central role in initiatives to enhance skills across the Group.



In addition to the above system diagram, we are working to further strengthen the globalization and diversification of our senior management personnel with regard to the development of next-generation management personnel and the development of overseas group company employees, which will be particularly important in the future.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

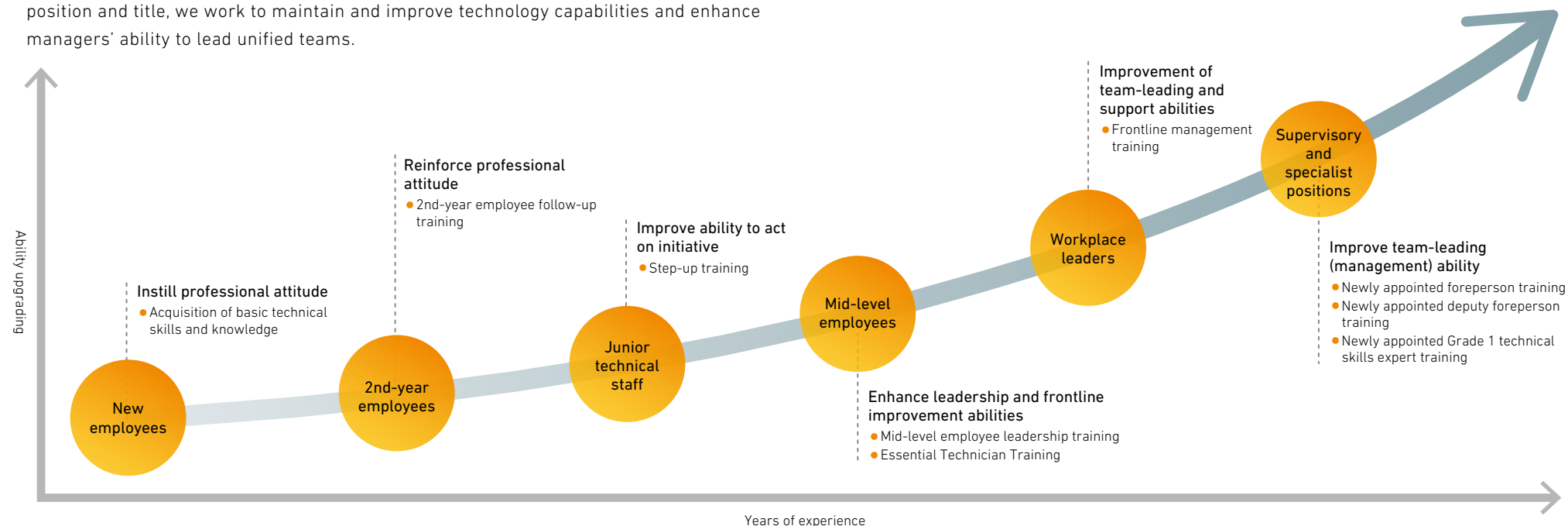
Data Section



# Human Resources Development

## Structure of Human Resources Development Programs for Technical Staff

The training of the technical staff who take charge of our manufacturing functions is of vital importance. By providing appropriate education and training targeted by job position and title, we work to maintain and improve technology capabilities and enhance managers' ability to lead unified teams.



### ■ Chief Engineer and Master Technician Designation System

With the aim of demonstrating in and out of house our commitment to valuing the technologies and technical skills fundamental to our manufacturing, we have created the designations 'Chief Engineer' and 'Master Technician' to recognize outstanding achievement.

The designation 'Chief Engineer' honors top-grade technicians in a specific area of technology, while 'Master Technician' distinguishes employees who have demonstrated top-level technical skills at the manufacturing frontline.

We will continue working to improve staff abilities in order to maintain a solid manufacturing base, built on outstanding technical skills and technologies, that contributes to social progress and a brighter future.

No. of new designations	2020	2021	2022	2023
Chief Engineer	3	4	6	1
Master Technician	3	3	4	3

Coverage: MHI

Sustainability Management

Environment

▼ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Resources Development

## Training Hours and Training Costs Performance Data

Training hours and training costs

	Unit	2020	2021	2022	2023	
Training hours	Total training hours	Hours	317,769	703,521	766,933	972,284
	Training hours per employee	Hours/Employees	13.1	13.6	16.0	20.6
Training costs	Total costs	Thousands of yen	477,354	1,326,638	1,881,621	1,778,634
	Training costs per employee	Yen/Employees	19,633	25,708	39,228	37,681
Scope of calculation	Number of eligible employees		24,313	51,605	47,966	47,203
	Employee coverage ratio	%	30.4	66.2	62.4	60.8

Coverage: MHI and domestic Group companies

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Resources Development

## Initiatives to Develop Leadership Human Resources Initiatives

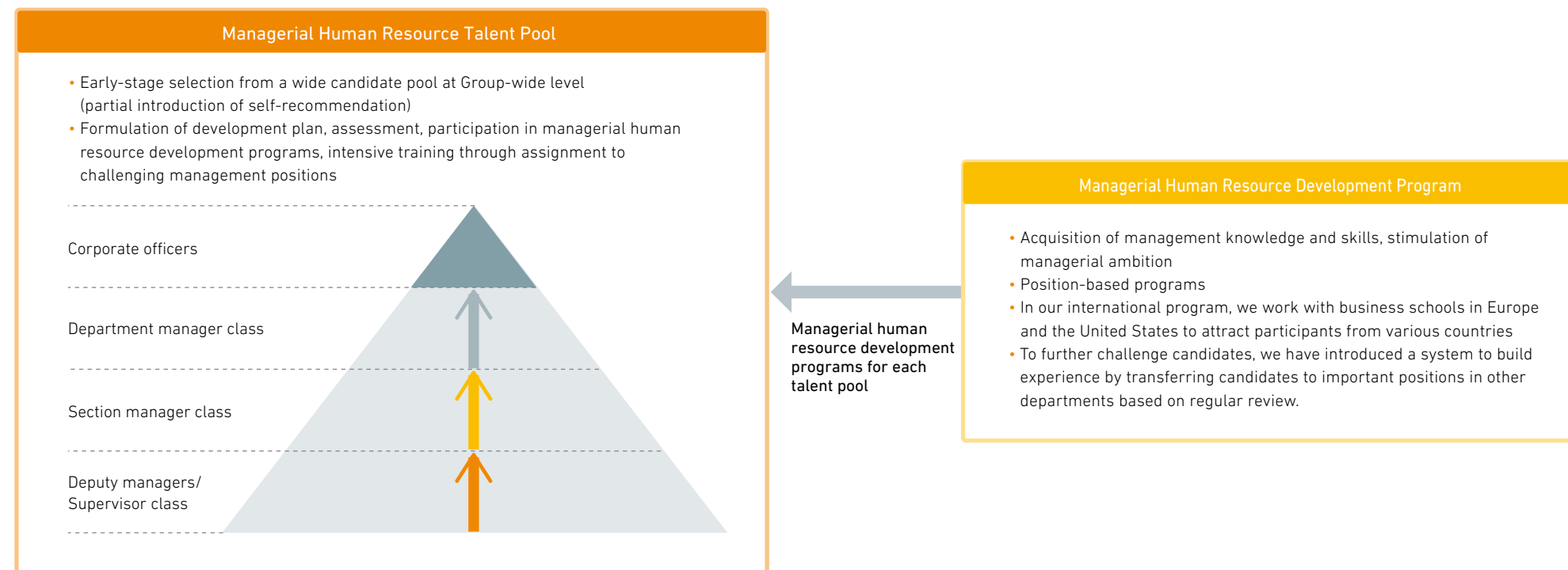
### ■ Development of Future Management Candidates

Environments surrounding our businesses continuously change, including the shift to a decarbonized society, rapid development for digital transformation, and increased geopolitical risks. In light of such changes, the development of management leaders that steer the overall Group is the most important theme for the entire Mitsubishi Heavy Industries Group.

The skills required of management leaders also change along with the overall social changes.

- To have a diversified perspective across communities/businesses supported by a wide range of operational experience, along with corporate management knowledge and skills.
- To steer the balance between profit-making in the existing businesses and pioneering new areas.
- To acquire a sense of diversity that can utilize diverse human resources and manage organizations.

A strong ambition to contribute to the advancement of society is required more than ever. The Mitsubishi Heavy Industries Group will build a management structure that can cope with changes in any environment by establishing a system that continues to create management leaders on a global scale. We strive to introduce to society leaders who can respond to various global social issues, envision a new future, and pave the way to its achievement as a result.



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Human Resources Development

## Building a Managerial Human Resource Talent Pool

MHI Group is building a managerial human resource talent pool, in general through selection by recommendation from the various departments. In fiscal 2022, we introduced a system of selection based partly on self-recommendation in order to encourage employees to challenge themselves by opening the opportunity to a wider range of candidates and at the same time to ensure the diversity of future management and leadership human resources. By formulating individual development plans, undergoing assessment, participating in managerial human resource development programs, and engaging in other activities, the candidates in the human resource talent pool are encouraged to develop literacy as managers and a managerial mentality. Additionally, we stimulate them to refine the qualities required of managers and to broaden their experience by appointing a selection of the top-ranking candidates in the talent pool to a series of important management positions in Japan and overseas as part of a challenging assignment program.

## Managerial Human Resource Development Program

To systematically cultivate the next generation of senior management, we select human resources with the potential to take on leadership positions in Group and business management at an early stage from a wide candidate base across the Group. The selected candidates then take part in an intensive off-the-job training and development program, which includes partnerships with business schools around the world, to acquire management knowledge and skills and to stimulate managerial ambition. In fiscal 2023 more than 150 employees took part in the program in Japan and overseas. We also operate an initiative whereby the candidates are transferred to important positions in other departments based on regular review in order to build broad-based operational experience. Through programs of this kind, we are building a successor generation of managerial human resources able to win through in whatever situation, thus continuously adding to our corporate growth potential.



## MHI Leadership Program

To accelerate globalization and diversity, it is essential to upgrade the abilities and skills of diverse human resources, including at overseas Group companies. In partnership with renowned overseas business schools, MHI Group is strengthening selection-based training programs for senior management candidates in order to cultivate managerial human resources for overseas Group companies and regions.



Scene from MHI Leadership Program  
In our group-based development programs, recommended candidates from Japan interact with outstanding human resources from all overseas regions recommended by local Group companies, bringing a rich and stimulating element of diversity.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Resources Development

## Human Resource Development Initiatives for Mid-Level Employees Initiatives

### ■ Courses in Business Administration

In order to acquire a broader operational perspective, junior to mid-level employees, who are the core of every workplace, learn the basic knowledge necessary to take charge of future departmental management in areas such as management strategy, marketing, and accounting and finance.

This ensures that employees gain a broad overview of workplace operations and acquire a wide perspective enabling them to adapt to global business expansion.

### ■ Global Management Training

The training is for prospective global managers aiming for success at overseas Group companies, acquire the MBA-based practical knowledge and presentation skills necessary for business execution.

The program, offered in partnership with the International University of Japan in Minami Uonuma, Niigata, gathers students from about 70 countries and regions to nurture talent fit for the global stage. Through five days of lectures and discussions, all in English, participants learn important content\*. A special feature of this demanding and intensive training is interaction with the overseas students who participate in meetings as facilitators, which not only imparts knowledge but also offers contact with a range of differing values.

\* Cross-Cultural Communication, Organizational Behavior, Corporate Finance, Marketing Strategy, Strategic Management, Presentation



Scene from global management training



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

> Basic Approach and Policy

> Human Resource Development Structure

> Training Hours and Training Costs

> Initiatives to Develop Leadership Human Resources

> Human Resource Development Initiatives for Mid-Level Employees

> Human Resource Development Initiatives for Junior Employees

> Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Resources Development

## Human Resource Development Initiatives for Junior Employees Initiatives

### ■ Group Interdepartmental Program

We have launched a new initiative to provide junior employees with opportunities to experience different divisions for a fixed term. In fiscal 2023, the first year of the program, the program is being implemented for 3 to 8 years of clerical employment.

With the increasingly rapid pace of change in society, there is nowadays a stronger than ever demand for companies to achieve ceaseless innovation and for individuals to shape their careers independently. In response, we promote the development of diverse human resources equipped with wide-ranging insights and perspectives and support autonomous career building. This in turn contributes to new value creation within MHI Group.

### ■ On-the-Job Training at Overseas Group Companies (Overseas posting of junior employees/MHI Global Training (MGT))

This initiative offers junior employees the opportunity for on-the-job training at overseas Group companies, mainly in developing countries. The aim is for participants to appreciate the resilience and other qualities needed in a global environment through practical hands-on experience, improve their ability to respond at a global level, and stimulate at an early stage an awareness of their position in the context of global human resources.

Launched in 2012, the program was suspended during the COVID-19 pandemic but reopened to applicants in fiscal 2022 with a change from a recommendation to a self-recommendation system. It now once again offers personal growth opportunities to junior employees wishing to gain overseas operational experience.

Number of postings since 2019



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Human Resources Development

## Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology Initiatives

### ■ Training in Digital Innovation (DI)

MHI Group has identified 'transforming society through AI and digitalization' as one of its material issues. As part of this, we aim to work co-creatively with customers to present a series of solutions based on smart connectivity with complex mechanical systems and to develop new value chains utilizing digital technology. As the Group works together to promote digital innovation, MHI is also actively cultivating digital human resources. Specifically, we created a digital talent training program to nurture over 20,000 digital professionals across the Group.

In the process of digital human resource development, we put in place a digital human resource model compliant with various standards and guidelines, establish unitary standards for tasks and skills, and make an accurate assessment of the required human resources before formulating relevant development programs. The programs are conducted by our dedicated technical training center, which conducts over 500 training sessions a year, made up of 240 different courses designed in-house. These include courses on AI and IoT dealing with their business applications and other aspects.

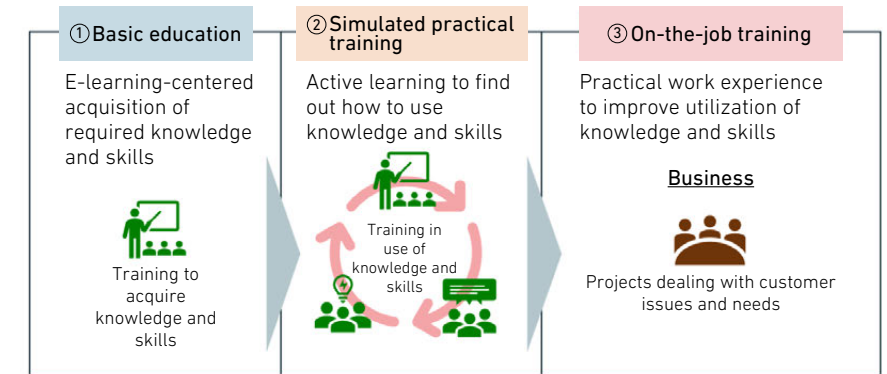
We have additionally introduced an external education program offering around 2,000 course options at beginner, basic, or practical levels. We publish a list of recommended courses and support all employees in participating, whether in technical or non-technical roles.

To drive digital innovation, we consider it important to improve digital literacy—having basic digital knowledge and being open to digital approaches to operational and organizational innovation—across the MHI Group. We are therefore progressing with digital literacy training for all 75,000 MHI Group employees.

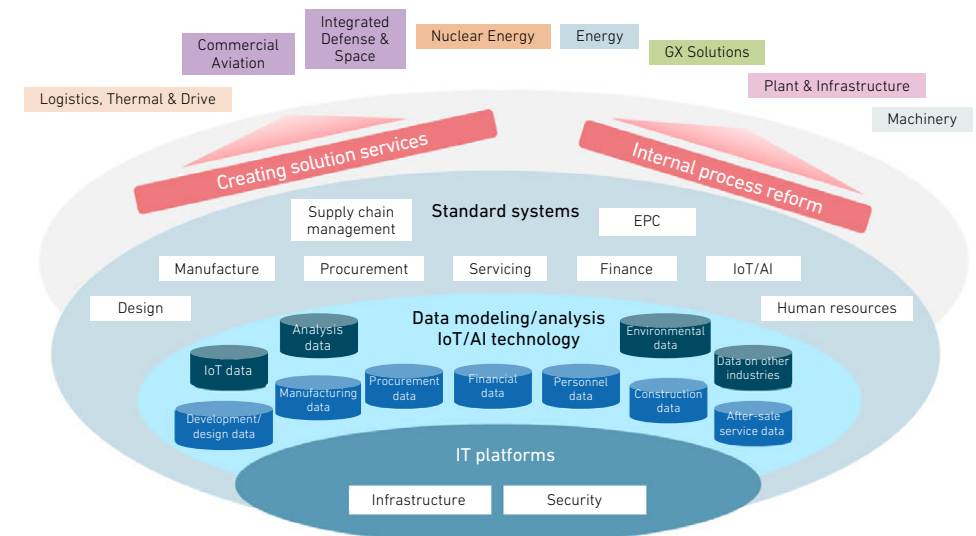
The above training is supplemented where appropriate with a development program focused on training digital human resources to match the latest business requirements.

By working in this way to develop digital human resources across the MHI Group, we will accelerate Group-wide digital innovation leading to business value creation and growth.

### MHI Group Digital Human Resource Development Process



### Creating Business Value through Digital Innovation



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

- > Basic Approach and Policy
- > Human Resource Development Structure
- > Training Hours and Training Costs
- > Initiatives to Develop Leadership Human Resources
- > Human Resource Development Initiatives for Mid-Level Employees
- > Human Resource Development Initiatives for Junior Employees
- > Human Resource Development Initiatives to Strengthen Business Operations through Digital Technology

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Talent Attraction and Retention

## Basic Approach and Policy Policy

Mitsubishi Heavy Industries Group supports today's society with various businesses and takes on challenges to shape the future. That is why we aim to be a company chosen by people who aspire to build and support society with a strong sense of responsibility. We aim to be a company that supports the efforts and growth of employees who join us with that mindset. MHI Group takes a range of measures to boost its competitiveness in the recruitment market and enhance employee engagement. Specifically, improving engagement, together with promoting diversity, has been designated as one of the MHI Group material issues.

## Recruitment System and Initiatives System Initiatives

To steadily implement its management strategy, MHI Group is taking steps to strengthen recruitment. In order to attract highly talented and diverse human resources able to take on the challenge of expanding existing businesses and moving into growth areas, we are engaged in recruitment initiatives concerted across the Group.

### Main Recruitment-Related Initiatives



Technical grades

#### Introduction of recruitment based on job-matching for graduate technical-grade staff

In graduate recruitment for technical-grade staff, we operate job-matching, which means that a screening process before hiring is used to reach agreement on which department or research laboratory the recruit will be assigned to. By enabling us to secure human resources suited to the particular features of the workplace, this helps prevent mismatched placements and contributes to an increased post-recruitment retention rate.



Technical grades

#### Expansion of female employment in technical grades

With the aim of increasing diversity in our human resources, we have set an increased target of 10% for the ratio of females among our new graduate recruitment for technical-grade positions. As specific measures, we organize factory tours exclusively for female science students and round-table discussions with our female engineering employees to promote MHI to women as an attractive employer.



Non-technical grades

#### Introduction of preference system in graduate non-technical recruitment

In graduate recruitment for non-technical positions, we have introduced a system whereby, for three of our corporate departments—legal affairs, accounting and finance, and personnel—applicants can express a preference for that particular department as their initial assignment before acceptance. By allowing applicants to choose between this preference system and normal recruitment, where the department the candidate is assigned to is decided through questionnaire and interview after a non-specific provisional job offer, or to apply through both systems, we aim to reduce the rate of mismatched placement, improve employee engagement, and raise the post-recruitment retention rate.



All grades

#### Internships and workshops

We offer 5- to 10-day in-house internships for science students and 2-day online workshops for students aiming for non-technical positions. The science-oriented internships generally cover around 300 areas of work each year and attract prospective human resources from a wide range of backgrounds. The non-technical grade workshops allow participants to experience the excitement of employment at MHI Group through hands-on work experience in areas including ordering and sales operations and self-analysis.



All grades

#### Training of interviewers

With a view to securing outstanding human resources, we provide special training for the staff in charge of interviewing for both new graduate and mid-career recruitment. This ensures that all relevant staff understand the recruitment requirements and the points for evaluation in the interview and helps to prevent uneven evaluation by different interviewers. It also makes our recruitment process more competitive by allowing us to use the interview setting to provide motivation to students and promote MHI as an attractive employer.



All grades

#### Implementing an Alumni Recruitment Program

To strengthen our recruitment of individuals with diverse skills, experiences, and values, we launched a dedicated website in October 2023 for re-hiring former employees. We hope they can use the new skills and knowledge they gained after leaving MHI to help further develop our business.

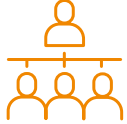





- Sustainability Management
- Environment
- ✓ Society
  - HR Strategy
  - Human Resources Development
  - Talent Attraction and Retention
    - > Basic Approach and Policy/ Recruitment System and Initiatives
    - > Improve Engagement
    - > Initiatives for Career-Development and Feedback
    - > Main Systems and Initiatives to Promote Autonomous Workstyles among Employees
    - > Major Systems and Measures to Support a Good Work-Life Balance
    - > Approach to Work Conditions/ Data on Workstyles and Support for Work-Life Balance
  - Human Rights
    - Ensuring Diversity, Equity, and Inclusion in the Workplace
  - Occupational Safety and Health
  - Product Safety
  - Innovation
  - Customer Relationship Management
  - Supply Chain Management
  - Social Contribution Activity

- Governance
- Data Section
- 
-

# Talent Attraction and Retention

## Improve Engagement System

MHI Group believes that initiatives to improve employee engagement is a task that should be addressed by the human resources department (HR), executives, and managers based on a three-way partnership. We are working to improve engagement through six different initiatives in three corresponding areas. To ensure that the leadership of each corporate organization is committed to improving engagement, domain and segment CEOs and all chief officers are required to describe each organization's initiatives to improve engagement at the Board of Directors report.

Roles of HR, executives, and manager	6 initiatives in 3 areas	
 <p><b>HR</b></p> <p><b>Improve engagement in terms of work rules, systems, and provide support to other departments</b></p> <p>Work rules and personnel systems have a major influence on employee engagement. HR is required to be mindful of improving employee engagement when considering work rules and systems. It is also required to provide various kinds of support to executives and managers based on its expertise in organizational development and engagement.</p>	 <p>Human resources initiatives</p>	<p><b>Develop systems, mechanisms, and infrastructures</b></p> <p>HR will take initiatives to develop personnel systems, rules related to workstyles, and infrastructure.</p> <hr/> <p><b>Support employees' autonomous career development</b></p> <p>Support each employee in envisioning their career and ensure that performance is appropriately evaluated.</p>
 <p><b>Executives</b></p> <p><b>Show leadership and take overall responsibility for engagement throughout the organization</b></p> <p>To improve engagement, a strong commitment from executives is essential. Leaders of each corporate organization and executive of MHI Group is responsible for engagement and required to show leadership in improving engagement.</p>	 <p>Management initiatives</p>	<p><b>Penetrate business visions and strategies</b></p> <p>Break down business strategy and link to the work of each employees' position.</p> <hr/> <p><b>Promote diversity</b></p> <p>Promote diverse human resources to achieve equality in terms of gender and other attributes and create an organizational culture that generates innovation.</p>
 <p><b>Manager</b></p> <p><b>Take responsibility for engagement of subordinates</b></p> <p>Manager is in the strongest position to directly influence the work situation of individual employees. With a view to ensuring that each employee approaches their work with a high level of engagement, a manager is required to constantly monitor and review their own situation as a manager and the situation of their team.</p>	 <p>Work style initiatives</p>	<p><b>Continue to review business processes to make them more effective</b></p> <p>Improve tangible factors that impede productivity, such as lack of resources and insufficient delegation of authority.</p> <hr/> <p><b>Build an organizational culture pleasant to work in</b></p> <p>Improve intangible factors that impede productivity, such as lack of psychological safety and insufficient communication.</p>

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

- > Basic Approach and Policy/ Recruitment System and Initiatives
- > Improve Engagement
- > Initiatives for Career-Development and Feedback
- > Main Systems and Initiatives to Promote Autonomous Workstyles among Employees
- > Major Systems and Measures to Support a Good Work-Life Balance
- > Approach to Work Conditions/ Data on Workstyles and Support for Work-Life Balance

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



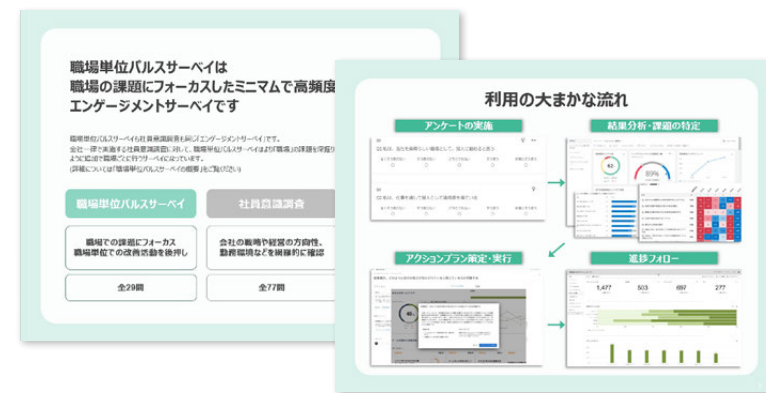


# Talent Attraction and Retention

## Improve Engagement Initiatives

### ■ Measure Engagement

MHI Group has introduced a survey platform linked with its global human resource database to conduct employee awareness surveys covering the whole MHI Group and pulse surveys for any organizational unit tailored to the needs of a particular region or business on the same platform. Employee awareness surveys are conducted roughly once every two years as a way of measuring engagement among MHI Group employees and identifying factors that drive engagement. Surveys conducted in March 2023 indicated that the percentage of highly engaged employees was 57%. Pulse surveys varied between regions. In the Japan region, a pulse survey is used when the employee awareness survey and the initiatives cannot cover issues at the workplace, which is useful to improve individual employee engagement by focusing on the workplace unit to address the issue. Pulse surveys conducted by MHI Group have the distinctive feature of addressing issues at the specific workplace level and are used to improve the workplace environment through dialogue between managers and employees benefiting from the advantage of the direct personal contact that is a feature of the workplace. We have also created a set of guidelines for an action plan to follow up each pulse survey and enhance workplace communication.



Reference information (in Japanese) on workplace-level pulse surveys



### Initiative for dialogue between President Izumisawa and employees (town hall meetings)

It is very important to listen directly to the voices of each employee as well as using engagement surveys to establish an overall picture of employees' feedback. It is one of the initiatives of MHI Group that President Izumisawa makes visits to our business sites and overseas bases to directly have a dialogue with frontline employees.

For employees to speak their minds at the dialogue, the content is not shared with anyone but the participants, creating an open atmosphere. The result of the most recent employee awareness survey is used as a guide. Participants are asked to raise any issues and speak out on what should be done and how, and discuss what they want the company and the workplace to be like.

Participants also had the opportunity to convey a message or ask questions to the president. As a corporate leader and sometimes as a senior colleague, the president gave an honest response to each comment and questions. These meetings have been held in regions in Japan and overseas bases with the participation of many MHI Group employees. Many of the employees who have participated at the dialogue with the president comment that "hearing directly from the top executive made MHI Group policy seem easier to understand", and "the discussion reminded of the importance of having the ambition and energy to achieve personal growth".



Scene from a town hall meeting

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

- > Basic Approach and Policy/  
Recruitment System and Initiatives
- > Improve Engagement
- > Initiatives for Career-Development  
and Feedback
- > Main Systems and Initiatives to Promote  
Autonomous Workstyles among Employees
- > Major Systems and Measures to Support a  
Good Work-Life Balance
- > Approach to Work Conditions/  
Data on Workstyles and Support for  
Work-Life Balance

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Talent Attraction and Retention

## Initiatives for Career-Development and Feedback Initiatives

As part of the human resource-related initiatives included among the designated six initiatives in three areas to improve engagement, we are implementing a range of initiatives for employee career-development and provision of feedback from managers and colleagues. The findings of the engagement survey have indicated that the factors correlating with engagement include the prospect of achieving career goals and provision of feedback and its effectiveness, indicating the importance of this initiative.

Name of system or initiative	Background and aim	Outline and implementation
<b>Creating opportunities for conversation</b>		
Career design interview program	It is important for employees to take the initiative in developing their careers by actively monitoring changes in their individual business environment and taking autonomous and continuous action for personal growth.	We have introduced a career design interview program for technical- and non-technical-grade employees and management-level employees. In dialogue between managers and their juniors, career goals are identified that align with the employee's aspirations and expected role while taking account of the diverse values and lifestyles of individuals. A concrete action plan is then designed and implemented. For technician-grade employees, dialogue to establish medium- to long-term goals is used to promote autonomous action for growth and create opportunities for career-development.
Quarterly performance interview	Business environment around our company and our employees is changing at a dramatic pace, making it all the more necessary to effect a timely response to day-by-day change and follow it through. As a result, it is important to create a framework for more frequent communication between managers and their subordinates to promote attainment of work goals and monitor relevant progress.	For technical grade and non-technical grade employees, we have introduced a quarterly dialogue system (performance interview system). This is designed to strengthen relationships by creating opportunities for dialogue between managers and their subordinates and increasing the frequency of dialogue. By also setting appropriate goals and giving feedback, we aim to foster individual growth and achieve results for the organization.
<b>Strengthening managerial ability</b>		
Career management training	To support employees to expand their potential and secure increased opportunities for awareness and growth, it is very important for the management-level employees who conduct interviews to strengthen their career management ability.	We provide career management training for management-level staff. The training consists of three modules: what career means and why career design is important; how to approach a career design interview; and reference frameworks.
360-degree-feedback	Management-level staff are at the center of corporate operations and strengthening their managerial ability is very important. Therefore, management-level staff should be facilitated to review their routine management behavior and identify their strengths and issues.	We have introduced 360-degree-feedback for management-level staff. This means gathering a range of opinions from people with diverse perspectives—the subject him- or herself, senior and subordinates, and colleagues—to provide an objective and reliable basis for identifying the employee's strengths and issues and then, in dialogue with superiors, formulating an action plan to address the issues. This creates a conscious commitment to improvement in day-to-day management activity. Improvement in managerial ability is additionally targeted through participation in off-the-job training programs relevant to the identified issues.
<b>Creating systems to broaden experience</b>		
Job-Posting System	For employees to undertake autonomous career-building, they need a framework that lets them actively choose the field of their personal growth. It is also important to create a structure that allows the MHI Group's outstanding human resources with their variety of knowledge, experience, and backgrounds to interact freely beyond the existing framework in a way that leads to innovation.	The job-posting system introduced in 2019 allows employees to change jobs within the Group by personal choice, subject to meeting the requirements of the new position. As of March 2024, around 800 Group employees have taken on the challenge of moving to a new job internally.
Second Job System	It is greatly beneficial to career development for employees to obtain experiences and insights through their second job that are not available in their main job. In addition, it is very effective to gain experiences and perspectives that differ from their main job to deepen the diversity of individuals necessary for innovation creation.	To take account of safety requirements, the Second Job System set an upper limit on total working hours including the main employment and is intended for such activity to sole business proprietors, who can adjust their personal workload relatively easily.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

- > Basic Approach and Policy/  
Recruitment System and Initiatives
- > Improve Engagement
- > Initiatives for Career-Development  
and Feedback
- > Main Systems and Initiatives to Promote  
Autonomous Workstyles among Employees
- > Major Systems and Measures to Support a  
Good Work-Life Balance
- > Approach to Work Conditions/  
Data on Workstyles and Support for  
Work-Life Balance

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Talent Attraction and Retention

## Main Systems and Initiatives to Promote Autonomous Workstyles among Employees Initiatives

We have introduced a range of measures and systems to secure an appropriate work-life balance for employees and at the same time adapt to increasingly diverse lifestyles. Going forward, to support each employee to develop an autonomous workstyle that maximizes their potential, we will work to expand and enhance these systems in line with the changing times.

Promoting flexible workstyles	
Name of system or initiative	Main features and content
Super-flextime system	Flexible working hours system with no required core time. Available not only to office staff but now to an extended range including some manufacturing departments
Telework system	Available to all employees
Annual paid leave	22 days granted from first year of employment (exceeds legal minimum requirement)
Annual leave in hourly increments	Leave available in increments of 1 to 2 hours for employees with childcare or family care commitments, pregnant employees who want to avoid rush hour commuting, or in view of other personal circumstances
Short vacation leave	Special leave of one day per year to be taken in conjunction with two or more days of paid annual leave to encourage longer leave periods
Reserved leave	It is also applicable to childcare leave, up to 60 days
Refresh leave	After 10 years of service, we offer five days of refreshment leave every 5 years.
Menstrual leave	Paid leave available in half-day or hourly increments
Working Hours Committee	Regular meetings to discuss reducing excessive working hours

Benefit systems to match increasingly diverse lifestyles	
Name of system or initiative	Main features and content
Rent subsidy system	Transition from company-owned housing and dormitories to rent subsidies to provide flexible housing options tailored to individual needs
Adoption of cash subsidy systems for all lunch expenses	Tailored to diversifying values and options in food
Defined-contribution pension plans	Expanded support for asset-building toward retirement (available to employees of the MHI parent company and 35 Group companies in Japan)
Family support allowance	Merging of existing family allowance with various other financial support programs for working parents to provide more comprehensive support for work-life balance
Employee stock ownership system	To support asset building and also stimulate improved motivation among employees, who take increased interest in the company's business operations when they become holders of Company stock

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

- > Basic Approach and Policy/  
Recruitment System and Initiatives
- > Improve Engagement
- > Initiatives for Career-Development  
and Feedback
- > Main Systems and Initiatives to Promote  
Autonomous Workstyles among Employees
- > Major Systems and Measures to Support a  
Good Work-Life Balance
- > Approach to Work Conditions/  
Data on Workstyles and Support for  
Work-Life Balance

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Talent Attraction and Retention

## Major Systems and Measures to Support a Good Work-Life Balance Initiatives

To create an environment that makes it easier for employees to balance work and life, we are enhancing our systems to support childcare, family care, and other commitments. It is notable that our systems for childcare leave, short-time work for childcare, family care leave, and short-time work for family care all exceed the legal minimum requirements. In addition, information on system and procedures for childcare, family care, and other commitments is available on the corporate intranet for easy access to employees.

### ■ Balancing with pregnancy, childbirth, and childcare

Balancing with pregnancy, childbirth, and childcare	
Name of system and initiative	Main features and content
Child-planning (infertility treatment) leave	For infertility treatment the leave can be taken up to one year (dividable)
Childcare leave	Leave can be taken until the children reach age of 3, and can be divided as many times as necessary
Spouse childbirth leave	Can take within 5 days, and can be taken on a half-day basis
Short-time work for childcare	Can take until the children enter junior high school, and can be divided as many times as necessary
Child nursing leave	Can take up to 20 days / year until the children enter junior high school

### <Implementing Babysitter Discount Vouchers>

As part of our efforts to help employees balance work and childcare, we have implemented the Children and Families Agency's company-sponsored babysitter support program, offering babysitter discount vouchers. In around four months since launch, more than 200 people have used the voucher. We will continue to create an environment where employees can balance work and childcare.

### <Holding childcare support seminars>

Seminars have been held every year to provide useful information and give an opportunity for informal communication with other employees for employees on childcare leave.

The aim is to address any concerns they may have about resuming work and to help them prepare for returning to work. In recent years, in order to foster a culture to enable diverse and flexible working styles, the seminars have been opened up to managers who have subordinates who are doing short-time work for childcare and for employees who have young children and are interested in the seminar. In the seminar, the Company's support systems for working parents and examples of workstyles of employees who benefit from

these systems to balance work and childcare is explained. Informal communication among participants is also provided as an opportunity to exchange information and take a break from routine.

### ■ Balancing with family care

Balancing with family care	
Name of system or initiative	Main features and content
Family care leave	Can take up to one year, and can be divided as many times as necessary (dividable)
Short-time work for family care	Can take until the reason for family care disappears, and can be divided as many times as necessary
Family care annual leave	Can take up to 10 days/year regardless of the number of eligible family members

### <Holding family care seminars>

Every year we hold a seminar to balance work and family care. As the seminar is video-streamed, employees can watch from home with their family members. The speaker has an expert knowledge and addresses a wide range of subjects relating to family care and explains support offered by our program, important points, required procedures, financial, and other aspects. We have also put in place a consultation system for interested employees including free online advice sessions with nursing care professionals and care managers. We will deepen our understanding of family care issues that everyone may suddenly face, and continue to create a working environment that allows everybody to balance work and family care with the spirit of mutual support.



### ■ Other support systems

Other efforts on balancing work and home life	
Name of system or initiative	Main features and content
Leave of absence for those accompanying spouses on overseas assignments	Employees accompanying spouse on overseas assignment can take a leave between 6 months and 4 years
Career return system	A reemployment system for former employees who left the Company for reasons such as marriage, childbirth, childcare, caregiving, or a spouse's transfer

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

> Basic Approach and Policy/  
Recruitment System and Initiatives

> Improve Engagement

> Initiatives for Career-Development  
and Feedback

> Main Systems and Initiatives to Promote  
Autonomous Workstyles among Employees

> Major Systems and Measures to Support a  
Good Work-Life Balance

> Approach to Work Conditions/  
Data on Workstyles and Support for  
Work-Life Balance

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Talent Attraction and Retention

## Approach to Work Conditions Policy

Regarding labor standards on salary, working hours, and other matters, we ensure full compliance with the laws and regulations of each country. Within Japan likewise, we comply strictly with laws and regulations, including by specifying maximum working hours of 8 hours a day and 40 hours week for MHI Group employees. This stance is in line with our ongoing efforts to enhance the working environment.

Additionally, we conclude collective agreements with labor unions and work to maintain good labor relations through ongoing discussions and exchanges of opinion with labor representatives on areas such as wages, bonuses, occupational health and safety, improvement of relevant systems, and the state of business.

## Data on Workstyles and Support for Work-Life Balance Performance Data

Data on workstyles and support for work-life balance

		Unit	2020	2021	2022	2023
Number of employees taking childcare leave*1	male		188	245	268	261
	female		88	92	94	70
Percentage of employees taking childcare leave	male*2	%	18.3	24.2	69.0	85.8
	female*3	%	93.3	98.9	96.9	94.5
Number of employees using Short-time work for childcare	male		245	348	417	604
	female		269	559	531	538
Rate of return to work after childcare leave		%	99.8	98.9	99.6	100
Rate of retention after childcare leave		%	97.5	96.9	96.0	98.7
Annual leave uptake rate		%	74.5	73.7	77.0	81.5
Number of employees using work from home			6,501	12,186	12,655	11,723

Coverage: MHI

\*1 Number of employees on childcare leave

\*2 Number of employees who started childcare leave or took spouse's childbirth leave/number of employees who had childbirth(before FY2021, number of employees who started childcare leave/number of employees who had childbirth)

\*3 Number of employees who started childcare leave/number of employees who have finished maternity leave and are now eligible for childcare leave

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

> Basic Approach and Policy/  
Recruitment System and Initiatives

> Improve Engagement

> Initiatives for Career-Development  
and Feedback

> Main Systems and Initiatives to Promote  
Autonomous Workstyles among Employees

> Major Systems and Measures to Support a  
Good Work-Life Balance

> Approach to Work Conditions/  
Data on Workstyles and Support for  
Work-Life Balance

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Human Rights

## Basic Approach Policy

MHI Group is committed to respecting human rights and workers' rights of employees in accordance with international treaties and other guidelines relating to human rights. In May 2015 we established the MHI Group Global Code of Conduct as the common standard for MHI Group. Through establishment of this standard, which was compiled making reference to the UN Guiding Principles on Business and Human Rights, OECD\* Guidelines for Multinational Enterprises, and OECD Guidance, we aim to cultivate a shared corporate culture, one that is rooted in mutual trust and affords dignity and respect to all employees. MHI Group values the individual contributions of all people irrespective of race, color, religion, political convictions, gender, age, nationality, sexual orientation, marital status, or disability status. \* OECD (Organisation for Economic Co-operation and Development)

### ■ MHI Group Human Rights Policy

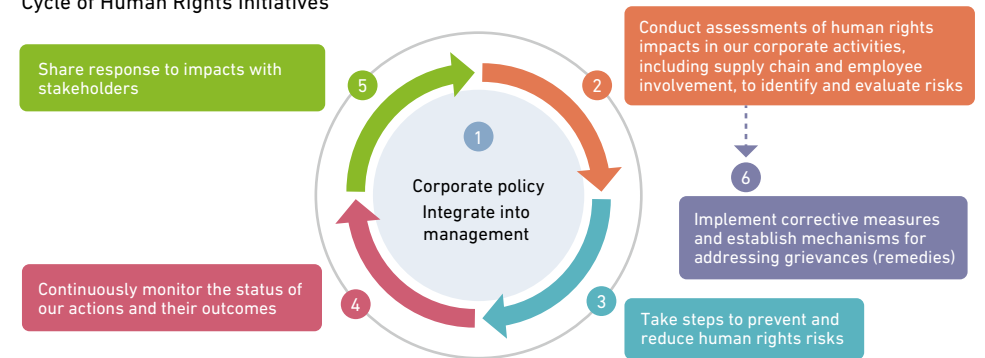
We have formulated the "MHI Group Human Rights Policy" in 2013 to ensure respect for the human rights of all stakeholders involved in our business activities and to contribute to the development of a sustainable society. In today's globalized society, we recognize the importance to protect human rights not only within our own company, but throughout the entire value chains of our businesses. In 2021, we revised the Policy and established a system to address a variety of human rights issues. Under this policy, which is based on the UN Guiding Principles on Business and Human Rights, we are building the mechanisms to enhance human rights due diligence, identifying potential adverse impacts on our Group stakeholders, and setting down measures to prevent and mitigate any such impacts.

#### MHI Group Human Rights Policy

1. Comply with Laws and Regulations on Respecting Human Rights
2. Targets and Education
3. Responsibilities on Respecting Human Rights
4. Human Rights Due Diligence
5. Dialogue and Consultation
6. Information Disclosure

The full text is available for reference on the MHI website.  
<https://www.mhi.com/company/aboutmhi/policy/humanrights.html>

### Cycle of Human Rights Initiatives



Reference: OECD Guidance

### ■ Participation in the UN Global Compact Network Japan's Human Rights Due Diligence Subcommittee

Since fiscal 2018, we have been participating in the UN Global Compact Network Japan's Human Rights Due Diligence Subcommittee conference together with other companies to discuss human rights issues in the business context and to promote human rights due diligence in line with the UN Guiding Principles on Business and Human Rights. Among the topics covered were commitment to company policies on protecting human rights, assessing the possibility of human rights violations in the company and its supply chain and the potential impact thereof, establishing measures for preventing, mitigating and resolving human rights violations, and disclosing progress of human rights-related initiatives. Specifically, the conference involved lectures by experts in human rights issues, assessments of progress of related company initiatives, workshops, and group work on topics of interest.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

- > Basic Approach
- > System for Promoting Respect for Human Rights
- > Human Rights Due Diligence
- > Human Rights Awareness Dissemination and Education

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



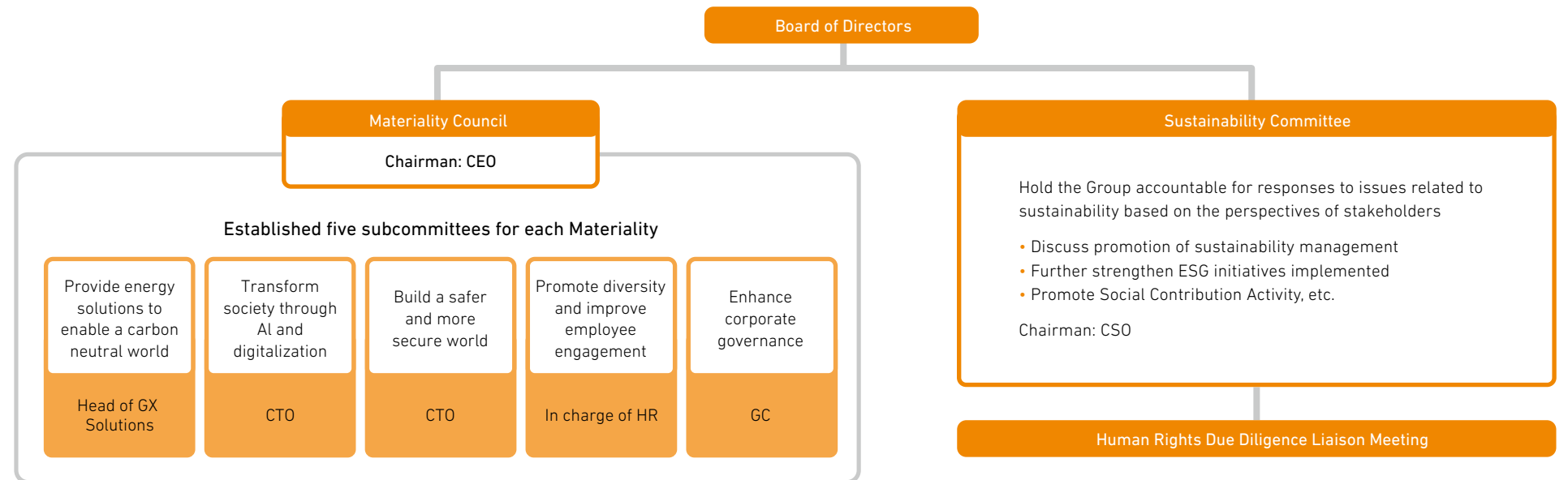


# Human Rights

## System for Promoting Respect for Human Rights System

We have established a governance structure for the entire Group, with the Chief Strategy Officer (CSO) serving as chair of the Sustainability Committee, responsible for driving our ESG initiatives. As part of our ESG efforts, we are addressing business and human rights.

Furthermore, to ensure timely and appropriate responses, taking into consideration the legal frameworks in each country, we will facilitate cross-departmental information sharing through the Human Rights Due Diligence Liaison Meeting held quarterly.



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

- > Basic Approach
- > System for Promoting Respect for Human Rights
- > Human Rights Due Diligence
- > Human Rights Awareness Dissemination and Education

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Rights

## Human Rights Due Diligence System Initiatives

### ■ Roadmap for human rights initiatives

In order to ensure our commitment to business and human rights, we have created a roadmap for our human rights due diligence (DD) efforts, in consultation with relevant departments. This roadmap also draws upon the framework established by the United Nations Guiding Principles. We will continue to advance our efforts in line with this roadmap, taking into account stakeholder requests and societal trends, and periodically reviewing it to minimize the negative impact on human rights.

Human rights DD implementation items		Period for entrenchment of activities		Deepening and enhancement of activities	
		FY2023 (results)		FY2024	FY2025~
1. Implementation structure	Establishment and operation of implementation structure	Successful entrenchment of operations (report and discussion at the Human Rights Due Diligence Liaison Meeting and report at the Sustainability Committee before submission to the Board of Directors)		Consideration of how to enhance the system and its operation	
		Establishment of human rights promotion structures in each department and Group company			
		Internal audit implementation (process establishment/verification)		Enhancement of human rights process (clarification of PDCA cycle)	
2. Training and development of internal personnel	Dissemination and integration of human rights policy Other human rights-related training	Improvement of participation rates and content revision in human rights education			
		Launch of practical training based on case discussion at the Human Rights Due Diligence Liaison Meeting			
3. Human rights risk identification, assessment, mitigation, prevention, and remediation	Stakeholder engagement	Participation in the UN Global Compact Network Japan's Human Rights Due Diligence Subcommittee		Identification of relevant stakeholders, and maintenance and disclosure of completed actions	
		Expansion of scope of due diligence for supplier			Exchange of views with NGOs, international organizations, and experts
	Assessment and improvement of human rights risks and risk response status in each Group company	Survey to ascertain the level of non-Japanese workers (technical intern trainees) at our major domestic factories		<ul style="list-style-type: none"> <li>Continuation of survey to ascertain levels</li> <li>Consideration of interviews and other measures for such workers</li> </ul>	
				Strengthened integration of human rights risk into management processes	
	Response to salient human rights issues in the Group			Expansion of scope of due diligence for employees	
Information disclosure (voluntary)	Disclosure of information on initiatives through our website and various reports		Clarification of salient human rights issues in the Group and consideration of measures (identification and response)		
Information disclosure (voluntary)	Collecting information and ensuring appropriate response in connection with statutory disclosure				
4. Establishment of a consultation and reporting mechanism for human rights violations in the Group and by business partners			Establishment of a consultation and reporting mechanism for human rights violations by business partners ⇒ JaCER membership		

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

> Basic Approach

> System for Promoting Respect for Human Rights

> Human Rights Due Diligence

> Human Rights Awareness Dissemination and Education

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Human Rights

## ■ Human Rights Risk Assessment

We conducted an investigation into human rights risks in our value chain, including our own operations, across the 39 countries where MHI Group has business locations. The assessment covers risks for workers at our companies and suppliers, as well as for women, migrant workers, and local communities that we believe will be particularly affected. The assessment, conducted under the supervision of external experts, involved internal discussions in which we identified potential human rights issues.

At present, we believe that the following two risks related to MHI Group's business and human rights should be prioritized for action:

1. Human rights violation risks within our supply chain in high-risk regions
2. Human rights violation risks concerning non-Japanese workers (particularly foreign technical intern trainees) within Japan

We will periodically review these issues as needed in the future.

## ■ Initiatives for Suppliers

Based on the assessment results, the areas where human rights risks within the supply chain are presumed to be high are shown in the table below.

Specific risk		
Human rights indicators to keep in mind	Region	Affected entities
Forced labor, occupational safety and health, freedom of association, discriminatory practices, etc.	Asia	Supplier workers, business partner workers, in-house group workers, local residents

Starting from fiscal 2022, we have been conducting questionnaire surveys and fact-finding surveys in high-risk areas with a high impact on human rights as part of our impact assessment.

Specifically, we conducted a questionnaire survey of 25 suppliers in Southeast Asia and an additional on-site survey of certain suppliers.

In fiscal 2023, we expanded the scope of suppliers covered by the survey, and, based on a review of relevant suppliers, primarily in the Procurement Division and business divisions, carried out site visits to a total of 13 companies, focusing once again on Asia. In both fiscal years, the surveys resulted in the discovery of no noteworthy human rights risk.

Initiatives Related to Human Rights, Occupational Safety, and Procurement ▶ P.95

## ■ Initiatives for technical intern trainees from overseas

Starting from fiscal 2023, we have initiated surveys across our domestic locations to gain insight into the presence and circumstances of technical intern trainees among our Group employees in Japan. Based on these results, we aim to comprehend and mitigate human rights risks through employee surveys and individual interviews.

In fiscal 2023, we surveyed the number of technical intern trainees working at the Group's major domestic factories and their conditions of employment and confirmed that they were being hosted under appropriate employment conditions.

- Sustainability Management
- Environment
- ✓ Society
  - HR Strategy
  - Human Resources Development
  - Talent Attraction and Retention
  - Human Rights
    - > Basic Approach
    - > System for Promoting Respect for Human Rights
    - > Human Rights Due Diligence
    - > Human Rights Awareness Dissemination and Education
  - Ensuring Diversity, Equity, and Inclusion in the Workplace
  - Occupational Safety and Health
  - Product Safety
  - Innovation
  - Customer Relationship Management
  - Supply Chain Management
  - Social Contribution Activity
- Governance
- Data Section



# Human Rights

## ■ Grievance mechanism

MHI Group has established internal and external reporting channels to whom all Group employees (including part-time), business partners, etc. can report issues pertaining to compliance including human rights issues. These reporting channels, including those established overseas, can accommodate a total of six languages, including Japanese, English, and Chinese. Reports can also be submitted anonymously online, by telephone or by regular post. In response to submitted reports, the Compliance Committee Secretariat investigates matters swiftly and takes appropriate responses. At all times, measures are taken to protect whistleblowers while maintaining their anonymity. In the case of outside stakeholders, their grievances are handled through the Company's website or other contact points.

To deal with harassment issues, "Harassment Consultation Helplines" have been established internally and externally to respond to all employees. Measures are taken to strictly ensure the privacy and confidentiality of whistleblowers, to prevent them from suffering any retaliation and disadvantage as a result of their consultation. Anonymous consultations are also accepted.

MHI Group website: Contact MHI  
<https://www.mhi.com/inquiry>

In fiscal 2023, we joined JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) in order to go about establishing remedy mechanisms for all of our stakeholders based on the United Nations Guiding Principles and OECD Guidance for stakeholders worldwide. This organization provides a collaborative platform for non-judicial grievance handling based on the United Nations Guiding Principles on Business and Human Rights. It provides support for complaint resolution for participating companies from a specialized perspective, and we also utilize this collaborative platform to aim for improved access to remedies related to human rights.

In fiscal 2023, there were no reports or consultations regarding human rights at this consultation helplines.

JaCER website  
<https://jacer-bhr.org/en/index.html>

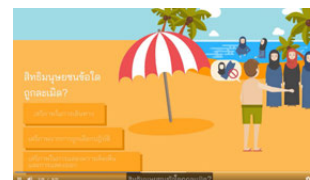


## Human Rights Awareness Dissemination and Education System Initiatives

### ■ Internal awareness and educational outreach initiatives

#### <Development of Company-wide content on respect for human rights in MHI Group>

In fiscal 2022, we introduced an e-learning course for all members of MHI Group to promote a deeper understanding of our philosophy on business and human rights and our commitment to respecting human rights in the Group. This content is available in four languages: Japanese, Chinese, English, and Thai. In fiscal 2022, approximately 75,000 individuals, representing 99.6% of all Group members, completed the course.



#### <Implementation of human rights training>

Discrimination will not be tolerated by MHI Group, and to prevent any discriminatory incidents from occurring, each year we conduct training to promote human rights

awareness at the workplace. The training covers the fundamentals of human rights and harassment and is targeted at new employees and new appointees at the managerial level, including deputy managers and section managers. In fiscal 2023, about 410 new employees and some 1,400 newly appointed managers and supervisors underwent the human rights awareness training. Furthermore, we continued to conduct training to strengthen awareness and prevention of power harassment (workplace bullying and harassment).

### ■ External awareness and educational outreach initiatives

We are actively working on initiatives to ensure that our business partners, including suppliers, are well-informed of our policies.

Supply Chain Management ▶ Promotion system P.92-P.95

- Sustainability Management
- Environment
- ▼ Society
  - HR Strategy
  - Human Resources Development
  - Talent Attraction and Retention
  - Human Rights
    - > Basic Approach
    - > System for Promoting Respect for Human Rights
    - > Human Rights Due Diligence
    - > Human Rights Awareness Dissemination and Education
  - Ensuring Diversity, Equity, and Inclusion in the Workplace
  - Occupational Safety and Health
  - Product Safety
  - Innovation
  - Customer Relationship Management
  - Supply Chain Management
  - Social Contribution Activity
- Governance
- Data Section



# Ensuring Diversity, Equity, and Inclusion in the Workplace

## Basic Approach and Policy Policy

MHI Group aims to contribute to the resolution of societal challenges through its business activities to achieve sustainable growth. To sustain the Group's ongoing development and maximize the creation of shared value with society, we consider diversity, such as gender, age, nationality, disability status and other factors, is an asset among our workforce and the backbone of our business. We are committed to fostering an environment where each employee, with diverse backgrounds, can collaborate while acknowledging each other's differences under a common corporate culture. In cases where there are social disparities, we will work to eliminate barriers and achieve fairness and equality.

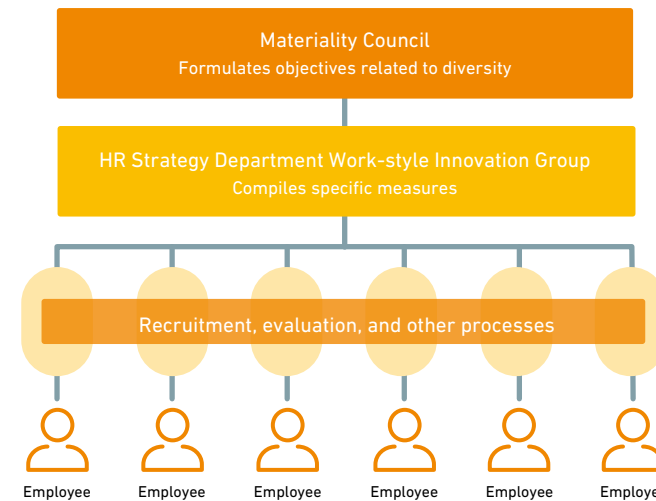
We have a zero-tolerance policy for discrimination and harassment. This commitment is outlined in the MHI Group Global Code of Conduct, which serves as a standard that all employees must adhere to. In addition, in the Harassment Prevention Leaflet posted on the Company's internal website, which is accessible to all employees, MHI proscribes all forms of discriminatory treatment and harassment, including sexual harassment. Disciplinary action for infringement of good labor practices are clearly defined in the MHI Employ Work Regulations.

MHI website Global Code of Conduct  
<https://www.mhi.com/company/aboutmhi/policy/conduct.html>

## System System

### ■ Diversity Promotion Framework

Promoting diversity, along with improving engagement, has been positioned as an MHI Group Material Issues. We have also established a diversity promotion organization to coordinate related initiatives.



### ■ Employee penetration on diversity

We offer diversity education as a mandatory course for management-level employees. Additionally, we have established a dedicated website on our intranet for disseminating information to promote diversity.

### ■ Employee education on harassment

We provide education on harassment as one of the topics in compliance training for all employees and position-based training, such as onboarding and after promotion to a management position. In fiscal 2023, approximately 2,000 employees at MHI took the course.

In addition, we conducted 360-degree feedback assessment for about 3,000 managers including the key Group companies, in fiscal 2023. This provides an opportunity to reflect their way of management from various perspectives.

### ■ Harassment consultation services

MHI has set up an internal consultation office and harassment consultation office on its website, enabling internal and external stakeholders to consult as needed.

MHI website Harassment consultation services  
<https://www.mhi.com/inquiry>

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

- > Basic Approach and Policy/System
- > Data Related to Diversity and Equal Opportunity
- > Initiatives to Promote the Advancement of Female
- > Efforts beyond Female Empowerment

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Ensuring Diversity, Equity, and Inclusion in the Workplace

## Data Related to Diversity and Equal Opportunity Performance Data

### Data Related to Diversity and Equal Opportunity

Data	Unit	2020	2021	2022	2023	
Executive*1	Total	61	51	51	48	
	Number of males (ratio)	(%) 58 (95.1)	49 (96.1)	49 (96.1)	45 (93.7)	
	Number of females (ratio)	(%) 3 (4.9)	2 (3.9)	2 (3.9)	3 (6.3)	
Manager (in positions of section manager and higher*2)	Total	3,396	5,498	5,455	5,766	
	Number of males (ratio)	(%) 3,273 (96.4)	5,336 (97.1)	5,298 (97.1)	5,608 (97.3)	
	Number of females (ratio)	(%) 123 (3.6)	162 (2.9)	157 (2.9)	158 (2.7)	
Differently abled people employment rate	Employment rate	% 2.24	2.34	2.45	2.55	
Wage equality*2,3	Managers (basic salary only)	Male	1.02	1.05	1.05	1.06
		Female	1	1	1	1
	Managers (basic salary + other incentives such as bonuses)	Male	1.01	1.03	1.03	1.03
		Female	1	1	1	1
	Non-managers	Male	1.03	1.05	1.05	1.04
		Female	1	1	1	1

Coverage: MHI

Data	Unit	2020	2021	2022	2023	
Ratio of Females in Each Position	All employees	—	13.4	13.8	13.5	
	Non-managers	—	15.3	16.1	15.9	
	Managers*4	%	—	4.7 (4.5)	4.6 (4.5)	4.5 (4.4)
	General managers*4	—	—	3.4 (3.7)	3.4 (3.6)	3.3 (3.5)
	Executives*1	—	—	4.5	4.2	4.3
	Profit center managers*4,5	—	—	4.4 (4.1)	4.2 (4.0)	3.9 (3.7)

Coverage: MHI Group (accounting for 89.8% of consolidated employees in FY2021, 91.3% in FY2022, and 90.0% in FY2023)

\*1 Including executive officers

\*2 Managers are defined as section managers and above

\*3 The lowest average wages for men and women in each tier is 1.00, and the difference is displayed in the index

\*4 Aggregate figures including higher positions in parentheses

\*5 Profit centers are defined as non-corporate organizations

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

> Basic Approach and Policy/System

> Data Related to Diversity and Equal Opportunity

> Initiatives to Promote the Advancement of Female

> Efforts beyond Female Empowerment

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



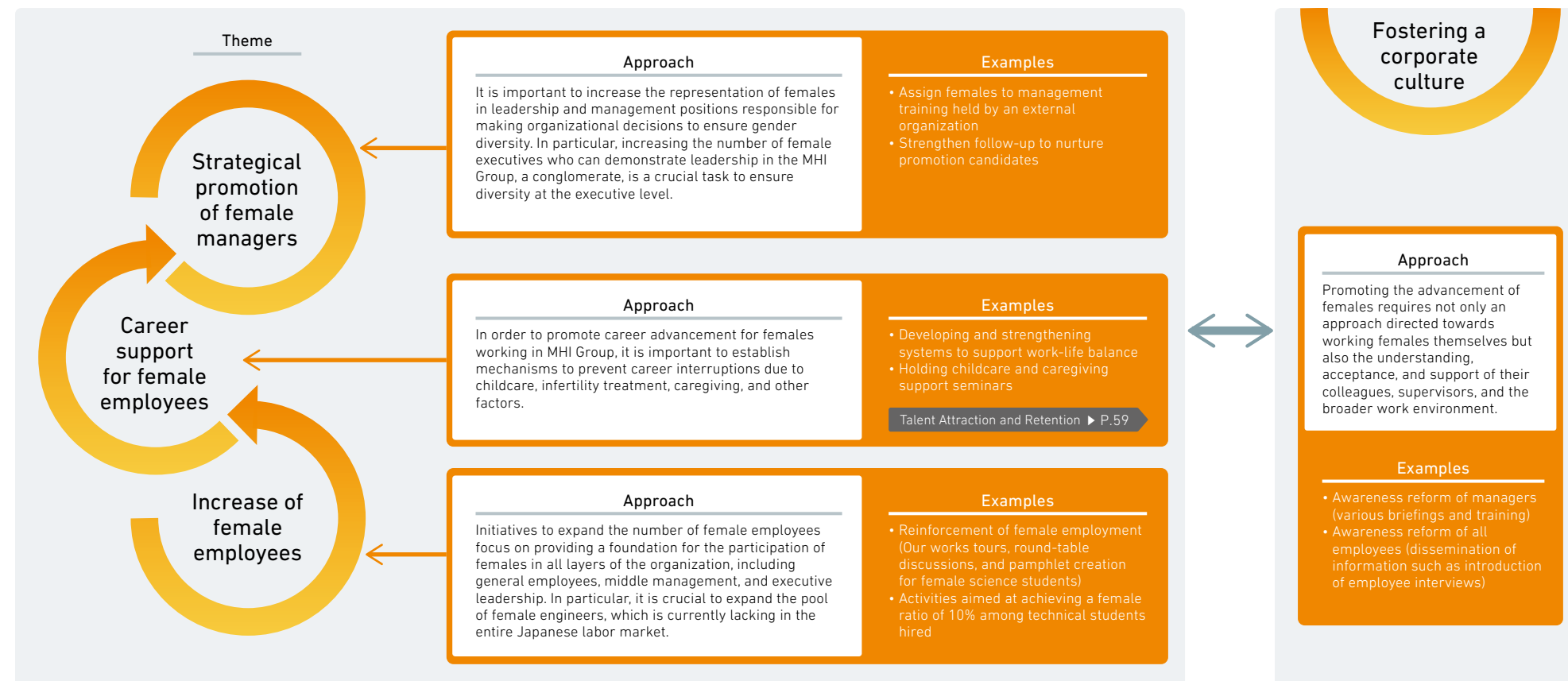


# Ensuring Diversity, Equity, and Inclusion in the Workplace

## Initiatives to Promote the Advancement of Female Initiatives

In order for MHI Group to grow sustainably, it is crucial to achieve gender diversity and increase the participation of females at manager and executive roles.

However, according to the Global Gender Gap Report 2023, Japan's Gender Gap Index rank was ranks 125th out of 146 countries. In addition to the global challenges of promoting the advancement of females and achieving gender equality, it is clear that Japan's unique society also contributes to the low index. In order to overcome these challenges and realize a company that can play an active role regardless of gender, MHI Group is working to promote the advancement of females by focusing on three elements of the employee experience cycle—*increase of female employees, career support for female employees, and strategic promotion of female managers*—and the fourth element of fostering a corporate culture that supports them.



- Sustainability Management
- Environment
- ✓ Society
  - HR Strategy
  - Human Resources Development
  - Talent Attraction and Retention
  - Human Rights
  - Ensuring Diversity, Equity, and Inclusion in the Workplace
    - > Basic Approach and Policy/System
    - > Data Related to Diversity and Equal Opportunity
    - > Initiatives to Promote the Advancement of Female
    - > Efforts beyond Female Empowerment
  - Occupational Safety and Health
  - Product Safety
  - Innovation
  - Customer Relationship Management
  - Supply Chain Management
  - Social Contribution Activity
- Governance
- Data Section

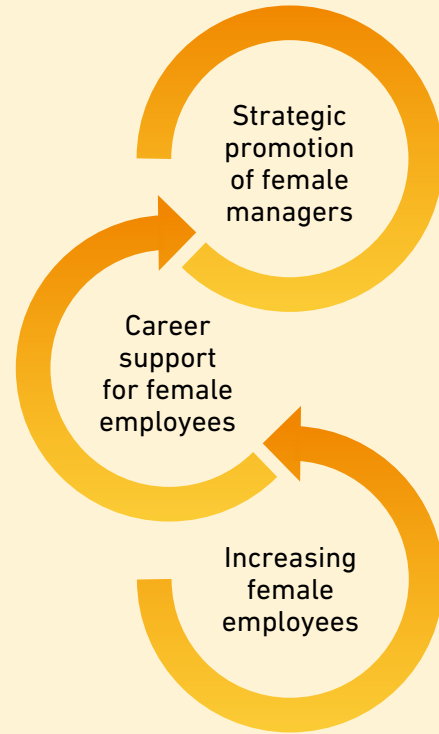


# Ensuring Diversity, Equity, and Inclusion in the Workplace

- Sustainability Management
- Environment
- ✓ Society
  - HR Strategy
  - Human Resources Development
  - Talent Attraction and Retention
  - Human Rights
  - Ensuring Diversity, Equity, and Inclusion in the Workplace
    - > Basic Approach and Policy/System
    - > Data Related to Diversity and Equal Opportunity
    - > Initiatives to Promote the Advancement of Female
    - > Efforts beyond Female Empowerment
  - Occupational Safety and Health
  - Product Safety
  - Innovation
  - Customer Relationship Management
  - Supply Chain Management
  - Social Contribution Activity
- Governance
- Data Section



## Examples of specific initiatives for the advancement of females



### ■ Setting a target number of female executives

MHI Group has set a goal for gender diversity at the executive level to achieve a female executive\*1 ratio of 30% by 2030.

\*1 Executive refers to directors, accounting advisors, and corporate auditors according to the Companies Act in Japan  
\*2 Coverage: MHI

### Ratio of female executives\*2

2023 result **16.7%**

### ■ JEES MHI Mirai Scholarship (for female engineers in science and technology)

Considering that in the Japanese society, the proportion of females working in STEM (Science, Technology, Engineering, and Mathematics) fields are among the lowest compared to OECD member countries, MHI Group makes donations to Japan Educational Exchanges and Services (JEES), a public foundation, to support their scholarship program. This program aims to broaden the base of female engineers in Japan, especially those in STEM disciplines and graduate programs.

Since the initiation of donations in fiscal 2015, 40 scholarship recipients have been supported, thereby contributing to the development of exceptional female engineers who play a significant role in society.

### ■ External evaluation of gender diversity initiatives

MHI received the highest "Eruboshi" certification of "Three Stars", in July 2020, by fulfilling criteria in all five evaluation categories: recruitment, continued employment, work style such as working hours, proportion of females in management positions and diverse career courses. We have been continuously meeting these criteria even after the certification.



# Ensuring Diversity, Equity, and Inclusion in the Workplace

## Efforts beyond Female Empowerment Initiatives

### ■ Initiatives for differently abled people

For differently abled people, we aim to promote social independence and provide opportunities to play active roles in accordance with their abilities and aptitudes. We continuously consider a working environment, equipment, and facilities, that support our employees and provide consulting services. In December 2018, we also created new workplaces where differently abled people can play active roles and conducted recruitment activities in collaboration with the Employment Support Center, which is a public institution that helps differently abled people to find work and supports companies in employing such people. In 2021, we began operating workplaces with a focus on beautification of the premises in two regions. We plan to expand the number of workplaces that are friendly to these employees in more regions. Through these efforts, we are working to ensure that more and more differently abled people become interested in our company and make them feel at ease in applying to work with us.



Certain merchandise for the social rugby team Mitsubishi Heavy Industries Sagamihara Dynaboars is created by differently abled employees in MHI Group.

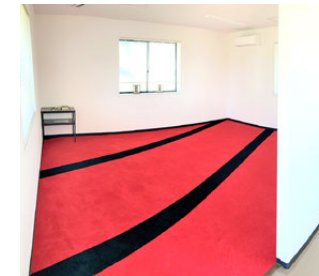
### ■ Efforts to support the active participation of senior employees

We have introduced an extended employment program up to the age of 65 that allows employees who wish to continue working beyond the retirement age of 60 years to have flexible work arrangements and a well-balanced treatment. We aim to create an environment where the rich knowledge and skills cultivated through years of experience can be put to good use. In the future, considering aspects such as the transfer of

technical and skill expertise, we will continue to develop systems and structures to ensure that senior employees can work even more enthusiastically than before.

### ■ Efforts in gender diversity

Over the years, employees with same-sex partners have received the same benefits as those who are legally married. In December 2023, we established dedicated advice desks, and in May 2024, we issued guidelines to make the system more accessible. Going forward, we will continue working to create environments where all employees can actively participate, regardless of gender.



### ■ Efforts related to religion and faith

We have prayer rooms in several locations to accommodate the diverse faiths of our employees and their need for various worship spaces.



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

- > Basic Approach and Policy/System
- > Data Related to Diversity and Equal Opportunity
- > Initiatives to Promote the Advancement of Female
- > Efforts beyond Female Empowerment

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Occupational Safety and Health

## Basic Approach and Policy Policy

MHI Group Policy of Safety and Health was established by the Senior Vice President in charge of Human Resources, who is responsible for occupational Safety and Health. Its main elements are a basic policy giving utmost priority to Safety and Health in the spirit of respect for human life, and three action guidelines: strict compliance with laws and regulations, awareness raising on safety and health, and fostering of a safety culture.

Based on this policy, we implement initiatives to create a safe and healthy workplace and to maintain and improve physical and mental health. We extend these initiatives to the affiliate and partner businesses who collaborate with our employees in our business activities.

MHI Group Policy of Safety and Health [https://www.mhi.com/company/aboutmhi/policy/safety\\_health.html](https://www.mhi.com/company/aboutmhi/policy/safety_health.html)

## Safety and Health System System

### ■ Safety and Health System

To clarify which initiatives to prioritize, the Senior Vice President in charge of Human Resources draws up a corporate Safety and Health management plan for each fiscal year, presents it for discussion to the statutory Safety and Health Committee and reports regularly to the committee on the progress of the plan. In this way, labor and management work together to promote Safety and Health activity.

Based on the corporate Safety and Health management plan, each domain CEO draws up a management program based on a management system approach for the systematic and continuous implementation of Safety and Health management, clarifies the goals and targets of the initiatives for the current fiscal year, and then rolls out preventive activities against occupational accidents. Each domain CEO also monitors the progress of the plan through internal audit and undertakes management review based on its results.

### ■ Response to Risk

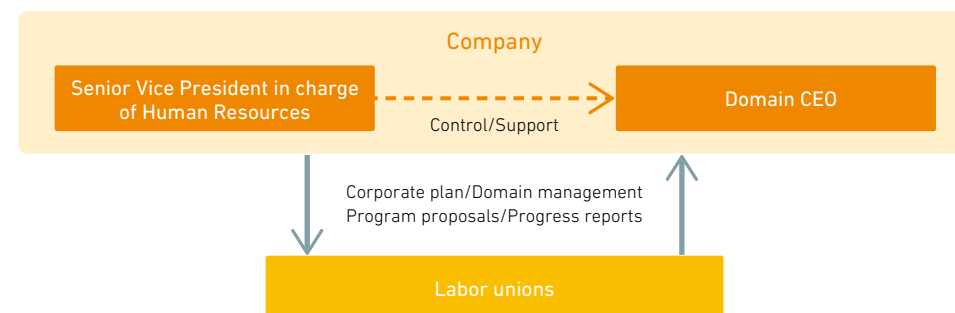
To deal with risks that may cause industrial accidents, the departments responsible for Safety and Health, manufacturing, and local construction take the central role in making risk assessments of operational procedures, equipment and facilities, and chemical substances. After determining an order of priority based on the seriousness of the risk, they take action to eliminate or reduce any risks identified.

### ■ Safety Training

For employees still gaining experience and other relevant staff members, we provide safety training using visual training materials and hands-on facilities that simulate the experience of an industrial accident, and work to improve safety sensitivity and foster a safety culture.

### ■ Response to Emergencies and Prevention of Recurrence

Where, in spite of these efforts, Safety and Health risks are identified that could lead to fatal or serious accidents, the domain where the risk is detected reports immediately to senior management in accordance with the corporate crisis management response framework. In parallel, the measures for dealing with emergency situations prescribed by each domain are applied to minimize damage and injury and bring the situation under rapid control and the cause of the accidents is investigated as part of measures to prevent similar accidents. At the same time, the Senior Vice President in charge of Human Resources, after receiving from the department where the risk was detected a report giving detailed information and outlining the response measures, issues the instruction to share with all Group workplaces the insights gained from the accident. Where necessary an urgent message is additionally addressed to MHI Group employees to ensure optimal occupational Safety and Health risk supervision and management.



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Occupational Safety and Health

## Data on Occupational Safety and Health Performance Data

Data on Occupational Safety and Health

	Item	Unit	2020*1	2021*2	2022*3	2023*4
Working hours (Employees + Contractors)	Total working hours	Hours	200,930,240	194,327,660	175,730,576	168,934,525 ✓
	Goal	Incidents	0	0	0	0
Number of fatal accidents/serious accidents	Result	Number of cases	2	0	1	0
	Goal	Number of cases	—	0.26	0.33	0.35
Lost-time industrial accidents frequency rate*4 (Employees + Contractors)	Result	Number of cases	0.35	0.34	0.30	0.33 ✓
	Manufacturing industry average	Number of cases	—	1.31	1.25	1.29

\*1 Coverage: MHI and 56 Group companies (accounting for 77.4% of consolidated employees)

\*2 Coverage: MHI and 56 Group companies (accounting for 77.5% of consolidated employees)

\*3 Coverage: MHI and 51 Group companies (accounting for 71.1% of consolidated employees)

\*4 Lost-time injury frequency rate is the number of casualties due to occupational accidents per 1 million cumulative actual working hours, and represents the frequency of accidents. Number of casualties due to work-related accidents resulting in absence of one day or more ÷ total number of actual working hours x 1,000,000

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Occupational Safety and Health

## Safety and Health Initiatives Initiatives

### ■ Strengthening of safety management in response to high-risk events

In response to any event involving potential risk of fatal or serious accident, an on-site inspection is conducted and measures to prevent recurrence studied. By additionally implementing horizontal rollout within the MHI Group, we work to prevent similar accidents. The MHI Group regards the elimination of fatal and serious accidents as an important issue and takes as a fundamental premise that each and every employee must be able to carry out their work in a safe and secure manner. To this end, the MHI Group is engaged in concerted efforts to improve safety sensitivity.



### ■ Activities of dedicated safety and health staff

In July 2023, we introduced a dedicated staff system under which staff work in three groups to implement activities aimed at improving the level of safety management company-wide, enhancing the skills of staff charged with safety-related duties, and continuous human resource development. We conduct audits of each domain and segment and implement a range of other measures with the aim of not only improving the overall level of safety management but also raising the level of safety management by individual members of the dedicated safety and health staff.



### ■ Fostering Safety Culture Through Stop Work Authority (SWA) Activities

In the past, a major cause of industrial accidents in MHI Group was unsafe actions of workers. In some cases, co-workers turned a blind eye to and tacitly permitted those unsafe actions without warning them, resulting in a fatal accident. Based on our determination to never tolerate the trend of "deviation from established rules," "others' tacit permission of such deviation," and "use of unsafe tools and equipment," we aim to foster a safety-first culture, or a so-called "safety culture." We will do this by creating an environment in which everyone has and can exercise the Stop Work Authority (SWA: the authority to stop work and correct unsafe behavior or equipment upon finding it regardless of position or affiliation) for all employees of MHI Group and our partner companies.



### Pick Up Autonomous challenge regarding chemical substances

Today, tens of thousands of chemical substances are imported, manufactured, or used in Japan, including many substances with unknown danger or toxicity. Under these circumstances, MHI Group is moving away from the conventional "Japanese-style scheme," which requires laws, regulations, and measures specific to particular chemical substances, and toward the so-called "Western-style scheme," in which the business operator (MHI) autonomously devises, selects, and implements measures to reduce exposure to workers and meet new control standards set by the national government for all chemical substances whose hazardous properties have been confirmed. We already have Occupational Hygienists (OH) in MHI, who have completed a training program accredited by the International Occupational Hygiene Association (IOHA) and have passed the final examination. With those OHs serving as the commander for autonomous chemical substance control in MHI Group, we will work to reduce the risk of chemical substance exposure to employees and partner companies.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Occupational Safety and Health

## Promotion of Health and Productivity Management

### Health and Productivity Management Declaration Policy

MHI Group is committed to health and productivity management under the president's "Health and Productivity Management Declaration," with an emphasis on employees' motivation to work and physical and mental health.

#### Health and Productivity Management Declaration

Based on a policy stating that employee health is fundamental to everything we do at MHI Group, we implement health and productivity management with emphasis on enabling employees to feel motivated in their work and maintain their physical and mental health.

- We support employees to take action to prevent disease and maintain and improve their health.
- We strive to create an energizing workplace environment where employees can develop their potential.
- In partnership with our health insurance union, we promote the health of both employees and their families.

Taking as our starting point the health and happiness of employees and their families, we contribute to supporting human life and society around the world.

MHI was certified by Japan's Ministry of Economy, Trade and Industry as an organization with outstanding health and productivity management in 2024.



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



**Declaration of Health Management**  
健康経営宣言

**A "healthy and happy" life is everyone's wish**

"Our physical and mental well-being is fundamental to everything we do at the MHI Group." Based on this policy, we are committed to health and productivity management. Emphasizing the importance of employees physical and mental health, and a sense of personal worth through their jobs.

- MHI Group supports all our employees in undertaking disease prevention activities and measures to maintain and promote good health.
- MHI Group provides a working environment where employees are comfortable and enthusiastic in their work.
- MHI Group in collaboration with health insurance association, promotes good health for employees and members of their families.

On a foundation of "health and happiness: 健 (ken) 幸 (kou)" our employees and their families contribute to the Society and people around the world.

MITSUBISHI HEAVY INDUSTRIES, LTD.  
Seiji Izumiawa

**Guideline of our efforts**

<p><b>Health promotion activities led by employees</b> (Enhancement of health literacy)</p> <ul style="list-style-type: none"> <li>• Support for appropriate medical follow-up based on the results of medical examinations</li> <li>• Support for mental health self-care</li> <li>• Personal health management through medical counseling, health and hygiene advice, health education, etc.</li> </ul>	<p><b>The creation of a productive working environment where employees are comfortable and enthusiastic in their work</b></p> <ul style="list-style-type: none"> <li>• Improving the working environment through stress checks, etc.</li> <li>• Preventive measures against passive smoking</li> <li>• Prevention of health issues caused by overwork</li> </ul>	<p><b>Collaboration with Health Insurance Association</b></p> <ul style="list-style-type: none"> <li>• Health assessment based on data</li> <li>• Providing lifestyle improvement tools such as KENPOS</li> <li>• Improving the rate of health checkup including comprehensive medical checkups, brain health checkup, and breast cancer screening, as well as delivering health checkup kit by mail</li> </ul>
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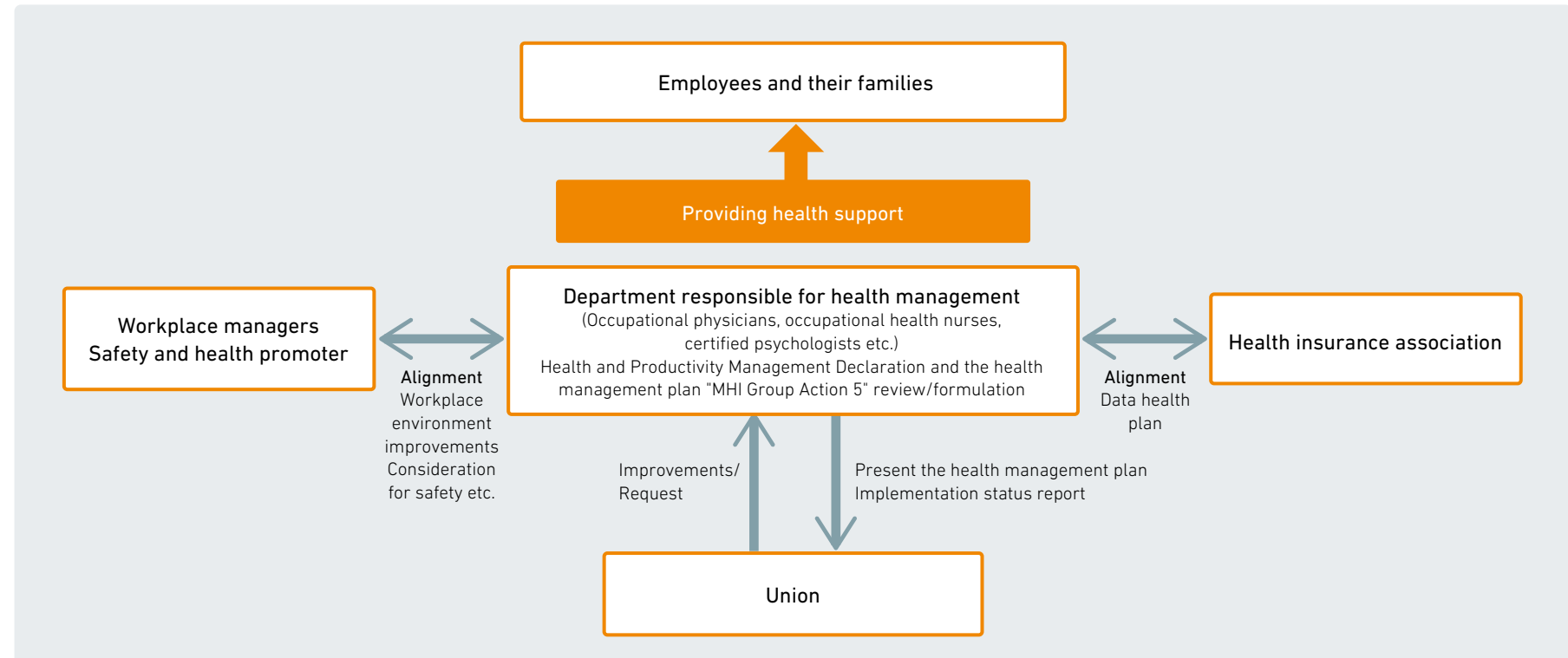
MOVE THE WORLD FORWARD MITSUBISHI HEAVY INDUSTRIES GROUP

# Occupational Safety and Health

Promotion of Health and Productivity Management

## MHI Group Health and Productivity Management Structure System

Under the Health And Productivity Management Declaration, the department responsible for health management works to implement health and productivity management by formulating health management measures and providing health support to employees and their families in collaboration with internal and external partners (managerial staff, safety and health promoter, labor unions, and the health insurance union etc.).



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Occupational Safety and Health

## Promotion of Health and Productivity Management

### Health Promotion Programs and Initiatives Initiatives

#### MHI Group Health Management Plan MHI Group Action 5 Health and Happiness!

In cooperation with the MHI health insurance union's data health plan, we have compiled the health management plan "MHI Group Action 5 Health and Happiness!" with the following five priority items and are implementing activities throughout MHI Group to achieve the plan. By promoting health and productivity management, we aim to help the development of human resources who can contribute to a healthy and vibrant society.

Measures against lifestyle-related diseases	Mental health measures	Prevention of aggravation	Observance of compliance, including thorough implementation of the taking of regular medical examinations and physician interviews for employees working long hours	Measures against passive smoking and quitting smoking support
<ul style="list-style-type: none"> <li>• Holding of a range of participatory events through the health app</li> <li>• Various seminars, which also utilize online education, are held once every few months.</li> <li>• Easy access to health information through a dedicated portal site</li> <li>• Setting of a unified standard for follow-up measures based on health check results, consultations with occupational health physicians, support for attendance at medical institutions, healthcare advice, healthcare guidance program for employees with metabolic syndrome</li> </ul>	<ul style="list-style-type: none"> <li>• Provision according to job position of self-care training for stress management and training for managers and supervisors in the care of their line staff</li> <li>• Use of stress checks to support workplace environment reform initiatives based on promoting individual awareness, organizing guidance interviews with physicians, and reviewing the results of group analysis</li> <li>• Horizontal rollout of examples of good practice in workplace reform</li> <li>• We have established a system in which occupational health physicians, occupational health nurses, psychological counselors, and external specialists can be used on a regular basis to provide employees with counseling and support.</li> </ul>	<ul style="list-style-type: none"> <li>• We have established criteria for applying employment-related measures (restrictions on work) based on health check results. In line with the opinion of an occupational health physician, we take steps to prevent aggravation of the condition such as revising work content and reducing workload.</li> <li>• The MHI health insurance union is rolling out a program to prevent aggravation of diabetes. To encourage active participation, eligible employees receive a message from an occupational health physician together with their invitation.</li> </ul>	<ul style="list-style-type: none"> <li>• To encourage all employees to undergo the statutory regular medical examinations, we follow up any employees who have missed out.</li> <li>• We are properly assessing working hours, and when overtime exceeds the limit, we strive to promptly detect health problems by checking the degree of fatigue with a health check sheet and interviews with industrial physicians.</li> <li>• Industrial health staff, who are well versed in the characteristics of work at each workplace, liaise with the workplace to improve the environment that may cause overwork, beyond merely checking health conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• We are currently promoting various measures to achieve zero passive smoking in our premises.</li> <li>• With a view to preventing passive smoking, MHI has designated the 22nd of each month as the MHI Group "Suwan" Day and the World No-Tobacco Day on May 31 of every year as the MHI Group No Smoking Day. The Group continues to implement a range of related measures in parallel, including awareness-raising activities.</li> <li>• In collaboration with the MHI health insurance union, we are rolling out the MHI Group Quit Smoking Challenge based on an online smoking cessation program to foster a workplace culture that makes it easier to quit.</li> <li>• In October 2023, we published the MHI Group Smoke Free Policy and from fiscal 2024 have begun working on the MHI Group Smoke Free Project.</li> </ul>

FY2020-FY2023 MHI Group Action 5 evaluation indicators and results (partial excerpt)

Item	Target	2020	2021	2022	2023
Regular medical examination rate	100%	99.5%	99.2%	99.5%	99.4%
Comprehensive medical examination rate	50% or above	35.0%	57.2%	59.4%	61.5%
Smoking rate	Less than 23%	23.7%	22.6%	22.0%	21.4%
Rate of follow-up attendance at medical institution after regular medical examination	+ 10 points compared to previous fiscal year	46.6%	48.0%	50.6%	45.4%
Blood glucose improvement program participation rate	15%	12.0%	9.0%	6.9%	7.76%

Note: Data for MHI employees and Group company employees subject to health management by the department responsible for health management of MHI



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Occupational Safety and Health

## Promotion of Health and Productivity Management

### ■ Health Management for Employees Seconded Overseas

MHI Group has established a health management system that enables employees dispatched overseas and their accompanying family members to work there in a healthy and secure manner. MHI provides information about globally prevalent illnesses such as tuberculosis, HIV/AIDS, measles, rubella, and viral hepatitis. As well as the spread of and methods for preventing illnesses unique to their destinations, such as malaria, dengue fever and others. If the infection can be prevented through a vaccine, employees are vaccinated at company expense prior to travel.

MHI has assigned occupational health physicians in charge of overseas medical support to accept health consultations from the destination and respond promptly to any health management problems that may occur during work overseas. MHI has signed contracts with medical assistance service providers so that expatriates are able to receive support such as consultation, hospital introductions, and transportation arrangements in Japanese. In addition, MHI has worked closely with its in-house occupational health physicians to ensure a system that allows travelers to seek medical advice with peace of mind.

For long-term overseas site maintenance, occupational health physicians visit the sites to conduct evaluations on medical facilities, provide guidance on lifestyle conditions, conduct one-on-one interviews based on health check results and local information, and provide training according to the needs of the area.

Having confirmed that the COVID-19 situation had stabilized to a considerable extent, tours of our overseas bases by occupational health physicians were resumed in September 2022 after a three-year interruption, starting with Bangladesh.

#### Implementation of overseas tours by occupational health physicians

Year	Period	No. of days	Location
2022	Sept. 9–Sept. 18	10	Bangladesh (2 cities)
	Dec. 4–Dec. 11	8	India (6 cities)
2023	Feb. 11–Feb. 18	8	Saudi Arabia (7 cities)
	Sept. 7–Sept. 14	8	Bangladesh
	Nov. 28–Dec. 9	12	Philippines, Indonesia
2024	Feb. 5–Feb. 16	12	India

Visit to a local medical institution during an overseas tour by occupational health physicians



Visit to a local medical institution by occupational health physicians to check ward facilities, exchange opinions with the institution's medical staff and lectures by occupational physicians overseas

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

> Basic Approach and Policy/  
Safety and Health System

> Data on Occupational Safety and Health

> Safety and Health Initiatives

> Health and Productivity Management  
Declaration

> MHI Group Health and Productivity  
Management Structure

> Health Promotion Programs and Initiatives

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Product Safety

## Basic Approach Policy

In the manufacturing industry, ensuring product safety and quality is undoubtedly a top priority. As a global provider of a wide range of products, MHI Group's Global Code of Conduct underlines the importance of adhering to pertinent laws, internal standards, and customer specifications concerning the safety and quality of products and services. We are dedicated to upholding product safety and are committed to swiftly and appropriately addressing any safety and quality-related issues that may arise. We have established customized quality management systems (QMS) based on public standards

such as ISO 9001<sup>(Note)</sup> for each of the Group's distinctive businesses and products, to align with the unique requirements of our customers and markets. We are also accredited by the certification body of QMS for individual businesses and products.

Furthermore, as part of our efforts to raise awareness about product safety and quality, we have established an Accident Exhibit and Materials Room based on past incidents and conduct educational programs on safety and quality to prevent product incidents.

(Note) Including other standards such as JIS Q 9100 for aerospace that are specifically designed for aerospace products

## Product Safety and Quality Management System

### ■ Evaluating the impact of product safety and quality

As the markets for the MHI Group's products are diverse, we establish a quality management system (QMS) for each business or product based on public standards such as ISO 9001 that meet customer and market needs. 91% of sites in Japan and 94% of sites overseas have been accredited by a certification body. In April 2013, QMS Promotion Group was established within the Monozukuri Innovation Planning Department (currently the Value Chain Innovation Department), and by sharing technology and knowledge from all over the MHI Group, we strengthen quality management, including at Group companies, and promote improvement of work processes to meet the globalization.

### ■ Radiation safety management and quality impact assessment

In the MHI Group, MHI Nuclear Development Corp., which conducts research and development related to nuclear power plants and fuels, and Mitsubishi Nuclear Fuel Co., Ltd., which produces nuclear fuels, classify radioactive waste according to the radioactivity level and the place of generation, and carry out appropriate storage management in accordance with applicable laws and regulations.

In addition to legal compliance, we strictly control radiation by applying internal rules designed to minimize radioactive waste disposal. To establish a nuclear-fuel cycle to recycle spent fuel, we are building reprocessing facilities and MOX fuel plants. Through these efforts we will continue helping reduce radioactive waste within our Group and among the customers to which we deliver nuclear power plants.

### ■ Education and awareness related to safety and quality

The Accident Exhibit and Materials Room uses videos and actual exhibits to introduce cases of serious incidents that MHI Group has had in the past, such as a fire on a large cruise ship under construction. We are creating opportunities for all employees to pledge to never allow such incidents to occur again.

In addition to making tours of the Accident Exhibition Materials Room part of the program for employee education, we also provide "safety and quality" education based on incident cases for various positions, so that employees can learn what they can do to prevent incidents. By thinking about that, MHI fosters awareness of safety and quality of the products they are involved with.

MHI will continue to create opportunities for all employees to recognize the importance of product safety and quality and enrich employee education for Product Safety.

	2023
Total number of participants [Product safety and quality]	21,940

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

- > Basic Approach/Product Safety and Quality Management
- > Quality and Safety Programs for Key Products

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Product Safety

## Quality and Safety Programs for Key Products Initiatives

### ■ Nuclear

#### <Nuclear Safety and Maintenance Steering Committee<sup>(Note)</sup> continues to establish nuclear safety>

We established the Managing Board for Innovation in the Nuclear Business, headed by the President, in light of a secondary system piping damage accident in August 2004 at the Mihama Nuclear Power Station Unit 3, which was operated by Kansai Electric Power. Since fiscal 2013, we have been continuing as the “Nuclear Safety Steering Committee” with the aim of achieving even higher nuclear safety.

In fiscal 2023, the Steering Committee shared internally the activities aimed at enhancing awareness of nuclear safety and ensuring safe and stable plant operation. It also reaffirmed a commitment to addressing technology with sincerity and prioritizing all aspects of nuclear safety.

(Note) Renamed the Mitsubishi Nuclear Safety and Maintenance Steering Committee in fiscal 2020

#### <Measures for enhancing domestic nuclear power plant safety>

MHI set up an emergency task force immediately after the Great East Japan Earthquake. After the Advanced Station Safety Department (currently, the Advanced Plant Safety Department) was established in August 2011, the task force was transferred to this department and developed countermeasures against the blackout that occurred at the Fukushima Daiichi Nuclear Power Plant. The task force has been reflecting these countermeasures at PWR (Pressurized Water Reactor) power plants built by MHI in Japan. Additionally, MHI has been supporting power companies in advancing medium- to long-term measures to enhance safety and reliability, which includes the installation of specialized safety facilities.

Thanks in part to these efforts, PWR nuclear power plants that satisfied the new safety criteria, developed by the Nuclear Regulation Authority (NRA: established in September 2012) and implemented in July 2013, resumed operations in August 2015. Currently, safety inspections are underway at other PWR power plants geared toward restarting their operations and sequentially these plants have been restarting. We are

also supporting the restart of BWR (Boiling Water Reactor) power plants by leveraging the knowledge gained from the PWR power-plant restart project.

MHI continues to contribute to the safe and stable operation of nuclear power plants in order to meet urgent power demand in Japan by taking advantage of its comprehensive technological capabilities as a PWR nuclear power plant manufacturer.

#### <Promoting nuclear power Public Acceptance (PA) activities>

MHI accepts visitors to our Kobe Shipyard & Machinery Works, where the equipment and facilities for nuclear power plants are manufactured, and promotes nuclear power PA activities to deepen understanding of the necessity and safety of nuclear power.

MHI will continue our activities to promote the understanding of nuclear power through shop tours and provision of information to promote nuclear power use.

(Note) Nuclear Power PA (Public Acceptance) activities: Public outreach programs to provide a better understanding of nuclear energy



Touring the Kobe Shipyard & Machinery Works

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

> Basic Approach/Product Safety and Quality Management

> Quality and Safety Programs for Key Products

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





## Product Safety

### ■ Safe control of radiation

MHI Group properly stores and manages radioactive waste generated through research and development on nuclear power generation and production of nuclear fuel in accordance with applicable laws and regulations.

			Unit	2020	2021	2022	2023
MHI Nuclear Development Corporation	Radioactive waste Solid waste	Storage capacity		3,293	3,293	3,293	3,293
		Volume of radioactive waste stored	200L drum	2,555	2,610	2,689	2,723
		Volume of radioactive waste generation		16	55	79	34
	Radiation exposure of employees with radiation-related jobs (average)*1		mSv/year	0.02	0.07	0.04	0.06
Mitsubishi Nuclear Fuel Co., Ltd.	Radioactive waste Solid waste	Storage capacity		17,053	17,053	17,053	17,053
		Volume of radioactive waste stored	200L drum	14,747	16,108	16,102	15,915
		Volume of radioactive waste generation		1,344	1,361	-6*2	-187*2
	Radiation exposure of employees with radiation-related jobs (average)*1		mSv/year	0.01	0.01	0.02	0.08*3

\*1 ICRP Recommendations 2017 and related Japanese laws stipulate the dose limit for occupational exposure is 100 mSv per 5 years and 50 mSv per year in effective dose.

\*2 Result when the volume of radioactive waste reduced exceeds the volume generated

\*3 Primarily due to increased production volume.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

> Basic Approach/Product Safety and Quality Management

> Quality and Safety Programs for Key Products

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Product Safety

## ■ Logistics, Thermal & Drive Systems (Air Conditioners)

<With customer safety as a top priority, safety design, verification processes and product related risk management processes are incorporated in “control procedures for design work”>

Mitsubishi Heavy Industries Thermal Systems, Ltd. acquired ISO 9001 certification in 1994 and established “control procedures for design work” for product design and development to ensure the safety of air-conditioners. These standards are based on quality policies that are derived from our quality management system. During product development, quality checksheets and other measures are used per these standards to fully verify safety throughout the life cycle of a product, from development to usage and disposal, in addition to checks against physical harm or financial damage caused by fire, explosions, and toxic substances.

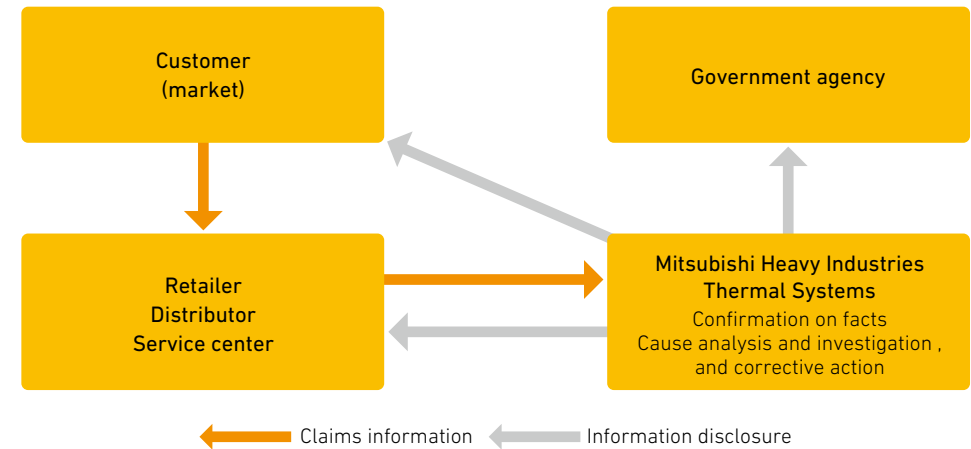


We conduct management at the component level in order to manufacture environmentally friendly products.

In the unlikely event that a serious product-related accident does occur in the market, we will take immediate steps to ensure customer safety, promptly confirm facts, analyze the cause, conduct an investigation, implement corrective actions, report to the appropriate government agencies, and disclose this information to users and the market.

As an example, in January 2018 we requested that users of our air-conditioners who meet certain conditions submit them for free inspection and repair. We will take the lessons learned from this occurrence to foster a work climate throughout the Company, including businesses overseas, that places the prevention of reoccurrences of incidents and product safety as top priorities.

### <Process following a serious product-related accident>



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

- > Basic Approach/Product Safety and Quality Management
- > Quality and Safety Programs for Key Products

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



## Product Safety

### ■ Plants & Infrastructure Systems [Commercial Ships]

#### <Enhancing QMS activities to prevent product accidents>

Mitsubishi Shipbuilding Co., Ltd., which is involved in the commercial ships business & marine structures business, is engaged in the shipbuilding and engineering business for a wide range of ships and marine products in the Tokyo, Shimonoseki, and Nagasaki regions. Mitsubishi Shipbuilding Co., Ltd. strives to adopt the same quality indicators, non-conformity management systems, safety and quality education programs, and internal audits in all regions, and is working with each region to improve work processes and quality management framework to realize a more advanced QMS and cultivate an attitude focused on safety and quality. Mitsubishi Shipbuilding Co., Ltd works to deliver products and services that meet customers' expectations through ISO 9001 external audits for QMS activities.

### ■ GX Solution segment [Transportation Systems]

#### <Ensuring the safety of transportation systems based on quality management systems>

MHI is working on the development of various transportation systems with a high potential for use in public settings, such as the Automated People Mover (APM) for use in airports and other facilities in cities and Light Rail Vehicle. To ensure that such transportation systems function with a high degree of safety, MHI operates QMS based on ISO 9001 and our own quality policies in all processes from design, procurement, and manufacturing to installation, test operation, and maintenance. Every year, top managers review these activities, evaluate the effectiveness of the quality management system, and propose new actions for improvement. Mechanisms are also being developed to incorporate safety standards and customer requirements in various countries into the initial design stage of projects developed in and outside Japan. In addition to these efforts, MHI utilize a system tool for sharing the lessons learned from past projects. Employees involved in past projects disclose and record their experiences and lessons learned so that current project members can acquire and share useful skills and knowledge, and find a stronger awareness of product safety.

### ■ Machinery Systems

#### <Fostering cohesive QMS activities by unifying the audit process>

Mitsubishi Heavy Industries Machinery Systems, Ltd. was established in October 2017 by restructuring and merging stable, profitable small and medium-sized businesses. As a pivotal player in the manufacturing and the engineering sectors, the company is deeply rooted in mechatronics technology and is dedicated to providing a broad spectrum of equipment and mechanical systems that underpin various aspects of daily life. Its operations are structured around three distinct divisions, allowing for flexible adaptation to the unique characteristics of different products. In the past, the company obtained ISO 9001 certification for individual products from separate certification bodies. However, in 2020, it unified the audit process across the entire company to foster a cohesive approach to Quality Management System (QMS) activities. This move towards centralized audits also served as a catalyst for dismantling barriers between business units and products, enabling a seamless integration of QMS activities that encompassed extensive information sharing and collaboration during internal audits. By harnessing a diverse array of technologies, experiences, and talents from various product segments, the company aspires to enhance customer satisfaction by delivering even more gratifying products and services while contributing to the sustainable development of society.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

> Basic Approach/Product Safety and  
Quality Management

> Quality and Safety Programs for Key  
Products

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



## Product Safety

### ■ Integrated Defense & Space Systems [Defense Products]

#### <Contributing to the peace and safety of Japan through technology>

MHI is dedicated to the core vision of supplying cutting-edge technology for national safety and security. As a leading supplier in the Japanese defense industry, MHI endeavors to maintain and strengthen defense production and technological bases. MHI develops and manufactures a vast array of defense equipment based on the requirements of the government of Japan, including fighter planes, helicopters, missiles, defense vessels, and tanks, and also provides operational support. The environment surrounding the defense of Japan has been changing dramatically over the last few years. In light of the current financial difficulty of Japan and the speed of technological progress, it is increasingly important to maintain and strengthen defense production and technological bases, in order to satisfy the requirements of the government. MHI is focusing on the future security environment and is developing various technologies that meet the needs of the country. This includes research into stealth and weight-reduction technologies and avionics to be applied to F-X, and into technology related to high-water-speed at sea for amphibious vehicles. We are also working on dual-use businesses such as cybersecurity, drone application, and satellite data analysis that utilize advanced technologies developed on the foundation of experience in the defense business up to this point. We are also working on dual-use businesses such as cybersecurity, drone application, and satellite data analysis that utilize core technologies developed in the defense and space fields up to this point. Therefore, we believe defense technologies can also contribute to long-term technological advances in Japan and the defense sector is expected to develop as a national strategic industry.

### ■ Commercial Aviation Systems [Aircraft]

#### <Raising awareness for aircraft safety through education and training, and promoting of QMS-related activities>

In the aircraft manufacture business, based on the Aircraft Safety Policy, assurance of aircraft safety is our top priority. All employees engaged in aircraft manufacturing operation and management understand the gravity of aviation accidents. Accordingly, as part of our educational activities aimed at ensuring thorough awareness of aircraft safety, we are implementing various training programs for relevant employees, primarily in management positions. These include training where employees learn through educational tours of the Japan Airlines Safety Promotion Center and climbing the Osutaka Ridge to pay respects to those who died in the Japan Airlines Flight 123 crash in 1985; workshops that communicate the lessons learned from an emergency landing accident involving an MH2000 helicopter and an accident where a F-2 jet fighter crashed and burst into flames (instructions on new work procedures / application of independent verification programs) in 2000 and 2007 respectively; initiatives to prevent leftover foreign objects; and training where employees learn through active discussions with pilots. In addition, we are working to improve quality on an ongoing basis through QMS-related activities based on JIS Q 9100.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

> Basic Approach/Product Safety and  
Quality Management

> Quality and Safety Programs for Key  
Products

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Innovation

## Basic Approach Policy

The MHI Group is committed to achieving a sustainable, safe, secure, and comfortable society while creating customer value. We are seriously addressing societal issues such as climate change, global warming, the declining labor force, and increasing logistics volume. Although these problems are highly complex and not easily solved, we aim to implement innovations and solutions that society truly needs by combining our over 700 core technologies with cutting-edge technologies such as AI and quantum technology.

## Promotion System System

### ■ Consolidation of Core Functions for Innovation

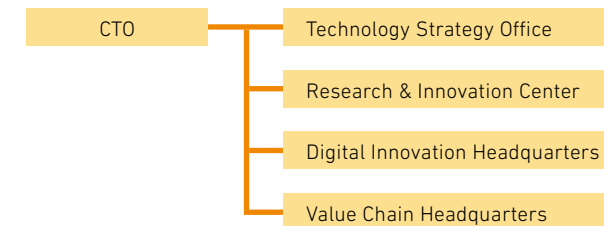
The Group has a Shared Technology Framework with approximately 2,400 employees possessing specialized skills, knowledge, and data in areas such as planning, marketing, industrial design, development, simulation, experimentation, digital technology, intellectual property, and supply chain management. This helps generate numerous innovations.

### <Organizational Foundation for Creating Innovation>

While enhancing individual expertise through daily research and development, business operations, and internal and external training, we also expand the breadth of specialized fields and networks through departmental rotations and cross-departmental activities. We have established bases in the United Kingdom, Singapore, the United States, and China, where we dispatch specialist engineers to secure leading global technologies, information, and human resources. We also conduct development and provide technological support that is closely aligned with market needs.

By organically connecting the Group's diverse technologies, knowledge, data, and personnel, we create groundbreaking innovations that are difficult to achieve within a single technology area. Each employee plays a role in addressing societal issues through these advancements.

### ■ Shared Technology Framework



CTO: Chief Technology Officer

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

- > Basic Approach/Promotion System
- > R&D Data/Intellectual Property Management
- > Examples of Activities

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section

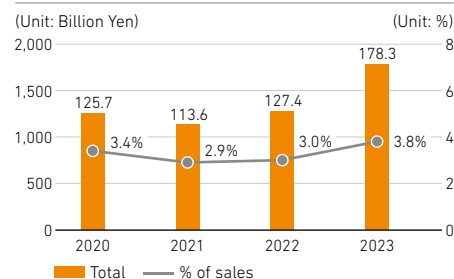


# Innovation

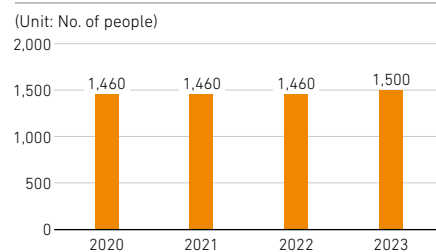
## R&D Data Performance



### R&D expenditure



### Employees in R&D positions



### R&D expenditure by segment

#### Others, shared themes

- Development of ultra-high-pressure liquid hydrogen pumps
- Development of utility systems and next-generation cooling technologies for data centers

#### Aircraft, Defense & Space

- Development of cybersecurity technology
- Development of H3 rocket, etc.

#### Logistics, Thermal & Drive Systems

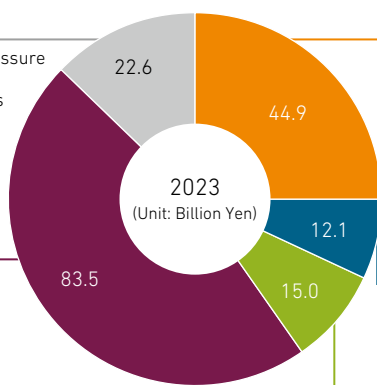
- Development and demonstration of hydrogen mixed-fuel/100% combustion engines.
- logistics systems

#### Energy

- Development of hydrogen gas turbines
- Development of next-generation hydrogen production technologies
- Development of advanced light water reactors, high temperature gas-cooled reactors, fast reactors, small light water reactors, and micro reactors, etc.

#### Plants & Infrastructure

- Development of products and technologies for establishing a CO<sub>2</sub> ecosystem
- Implementation and demonstration of ΣSynX Supervision, a digital service platform to comprehensively support the operation and maintenance of products
- Development of next-generation stoker furnace



## Intellectual Property Management Policy Initiatives

### <Intellectual Property Activity Policy>

For a future with a planet where people around the world can live with peace of mind, the MHI Group will continue to focus efforts on intellectual property (IP) activities rooted in social value.

Specifically, we anticipate medium- to long-term societal needs and focus our research and development efforts on addressing material issues such as providing energy solutions to enable a carbon neutral world and building a safe and secure society. The outcomes of this research and development are categorized into two types: those to be secured as industrial property rights, such as patents, and those to be kept confidential as know-how. Each is protected and utilized through the most appropriate means as IP.

By continuously engaging in these activities, we advance the development of an IP portfolio and management that aligns with emerging societal trends.

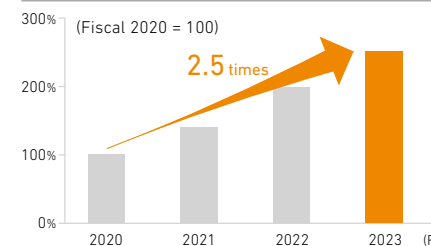
### <Strengthening IP Investment Activities That Create Social Value>

Currently, the Group is focusing on the carbon-neutral sector to advance a decarbonized society. As a result, we have significantly expanded our portfolio of carbon-neutral patents, increasing their number to approximately 2.5 times the level of fiscal 2020.

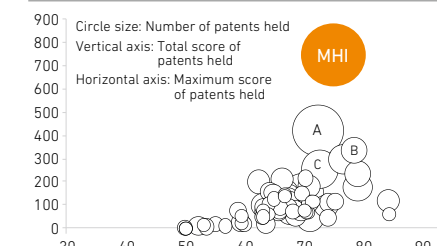
Among these, in the field of CCS/CCUS\*1 technologies, we are continuously applying for and securing numerous high-value patents that attract market attention. This approach helps us build an IP portfolio that excels in both quality and quantity.

\*1 Carbon dioxide Capture and Storage, and Carbon dioxide Capture, Utilization and Storage.

### MHI Group's Global Patent Holdings in the Carbon-Neutral Sector



### Value Assessment of Domestic Patents for CCS/CCUS-Related Technologies by Company\*2



\*2 Evaluation based on patent scores calculated using the patent analysis tool Biz Cruncher by Patent Result Co., Ltd. The scores are determined by factors such as the breadth of the patent's claims and the number of citations by others. The circles are plotted according to the total score and maximum score of the patents held by each company, with their size reflecting the number of patents held.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

- > Basic Approach/Promotion System
- > R&D Data/Intellectual Property Management
- > Examples of Activities

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Innovation

## Examples of Activities Initiatives

### Efforts toward realizing a hydrogen-based society

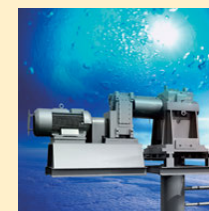
#### ■ Development of liquid hydrogen pumps

MHI developed a 90 MPa-class ultra-high-pressure liquid hydrogen pump for FCV hydrogen stations planned for construction both in Japan and overseas.

This pump can stably supply a high flow rate of 160 kg/h of liquid hydrogen and has achieved zero release of boil-off gas (BOG) during operation.

Additionally, in fiscal 2023, the practicality of the pump was validated through long-term durability tests at the Livermore hydrogen supply facility of FirstElement Fuel Inc. in the United States.

**Benefit:** By directly boosting liquid hydrogen, this pump offers remarkable performance, providing three times the hydrogen supply capability compared to conventional hydrogen stations (compressor-based systems) and reducing energy consumption to approximately one-fourth. This allows for faster refueling of hydrogen fuel cell vehicles compared to traditional pumps (40 MPa: our previous record), enabling a higher volume of hydrogen fuel to be dispensed.



90 MPa liquid hydrogen pump

#### ■ Full-scale operation of Takasago Hydrogen Park

In September 2023, the Takasago Hydrogen Park, the world's first facility to integrate hydrogen production and power generation validation, commenced full-scale operations at MHI's Takasago Machinery Works in Takasago City, Hyogo Prefecture. We aim to enhance product reliability by validating hydrogen co-firing and 100% hydrogen firing with gas turbines, and will continue to expand the park with the introduction of next-generation hydrogen production technologies.

**Benefit:** In November 2023, at the Gas Turbine Combined Cycle (GTCC) demonstration power generation facility within the Takasago Hydrogen Park, we successfully conducted hydrogen fuel co-firing at a 30% ratio using the JAC (J-series Air-Cooled) model. This achievement demonstrates the feasibility of hydrogen as a next-generation energy source.



Takasago Hydrogen Park

**Other Impacts:** Leveraging the liquid hydrogen pump as a key technology and utilizing our expertise in plant design, we optimize the entire hydrogen station. This aims to reduce both the OPEX (Operating Expense) and CAPEX (Capital Expenditure) of hydrogen stations, contributing to the realization of a hydrogen-based society.



Hydrogen supply facility (FirstElement Fuel Inc., USA)

**Other Impacts:** At Takasago Hydrogen Park, we are not only advancing the development of hydrogen gas turbines but also conducting practical verification of our own hydrogen production technologies. This includes high-temperature steam electrolysis using SOEC (Solid Oxide Electrolysis Cell) and turquoise hydrogen via methane pyrolysis. These efforts contribute to the realization of a hydrogen-based ecosystem.

### Manufacturing-based co-creation space accelerates internal projects

In October 2020, we opened the Yokohama Hardtech Hub (YHH) within a building housing the Company's plant (total floor space: approx. 20,000m<sup>2</sup>) as a co-creation space for companies, local governments, educational institutions, and others involved in venture companies and manufacturing to gather. As of April 2024, 9 venture companies and partner companies, along with five internal projects, have moved into YHH for their activities. In addition to the connection with those venture companies, YHH has begun playing a role of being a place to accelerate new business projects in which we are involved, from PoC (Proof of Concept) to social implementation, promoting various demonstrations of advanced technologies and ideas through co-creation.

**Benefit:** At YHH, we have started experimental demonstrations and co-creation studies on decentralized resources for factory decarbonization, including an Energy Management System (EMS) and containerized, high-density decentralized data centers. In addition, we established the LogiQ X Lab for logistics intelligence projects, leading to a successful demonstration experiment with Kirin Beverage Co., Ltd., which has resulted in actual equipment orders.

Since October 2022, we have also been hosting talent development programs, including training systems. Upon completion of the training, participants return to their original workplaces, where they contribute to revitalizing new business creation activities and improving operations.

**Other Impacts:** By creating a cycle of having innovators from around the world gather to create new industries and cultures, we will also contribute to the revitalization of local communities.



LogiQ X Lab



Containerized, high-density decentralized data centers

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

- > Basic Approach/Promotion System
- > R&D Data/Intellectual Property Management
- > Examples of Activities

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Customer Relationship Management

## Basic Approach Policy

One statement of Our Principles is: "We deliver reliable and innovative solutions that make a lasting difference to customers and communities worldwide." Therefore, the company's top priority is to always place itself in the customer's shoes and meet their expectations by providing products and services with high added value. Through these activities, MHI will continuously work to provide products and services that satisfy customers. We are actively carrying out advertising and promotional campaigns based on our business plans to reach stakeholders around the world. In conducting these activities, we ensure the accuracy of the information we provide to our customers, and we diligently adhere to the relevant regulations and industry standards.

## Management System System

Since customer characteristics and business practices are quite different in each of our businesses, each business unit utilizes their own optimized measurement method for Customer Relationship Management.

### ■ Business-to-business divisions

Business-to-business divisions conduct Voice of Customer research to collect customer feedback.

Division	Method	Concrete activities
<b>Energy</b> [Thermal power generation systems]	<ul style="list-style-type: none"> <li>• Face-to-face</li> <li>• Online</li> <li>• Online survey</li> </ul>	MHI collects Voice of Customer (VOC) information through daily face-to-face and online communication. VOC information is classified into seven categories (Maintainability and Operability, Consideration, Necessary Ability, Price, Response Speed, Market information, and others) to identify strengths and weaknesses. We work on areas such as technology development and Kaizen. Improvement activities based on the results of analyses are carried out on a daily basis. In addition, the Company deploys web-based questionnaires specifically targeting overseas customers, with whom face-to-face communication is not easy, on an annual or biannual basis. The system collects and analyzes customers' comments on quality, price, and responsiveness of MHI contact. The results are then used to further improve product quality and customer service.
<b>Plants &amp; Infrastructure</b> [Commercial Ships]	<ul style="list-style-type: none"> <li>• Face-to-face</li> <li>• Online</li> <li>• E-newsletter</li> </ul>	In Mitsubishi Shipbuilding Co., Ltd.'s new shipbuilding business, we have established a system of maintaining close communication with shipowner's site supervisors stationed at the shipyard. This ensures that we can promptly respond to our customers' requests and make our own proposals. In our engineering business, which includes the sale of LNG fuel gas supply systems, we register customer requests in a CRM tool hosted in the cloud. We use this system for internal collaboration among team members and leverage it for future product development and identifying customer needs. We also send an email newsletter to our customers almost monthly, introducing them to our business activities, and to build and maintain relationships.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

- > Basic Approach/Management System
- > Responsible Advertising Activities
- > Example of Initiatives

Supply Chain Management

Social Contribution Activity

Governance

Data Section



# Customer Relationship Management

Division	Method	Concrete activities
Nuclear Energy	<ul style="list-style-type: none"> <li>• Face-to-face</li> <li>• Online</li> </ul>	<p>We assign technical service managers to customers with pressurized water reactor (PWR) power plants in Japan so we can establish dedicated technical contacts tailored to our customers' locations, which serves to build strong relationships. We also have on-site managers who engage in face-to-face interactions. They actively listen to the daily feedback and concerns of our customers and provide feedback to our team. This allows us to swiftly address issues, provide maintenance proposals aligned with our customers' needs, and enhance safety, stability, and plant operational efficiency.</p> <p>The industry has recognized and valued the trust and track record we have built through these efforts over many years, and now, we receive numerous requests from new customers with boiling water reactor (BWR) plants.</p>
Machinery Systems	<ul style="list-style-type: none"> <li>• Face-to-face</li> <li>• Online</li> </ul>	<p>Mitsubishi Heavy Industries Machinery Systems, Ltd. conducts activities to gather customer feedback through surveys and interviews, and then leverages this feedback to enhance its products and services. As an example, for customers in the printing &amp; packaging machine industry, the company has developed a customer portal to facilitate communication and is operating it as the fourth customer touchpoint alongside traditional in-person, phone, and email interactions. The company is gradually launching services to support customers in collecting technical information, making various inquiries, purchasing spare parts, and providing maintenance support systems for the stable operation and upkeep of their machines. Going forward, we will expand these initiatives to other businesses to meet a wide range of customer needs.</p>
Integrated Defense & Space Systems	<ul style="list-style-type: none"> <li>• Face-to-face</li> </ul>	<p>In the Integrated Defense &amp; Space Systems segment, we conduct customer satisfaction surveys for certain business products with the aim of improving customer satisfaction. We visit the Japan Self-Defense Forces, our customer, to receive evaluations regarding the quality of the products delivered and the support provided. We listen to their opinions and requests for appropriate support and improvements aimed at facilitating unit activities. Continuing these efforts strengthens communication with our customers, allowing us to respond promptly to inquiries and other needs, thus enhancing trust.</p>

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

> Basic Approach/Management System

> Responsible Advertising Activities

> Example of Initiatives

Supply Chain Management

Social Contribution Activity

Governance

Data Section

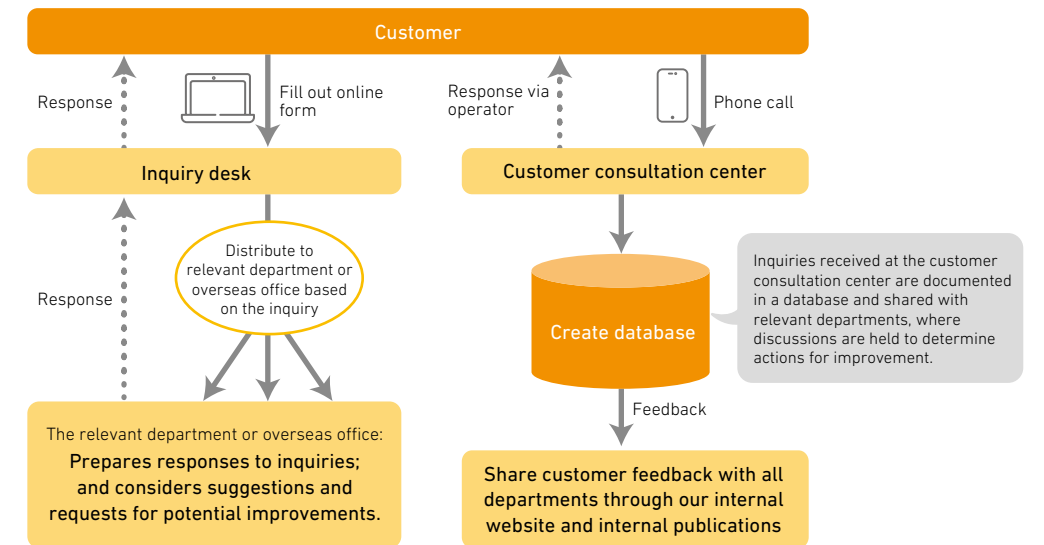


# Customer Relationship Management

## ■ Areas in which general consumers are customers (air-conditioners, etc.)

Businesses whose customers are general consumers create contact points with customers by establishing contact points via the Internet and telephone. In addition to commercial air-conditioners, Mitsubishi Heavy Industries Thermal Systems, Ltd. which offers residential air-conditioners for general consumers, has set up an inquiry desk on its website and a customer consultation center by telephone (for Japan only) to constantly collect customer feedback. Moreover, the company conducts in-depth analysis of the VOC (Voice of customer) collected from distributors and contractors during daily sales and service operations, twice a year. The information is fed back to relevant departments, which aids in making improvements to products, sales, and services.

### <Customer support process>



## Responsible Advertising Activities System Initiatives

MHI Group engages in advertising and promotional activities for stakeholders worldwide. In pursuing these activities, we ensure that we provide accurate information to our stakeholders and adhere to relevant laws and industry regulations. After running advertisements, we obtain measurements of their effectiveness, assessing their impact on increasing brand recognition and permeating our corporate image.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

- > Basic Approach/Management System
- > Responsible Advertising Activities
- > Example of Initiatives

Supply Chain Management

Social Contribution Activity

Governance

Data Section



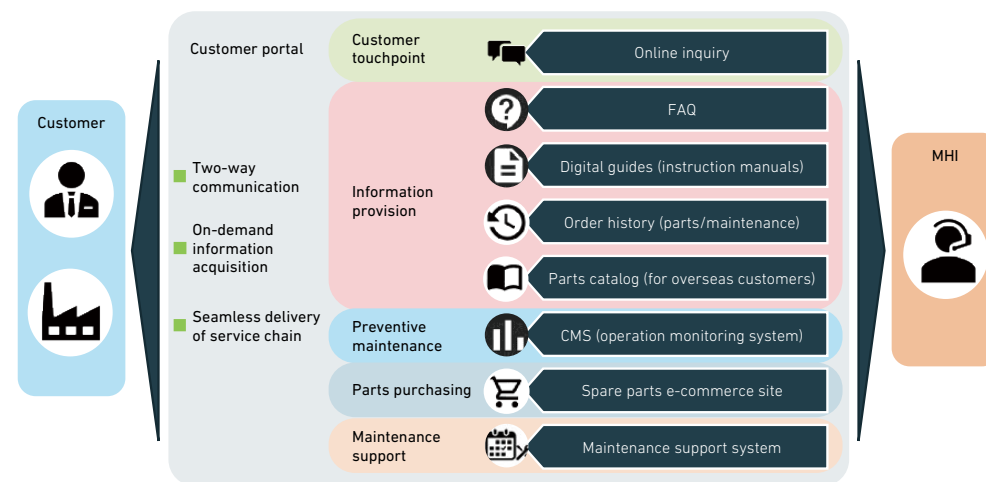
# Customer Relationship Management

## Example of Initiatives Initiatives

### ■ Business-to-business divisions

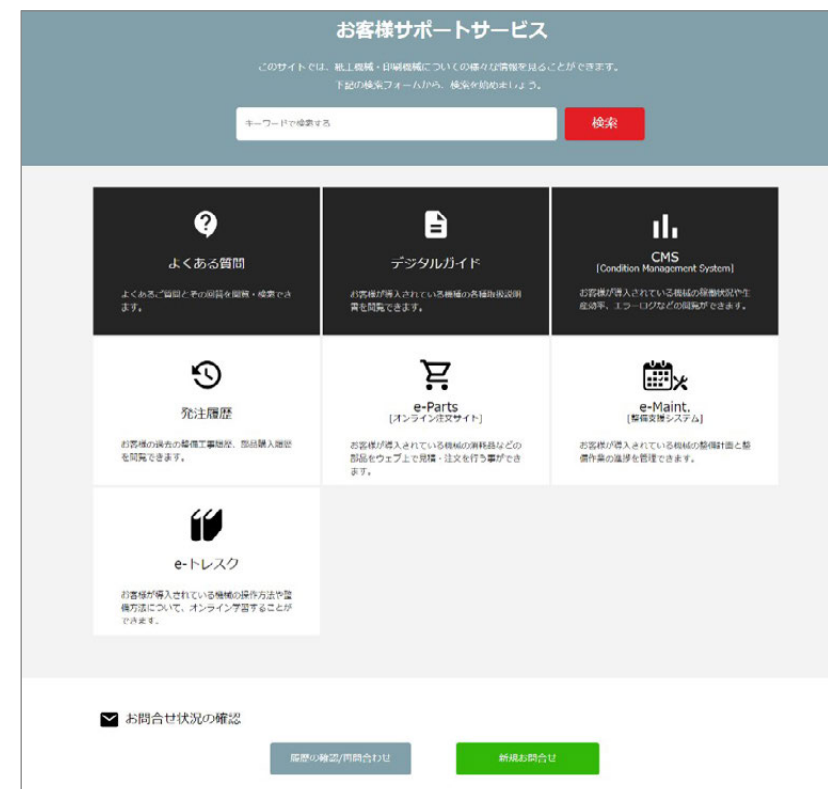
#### <Launched new customer portal for printing and packaging systems>

We have developed and launched a new communication tool, a customer portal for printing and packaging systems made by Mitsubishi Heavy Industries Machinery Systems, Ltd. This portal serves as the fourth customer touchpoint, supplementing the traditional in-person, phone, and email interactions. Customers can access a wide range of information, including troubleshooting and technical manuals, in a timely manner on the dedicated webpage of this portal. It also allows for two-way communication with us for various inquiries. Moreover, we have gradually started operating services such as an e-commerce website for purchasing spare parts and a maintenance support system for tracking and managing maintenance progress. These services are aimed at supporting the stable operation and maintenance of our customers' machines. We will continue to work towards providing higher-quality services going forward.



#### [ Customer portal functions (as of August 2023) ]

- ① FAQ that summarize responses to common inquiries from customers
- ② Order history for reviewing past orders
- ③ E-commerce site for ordering spare parts
- ④ Digital guides as instruction manuals
- ⑤ Remote monitoring system for checking the operating status of machines
- ⑥ Maintenance support system for tracking maintenance progress and implementation
- ⑦ e-learning content e-training for learning about machinery online anytime
- ⑧ Inquiry management function enabling inquiries online etc.



Top page of "customer portal for printing and packaging systems"

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

> Basic Approach/Management System

> Responsible Advertising Activities

> Example of Initiatives

Supply Chain Management

Social Contribution Activity

Governance

Data Section





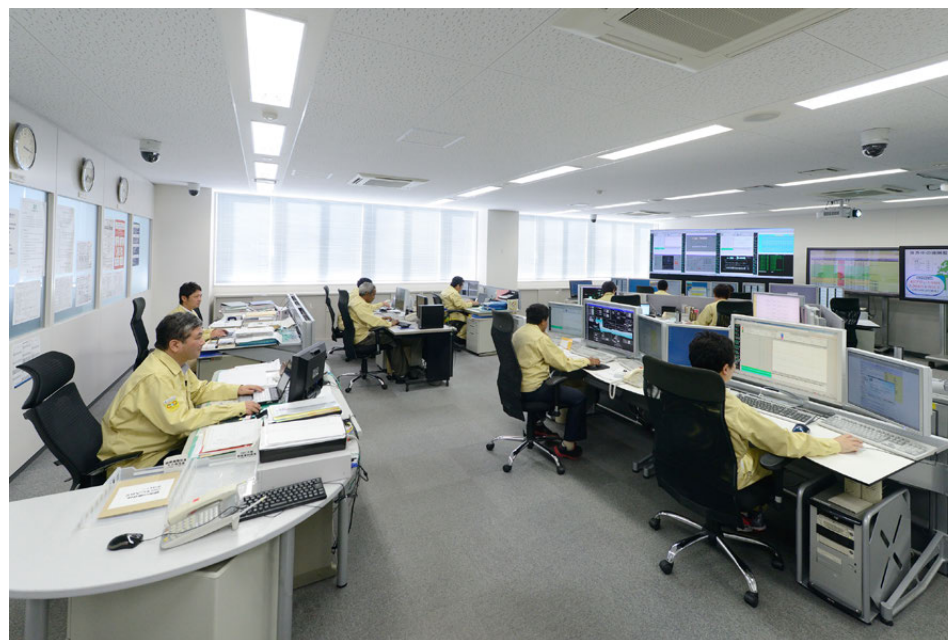
# Customer Relationship Management

## ■ Business-to-business divisions

### <Implementing technical support as an aspect of preventative maintenance>

MHI Group provides 365-day real-time monitoring and support services for a wide range of energy systems, including gas power systems, steam power systems, renewable energy power systems, distributed power generation, and energy storage facilities, from four locations in Takasago and Nagasaki, Japan; the United States; and the Philippines.

By combining the MHI Group's abilities in a diverse range of solutions, we will provide support that will help increase the value of facilities and achieve a decarbonized society. As of April 2024, the system was connected to approximately 287 units in real time, contributing to our customers' stable power generation operations.



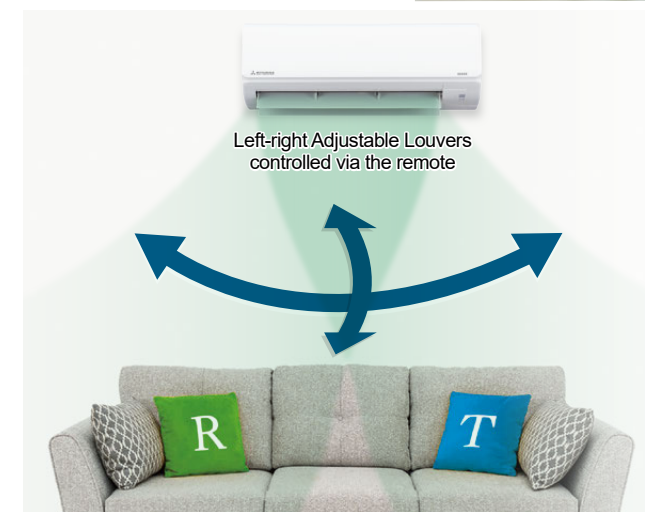
Takasago TOMONI HUB

## ■ Areas in which general consumers are customers

### <Development of air-conditioners reflecting customer feedback>

Mitsubishi Heavy Industries Thermal Systems, Ltd. has developed a compact air-conditioner with an indoor unit height of 250mm for the Japanese market as part of efforts to utilize customer suggestions and requests received through contact points for product and service improvement. This development allows installation in Japanese homes with limited space above windows, where conventional air-conditioners could not be installed, offering a more comfortable living environment.

In addition, responding to customers' requests for remote control adjustments of the airflow direction of air-conditioners installed in high places, Mitsubishi Heavy Industries Thermal Systems, Ltd. has equipped all models, including the standard model, with left-right adjustable louvers that can be controlled via remote. This feature has received high praise from customers over the years.



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

> Basic Approach/Management System

> Responsible Advertising Activities

> Example of Initiatives

Supply Chain Management

Social Contribution Activity

Governance

Data Section





# Supply Chain Management

## Basic Approach Policy

MHI Group procures a variety of materials and services both domestically and globally, including raw materials, machinery, equipment, and components. MHI is open to all motivated and competitive suppliers, who are fairly and impartially evaluated and selected in accordance with related laws, regulations, and social norms. We then work to build mutually beneficial relationships of trust with suppliers as business partners. In December 2018, MHI Group revised its Group Supply Chain CSR Promotion Guidelines, established in June 2010, to include more specific details on consideration of human rights and occupational safety and consideration of the environment. By sharing the Group's approach to CSR procurement with suppliers, and also with the suppliers who make up the supply chains of our suppliers, we are promoting sustainability and CSR activities across the entire supply chain.

MHI website Promoting CSR procurement <https://www.mhi.com/company/procurement/csr>

## Promotion System System Initiatives

### ■ In house system

Based on our Procurement Global Policy & Procedures\*, we ensure thorough compliance in procurement operations with the aim of establishing and maintaining a procurement system trusted by the public and our stakeholders. Under the overall control of the chief procurement officer, we appoint procurement managers and procurement compliance managers to each MHI business unit and Group company to manage and control operations within the Group.

With office services provided by the Supply Chain Management Department, a Procurement Managers' Meeting made up of the heads of procurement from each MHI business unit and major Group companies convenes to discuss procurement-related measures and promote a range of activities through Group-wide coordination.

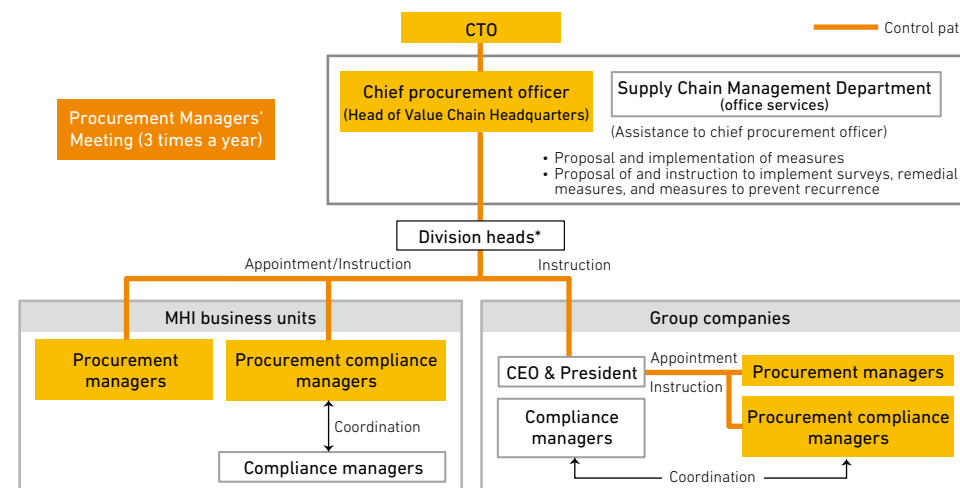
\* Policy and procedural document setting out Group-wide procurement process rules based on the MHI Group Principles and Code of Conduct.

### ■ Suppliers as business partners

The MHI Group Supply Chain CSR Promotion Guidelines set out our basic supply chain policy, which is aimed at realizing a sustainable society, and request the understanding and cooperation of suppliers in its implementation. In addition to ensuring product safety, quality, fair pricing, and timely delivery, the guidelines advocate enhanced technological development capabilities, due attention to compliance, corporate ethics, human rights, occupational safety, and the environment, and contributions to local communities and society.

Moreover, at platforms such as "business partner meetings" and "business policy briefings," we explain the Group's CSR promotion guidelines and offer educative information on the conduct expected of suppliers by introducing cases of ESG risks in the supply chain.

Procurement management system



\* Division heads: domain CEO, segment CEO, business division head, corporate department head, etc.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity,  
and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

> Basic Approach/Promotion System

> Data about the Supply Chain

> Initiatives on Sustainability and  
CSR Procurement

> Initiatives on Human Rights, Occupational  
Safety, and Procurement/Supply Chain  
Monitoring/Conflict Minerals

> Our Improvements in the Supply Chain/  
Participating in Initiatives

Social Contribution Activity

Governance

Data Section



# Supply Chain Management

## ■ Critical suppliers

By business unit, MHI designates critical suppliers based on factors such as the size of orders, the importance of the parts or equipment, the lack of alternative suppliers, and the level of geopolitical risk.

	FY2023
Tier 1 suppliers	24,799 companies
Primary Tier 1 suppliers	2,111 companies

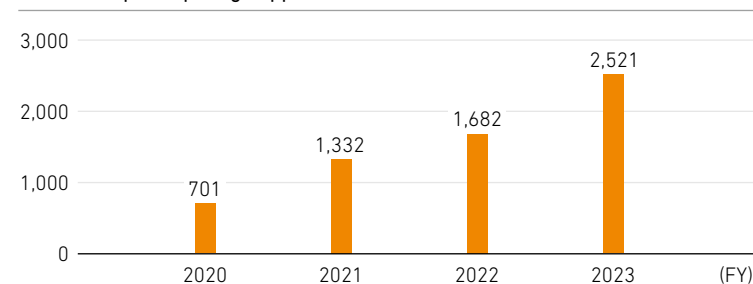
## Data about the Supply Chain Performance



Number of business partners provided with sustainability and CSR education

2023  
Total number of participants **2,521** companies

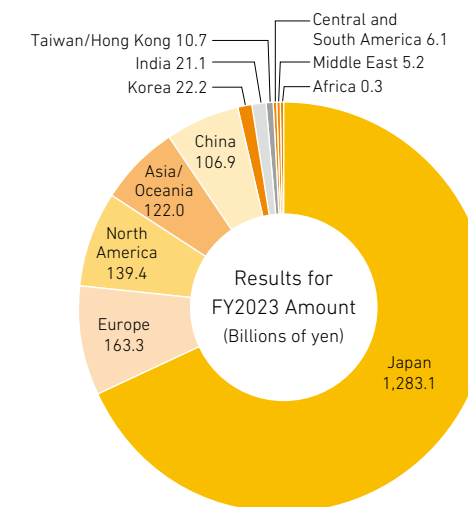
Number of participating suppliers



## ■ Spending analysis (analysis of procurement history)

We conduct a spending analysis of the MHI Group's total expenditure on orders and analyze procurement and related expenditure by region.

Region	Results for FY2023 Amount (Billions of yen)
Japan	1,283.1
Europe	163.3
North America	139.4
Asia/Oceania	122.0
China	106.9
Korea	22.2
India	21.1
Taiwan/Hong Kong	10.7
Central and South America	6.1
Middle East	5.2
Africa	0.3



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

- > Basic Approach/Promotion System
- > Data about the Supply Chain
- > Initiatives on Sustainability and CSR Procurement
- > Initiatives on Human Rights, Occupational Safety, and Procurement/Supply Chain Monitoring/Conflict Minerals
- > Our Improvements in the Supply Chain/Participating in Initiatives

Social Contribution Activity

Governance

Data Section



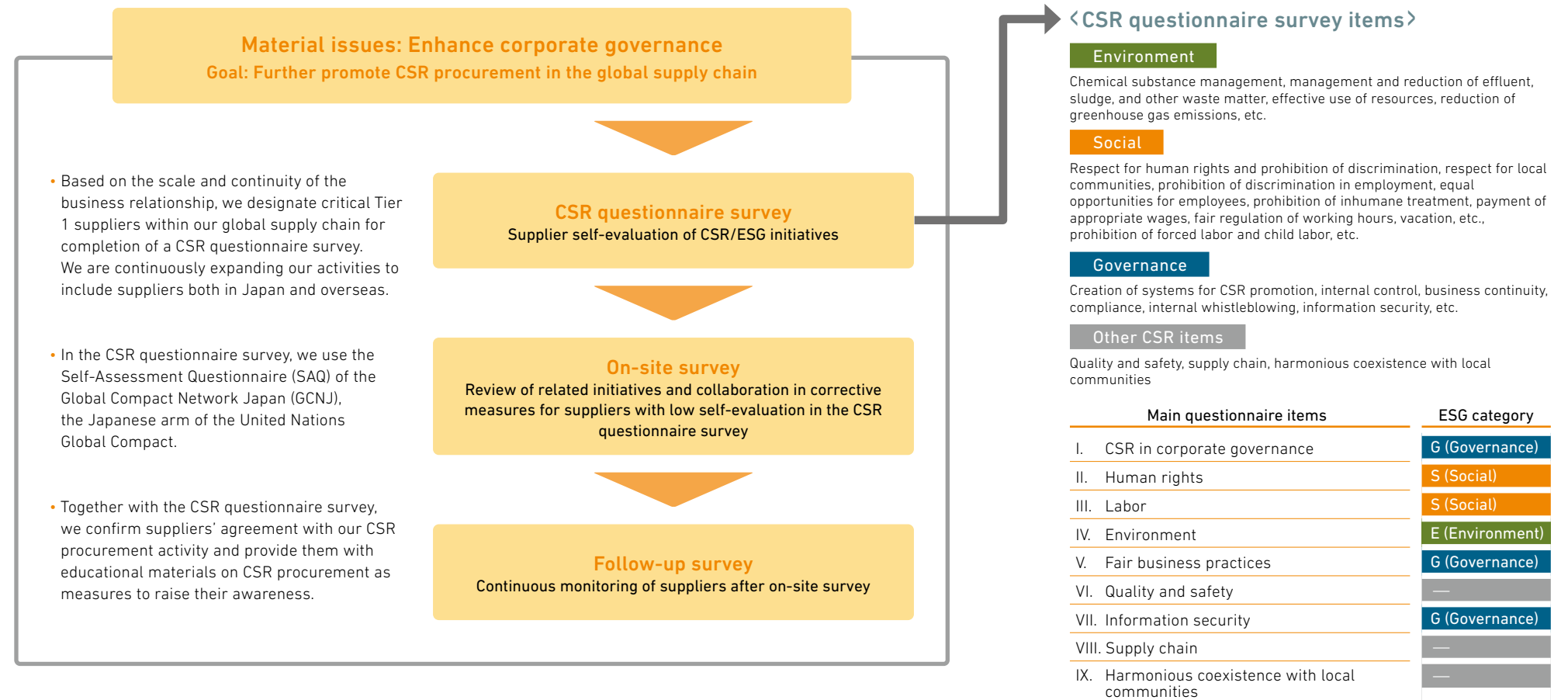
# Supply Chain Management

## Initiatives on Sustainability and CSR Procurement Initiatives Policy

To enhance the sustainability of the MHI Group's supply chain, we conduct a CSR questionnaire survey as an initial screening of the status of suppliers' CSR/ESG initiatives. Based on the results, we then carry out an on-site survey, including human rights due diligence, to observe actual conditions, and later conduct a follow-up survey to check on improvement measures.

This initiative, implemented continuously on a one-year cycle, represents a concrete step toward the designated goal of further promoting responsible (CSR) procurement in the global supply chain as part of efforts to enhance corporate governance, which is one of MHI Group's Material issues.

MHI website Promoting CSR procurement  
<https://www.mhi.com/company/procurement/csr>



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

> Basic Approach/Promotion System

> Data about the Supply Chain

> Initiatives on Sustainability and CSR Procurement

> Initiatives on Human Rights, Occupational Safety, and Procurement/Supply Chain Monitoring/Conflict Minerals

> Our Improvements in the Supply Chain/ Participating in Initiatives

Social Contribution Activity

Governance

Data Section



# Supply Chain Management

## Initiatives on Human Rights, Occupational Safety, and Procurement

### ■ Human rights due diligence

In fiscal 2022, we implemented a trial human rights questionnaire survey of 25 suppliers in Southeast Asia identified as having human rights risk of a comparatively high level within the MHI Group's business operations.

Of these, five suppliers with relatively low self-evaluation scores were selected for on-site survey, with interviews to check that there were no human rights risks requiring attention.

Since fiscal 2023, we have incorporated human rights due diligence into our existing sustainability and CSR procurement initiatives, expanded the scope of the initiatives, and started full-scale implementation.

In fiscal 2023, we visited 13 suppliers mainly in Asia that had low self-evaluation

scores in the areas of human rights and labor in their CSR procurement, and confirmed that there were no human rights risks that required attention.



## Supply Chain Monitoring

### ■ Supply chain monitoring

MHI monitors and evaluates its critical Tier 1 suppliers' quality, cost, delivery, technical capability, and management (including ESG) based on each business unit. By doing so, it monitors the Group's supply chain with the goal of analyzing supply chain risks and identifying high risk suppliers.

In addition, we conduct CSR surveys in order to ascertain the status of CSR promotion initiatives by suppliers. Based on supply chain monitoring results, to mitigate risks to the MHI Group supply chain, we are conducting on-site surveys at supplier's site and perform assessments regarding suppliers' CSR/ESG activity including their knowledge

about the relevant laws, their compliance structure, and activity status against high risk suppliers from a CSR/ESG point of view. We also discuss improvement as necessary.

In fiscal 2023, we have confirmed that there will be no major negative impacts as a result of our on-site surveys.

Percentage of total spending on key Tier1 suppliers	80%
Number of suppliers surveyed by CSR questionnaire	Japanese and Overseas: 2,111 companies (FY2021, FY2022), 563 companies (FY2023)
Number of suppliers surveyed by ESG inspection	Onsite: 35 companies, Online: 31 companies (FY2023)

## Conflict Minerals

Armed groups engaged in conflicts in the Democratic Republic of the Congo and neighboring countries have committed serious human rights abuses and acts of environmental destruction.

This issue has caught the world's attention. Some of the proceeds from the minerals produced in this region (tin, tantalum, tungsten, and gold, hereinafter "conflict minerals") are thought to be a source of funding for these armed groups. MHI Group has no intention of abetting human rights abuses or environmental destruction by procuring

raw materials, parts or products which contain the conflict minerals.

A survey was conducted in fiscal 2023 targeting smelter and country of origin, which is the mineral procurement source for aircraft and automobile parts, and the results confirmed that 5,736 smelters out of 13,733 identified were certified under the conflict-free smelter program. We will continue to work with our customers, suppliers, industry groups and others in efforts to avoid benefiting the armed groups.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

> Basic Approach/Promotion System

> Data about the Supply Chain

> Initiatives on Sustainability and CSR Procurement

> Initiatives on Human Rights, Occupational Safety, and Procurement/Supply Chain Monitoring/Conflict Minerals

> Our Improvements in the Supply Chain/ Participating in Initiatives

Social Contribution Activity

Governance

Data Section



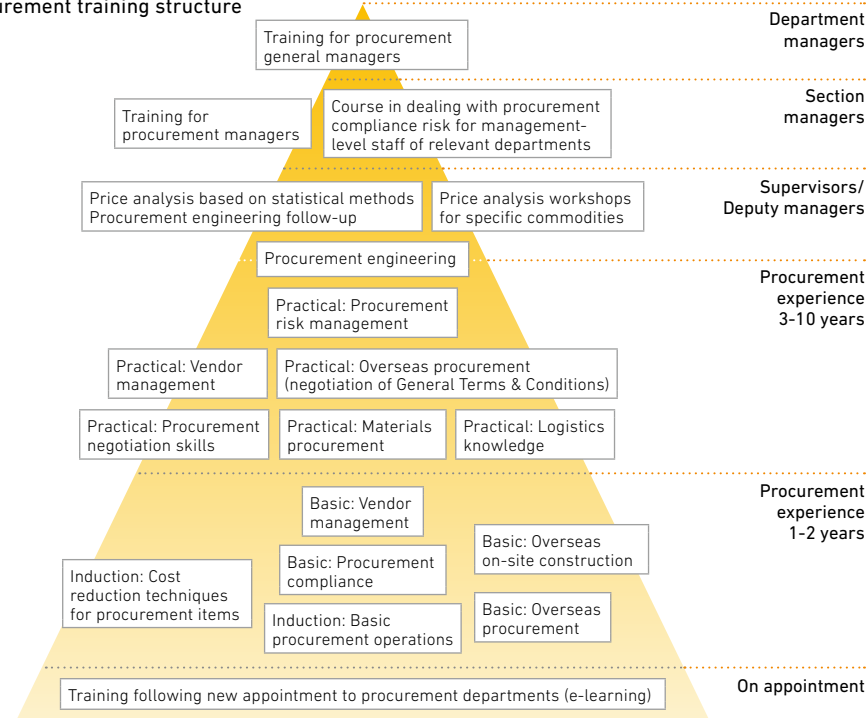
# Supply Chain Management

## Our Improvements in the Supply Chain Initiatives Performance

### ■ Development of procurement human resources

The MHI Group's procurement departments offer training to improve the skills of human resources engaged in procurement, offering a range of different courses in procurement operations for different job positions.

#### Procurement training structure



In fiscal 2023, new employees and employees newly appointed to procurement departments were given induction training designed to equip them with basic knowledge of procurement operations including CSR procurement, with 92 participants from MHI Group. We also conducted a course in overseas procurement and one designed to improve procurement negotiation skills, which were attended by 34 and 25 employees, respectively.

### ■ Awareness raising on procurement compliance

To ensure the steady implementation of legally compliant procurement operations, we regularly conduct courses in procurement compliance, with particular focus on raising awareness of compliance with subcontractor law. Each year in November, which is designated a month for particular attention to ensuring appropriate business relations with subcontractors, we implement e-learning on subcontractor law for all MHI Group employees in Japan, with subsequent comprehension testing followed up with group lectures graded according to the results of the comprehension test. In addition, every month we publish a learning aid that summarizes points requiring special attention as a quick guide to subcontractor law.



## Participating in Initiatives Initiatives Performance

### ■ Participating in Supply Chain-Related Initiatives

In order to advance MHI Group's CSR procurement initiatives, since fiscal 2019, we have taken part in the Supply Chain Working Group of the Global Compact Network Japan, the local network of the UN Global Compact in Japan. Through activities with other companies, including those from other industries, we are promoting discussions on issues that we face on a practical level and generating outputs (deliverables) aimed at contributing to the resolution of those issues.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

- > Basic Approach/Promotion System
- > Data about the Supply Chain
- > Initiatives on Sustainability and CSR Procurement
- > Initiatives on Human Rights, Occupational Safety, and Procurement/Supply Chain Monitoring/Conflict Minerals
- > Our Improvements in the Supply Chain/ Participating in Initiatives

Social Contribution Activity

Governance

Data Section



# Social Contribution Activity

## Basic Approach Policy

MHI Group contributes to resolving various social issues through its businesses and products. Social contribution activity is a means to address issues that cannot be resolved through business activity. In accordance with the CSR Action Guidelines, which set out the shared approach of MHI Group employees, we focus our concrete activities on three areas closely related to our business activities: environmental protection, local community contribution, and fostering the next generation.

Our environmental protection activities come under the heading of 'Care for the planet' and include contributions to mitigating climate change—increasingly important in the face of rapid global warming—and action to preserve biodiversity, designed to protect endangered species.

In our local community contribution, which we call 'Create a more harmonious society,' we recognize that promoting harmonious coexistence with the communities

hosting the MHI Group's business bases and building strong relationships of trust is essential to our business continuity. We therefore engage in a variety of activities, adapted to the character and culture of the different regions, to contribute to the development and revitalization of local communities.

To foster the next generation, or 'Inspire the future' we offer a wide range of educational activities to children, including science lessons, whose basic aim is to pass on to youth Japanese manufacturing craft and science and technology skills.

Becoming involved in these various social contribution activities also promotes the development of our human resources and increases employee engagement. We believe that it will additionally contribute to addressing one of the five material issues identified in 2020: Promote diversity and improve employee engagement.

### MHI Group's CSR Action Guidelines (adopted in July 2007)

MHI strives to move the world toward a more secure future. Through our technology, our business practices, and our people, we:

#### Care for the planet

We are eco-conscious, and engineer environmentally-friendly technologies that improve sustainability and protect the Earth

#### Create a more harmonious society

We embrace integrity and proactive participation to solve societal challenges

#### Inspire the future

We cultivate global talent who share a vision and desire to move the world forward for generations to come

### Focus areas for MHI Group social contribution activity

Theme	Relationship with Group business
Environmental protection	For MHI, which operates a global business including emerging and developing countries, conducting business activity in a way that shows consideration for the global environment is an important requirement for business continuity.
Local community contribution	For MHI, which operates worldwide, coexisting in harmony with the communities where its businesses are located and building strong relationships of trust is an important requirement for business continuity.
Fostering the next generation	As science and technology are the source of MHI's growth, the declining interest in and understanding of science among children and their shift away from science subjects may act as a barrier to our securing and development of human resources in the future. Stimulating children's interest in science is therefore an important requirement for business continuity.

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

> Basic Approach

> Performance Data

> MHI Group Initiatives

Governance

Data Section





# Social Contribution Activity

## Performance Data Performance

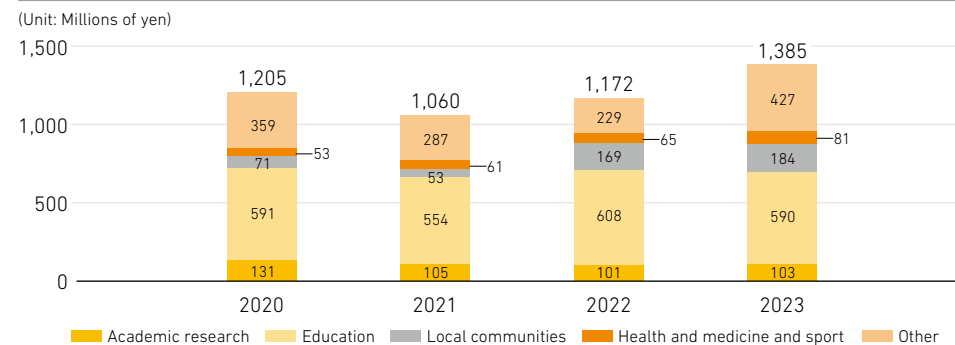
	Unit	2020	2021	2022	2023	
Focus area (1) Fostering the next generation	Number of children participating in MHI science lessons (total attendance)*1	892*2	7,171*2	8,966*2	11,147	
Focus area (2) Local community contribution	Number of occasions when MHI provided community support following a natural disaster or similar event*1	3	4	3	3	
	Value of donations and support*1	Millions of yen	10	5	5	17
Focus area (3) Environmental protection	Support for Tanegashima loggerhead turtle protection survey activities					
	Employee volunteer applications (participants)	—*3	—*3	—*3	70 (32)	
	Number of surveys carried out	7	8	8	8	
	Number of individual mother turtles identified during egg-laying	15	28	27	15	

\*1 Coverage: MHI Group

\*2 In FY2020, FY2021, and FY2022, the science lesson program was held on a reduced scale due to COVID-19.

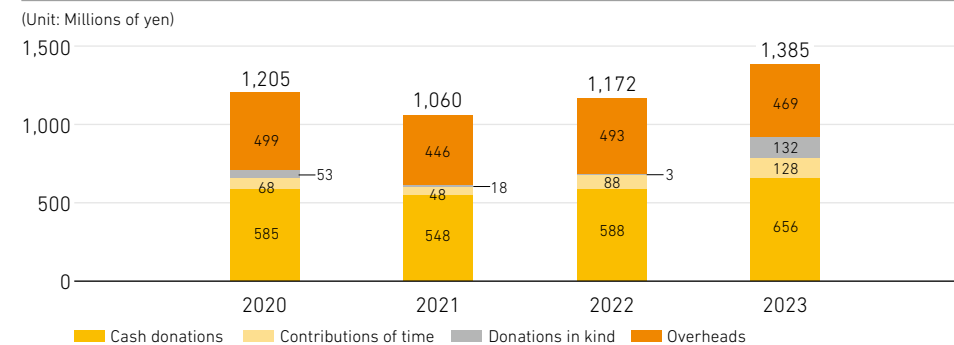
\*3 In FY2020, FY2021, and FY2022, the recruitment and participation of employee volunteers was discontinued due to COVID-19 and employees instead supported the survey activity of the staff of a local non-profit organization.

### Social contribution activity cost input



Data coverage: Group-wide

### Type of contribution



Data coverage: Group-wide

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

> Basic Approach

> Performance Data

> MHI Group Initiatives

Governance

Data Section



# Social Contribution Activity

## MHI Group Initiatives Initiatives

### Environmental protection: Care for the planet

#### Tanegashima Loggerhead Turtle Survey

At Tanegashima in Kagoshima Prefecture, the main base of our rocket launch and transport service business, we are providing support to researchers engaged in local survey activities to contribute to the preservation of the loggerhead turtle, an endangered species, by clarifying its lifecycle habits. Employee volunteers are also participating in the activity and deepening their understanding of the importance of preserving biodiversity.



Volunteers receive an advance briefing from a researcher on how to measure a turtle



#### Forest Conservation Programs

MHI Group employees and their families participate in various forest conservation activities such as tree planting and clearing undergrowth to address the many problems affecting forests around the world and to contribute to the development of ecologically diverse forests.



Employees of Mitsubishi Heavy Industries Thermal Systems Co., Ltd., who regularly conduct forest maintenance activities in Mie Prefecture



#### Cleanup activities in regions

Group employees and their families carry out local cleanup activities. These ongoing initiatives are focused mainly on the immediate vicinity of our business bases and are intended to raise awareness of environmental protection and local community contribution among all participants and to build relationships of trust with local residents.



Employees of MITSUBISHI HEAVY INDUSTRIES ENGINE SYSTEM ASIA Pte. Ltd., who clean up beaches in Singapore



### Local community contribution: Create a more harmonious society

#### Donating school bags

To support the schooling of children from economically disadvantaged single-parent families, we collaborate annually with organizations in Nagasaki City that address child poverty issues. We donate school bags to children entering their first year of school.



Donating school bags to children starting their first year of school



#### TABLE FOR TWO (TFT)

TABLE FOR TWO (TFT) is a non-profit organization whose aims are to relieve hunger in developing countries and at the same time address obesity and lifestyle-related disease in developed countries. MHI cooperates with TFT by incorporating its programs in workplace cafeterias and vending machines. Many employees also take part in TFT's Onigiri Action, whereby sending in a photograph of a rice ball (onigiri) results in a school lunch being provided to a child in Africa or Asia.



Employees at a canteen in a plant call for cooperation in the Onigiri Action campaign (Mitsubishi Heavy Industries – Mahajak Air Conditioners Co., Ltd.)



#### Donation of ambulances to hospitals

Mitsubishi Heavy Industries – VST Diesel Engines Pvt. Ltd. in India has donated two ambulances to two public hospitals that provide medical services to local residents at minimal cost. One of the hospitals was designated as a primary care facility during the COVID-19 pandemic, playing a crucial role in protecting the lives and health of many residents.



Employees donate the ambulances to medical staff at one of the hospitals



Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

> Basic Approach

> Performance Data

> MHI Group Initiatives

Governance

Data Section



# Social Contribution Activity

## Fostering the next generation: Inspire the future

### Science classes

MHI conducts science classes, mainly at elementary and junior high schools located near its business facilities or at the Mitsubishi Minatomirai Industrial Museum, using MHI Group products and technologies as teaching materials. Through hands-on experience of craftwork and experiments, we teach the children the joy of making things.



Mitsubishi Heavy Industries Power IDS Co., Ltd. supported an event held by Yokohama City during the summer vacation, with employees explaining the mechanisms of biomass power generation to children.

### Factory tours with hands-on learning

We invite elementary and junior high school pupils to visit factories with manufacturing and research facilities as an opportunity to observe and learn about manufacturing at first hand. At the Wadaoki Plant, Mihara Machinery Works, we supported a local career education program organized by Mihara City that aimed to introduce students to various job roles. During this program, elementary school students had the opportunity to engage in vehicle manufacturing activities.



A child testing the controls at the driver's seat of a completed vehicle

### Career education

MHI Group employees cooperate as lecturers in career education activities. These programs involve educational visits to workplaces for first-hand experience of working life and are seen by schools as a promising way for business to help equip pupils for working life by linking their learning in school with wider society.



Group employees telling visiting high school students about their work, their experiences, and what they find rewarding

### Internship program

Mitsubishi Heavy Industries Compressor Co., Ltd. participated in an internship organized by Japan International Cooperation Center. We welcomed students from Khalifa University in the United Arab Emirates (UAE) to experience working in three departments: design, after-sales service, and technical sales. The program provided the students with valuable work experience and opportunities for interaction with our employees.



Students receive explanations about the business and operations from MHI employees

### Study support

Mitsubishi Heavy Industries Air-conditioners (Shanghai) Co., Ltd., have been running a project since 2012 to support high school students in Anhui, Yunnan, and Qinghai provinces in China who struggle to continue their education due to financial difficulties. This initiative provides assistance with tuition and living expenses to help these students pursue their studies.



Group employees meet with students in their home

### Sports coaching

We provide coaching sessions to elementary and junior high school pupils in football, rugby, baseball, track and field events, and other sports. This program uses sport as a means to foster emotional wellbeing and physical health in the rising generation and helps to widen their experience of sport.



Hardball baseball team members conduct a tee-ball class for children at a kindergarten

Sustainability Management

Environment

✓ Society

HR Strategy

Human Resources Development

Talent Attraction and Retention

Human Rights

Ensuring Diversity, Equity, and Inclusion in the Workplace

Occupational Safety and Health

Product Safety

Innovation

Customer Relationship Management

Supply Chain Management

Social Contribution Activity

> Basic Approach

> Performance Data

> MHI Group Initiatives

Governance

Data Section





Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management **Business Risk Management**

Risk Management **Business Continuity Management**

Risk Management **Cybersecurity**

Compliance

Compliance **Anti-corruption**

Compliance **Anti-trust**

Compliance **Security Export Control**

Compliance **Tax Transparency**

Data Section

# Governance

## 102 Corporate Governance

- 102 Basic Approach to Corporate Governance/  
Corporate Governance System
- 105 Remuneration of Directors
- 107 Duties of the Audit and Supervisory Committee/  
Structure of the Audit and Supervisory Committee
- 108 Effectiveness of the Audit and  
Supervisory Committee Members
- 109 Activities of Committees

## 110 Risk Management **Business Risk Management**

- 110 Basic Approach, Policy
- 111 Business Risk Management Structure

## 112 Risk Management **Business Continuity Management**

- 112 Basic Policy on Business Continuity/  
Preparations for Business Continuity (domestic example)

## 114 Risk Management **Cybersecurity**

- 114 Efforts toward Cybersecurity

## 116 Compliance

- 116 Basic Approach/Promotion System
- 118 Compliance

## 119 Compliance **Anti-corruption**

- 119 Anti-corruption Policy/System for Preventing Corruption/  
Total Donations and Contributions
- 120 Employee Training

## 121 Compliance **Anti-trust**

- 121 Anti-trust Policy/Employee Training

## 122 Compliance **Security Export Control**

- 122 Export Control Policy/Employee Training

## 123 Compliance **Tax Transparency**

- 123 Tax-law Compliance Policy



# Corporate Governance

## Basic Approach to Corporate Governance Policy

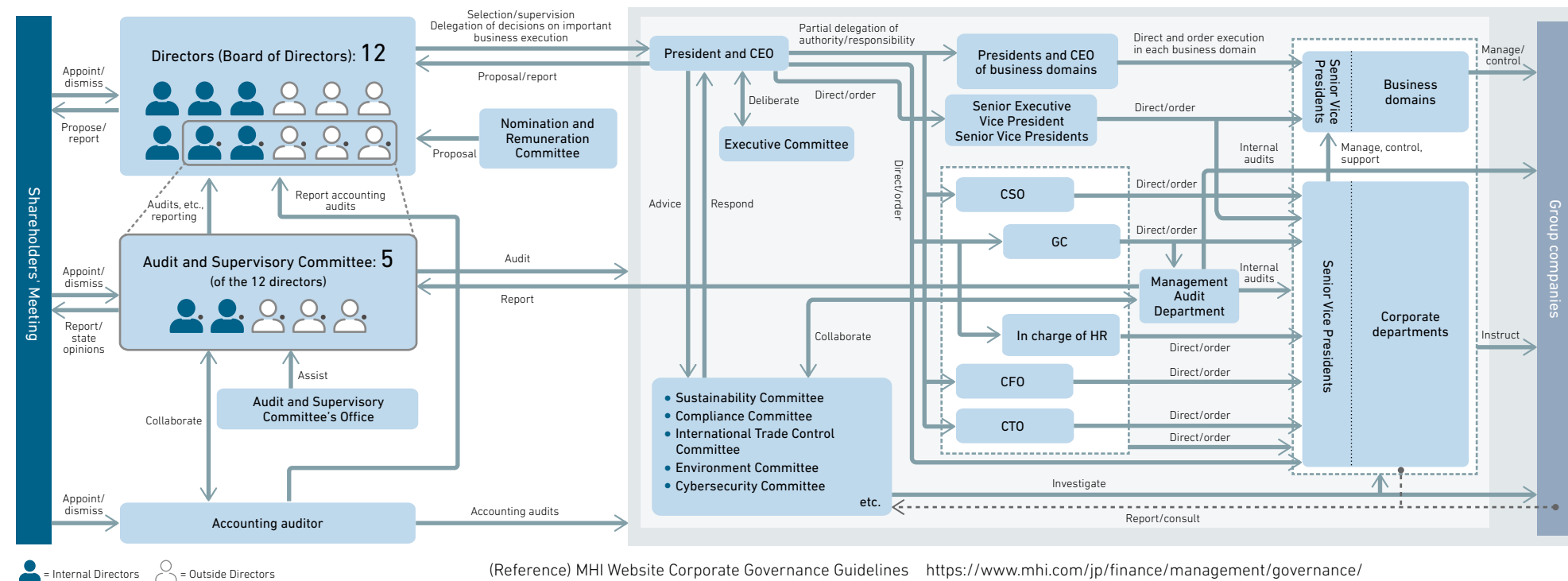
As a company responsible for developing the infrastructure that forms the foundation of society, MHI's basic policy is to manage the company in consideration of all stakeholders and to make efforts to enhance corporate governance on an ongoing basis in pursuit of sustained growth of MHI Group and improvement of its corporate value in the medium and long term. In accordance with such basic policy, MHI endeavors to improve its management system by, among other ways, working to enhance its management oversight function, separating management oversight and execution, and inviting outside directors on the Board, and develop a "Japanese-style global management" focusing on the improvement of the soundness and transparency of its management as well as on diversity and harmony.

## Corporate Governance System System

MHI transitioned to a company with an Audit and Supervisory Committee in 2015, and established the Nomination and Remuneration Advisory Council in 2016. Since 2020, MHI's Board of Directors has consisted of 12 directors, and six directors are independent outside directors. In September 2024, the Nomination and Remuneration Advisory Council was renamed and reorganized as the Nomination and Remuneration Committee. Through these corporate governance reforms, we aim to accelerate decision-making and strengthen the oversight function.

See MHI Report P.64-P.71 [https://www.mhi.com/jp/finance/library/annual/pdf/report\\_2024.pdf](https://www.mhi.com/jp/finance/library/annual/pdf/report_2024.pdf)

Corporate Governance Structure (as of September 1, 2024)



(Reference) MHI Website Corporate Governance Guidelines <https://www.mhi.com/jp/finance/management/governance/>  
[https://www.mhi.com/jp/finance/management/governance/pdf/corporate\\_governance.pdf](https://www.mhi.com/jp/finance/management/governance/pdf/corporate_governance.pdf)

Sustainability Management

Environment

Society

### ✓ Governance

#### Corporate Governance

- > Basic Approach to Corporate Governance/ Corporate Governance System
- > Remuneration of Directors
- > Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee
- > Effectiveness of the Audit and Supervisory Committee Members
- > Activities of Committees

#### Risk Management Business Risk Management

#### Risk Management Business Continuity Management

#### Risk Management Cybersecurity

#### Compliance

#### Compliance Anti-corruption

#### Compliance Anti-trust

#### Compliance Security Export Control

#### Compliance Tax Transparency

#### Data Section



# Corporate Governance

## ■ Composition of the Board of Directors

When selecting directors who are not Audit and Supervisory Committee members, it is MHI's policy to appoint those who are active in the core of MHI's management, have extensive experience in executing MHI's business and have senior management perspective, and to invite more than one outside director whose role is to perform oversight from an objective standpoint, while giving consideration to external stakeholders. Moreover, the Board of Directors strives to ensure both diversity and appropriate size including the aspects of gender, internationality, and career history while maintaining a good overall balance in terms of knowledge, experience, competence, and other qualities, after identifying the skills to be prepared in light of the management strategy.

Number of directors (breakdown) (As of June 27, 2024)

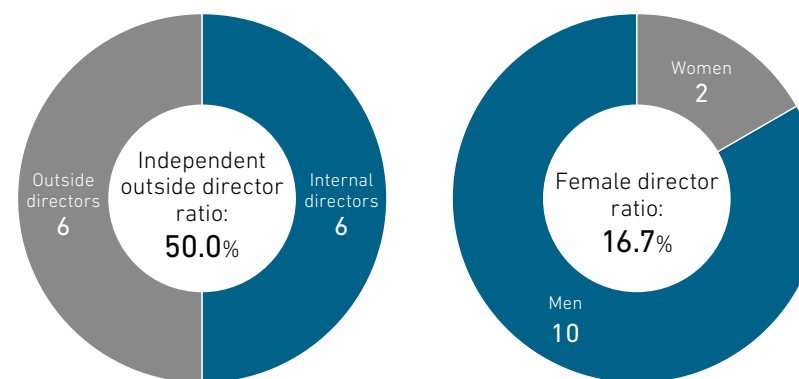
Total Directors	12
Executive directors	3
Non-executive directors	9
Independent directors	6
Female directors	2
Non-Japanese directors	0

Board meeting attendance\*

Average	100% (FY2023)
Minimum attendance	100% (FY2023)

\* Excluding directors who retired during fiscal 2023

Composition of the Board of Directors (As of June 27, 2024)



**KPI for female director ratio:**  
Ratio of female officers to total officers  
of at least **30%** by 2030

Limits on director's terms of office and concurrently serving

Term of office	One year (two years for directors who are Audit and Supervisory Committee members)
Average tenure	Five years (as of June 27, 2024)
Criteria related to limitation on concurrent servings	Internal directors are limited to around three companies

Sustainability Management

Environment

Society

✓ Governance

### Corporate Governance

- > Basic Approach to Corporate Governance/ Corporate Governance System
- > Remuneration of Directors
- > Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee
- > Effectiveness of the Audit and Supervisory Committee Members
- > Activities of Committees

Risk Management **Business Risk Management**

Risk Management **Business Continuity Management**

Risk Management **Cybersecurity**

Compliance

Compliance **Anti-corruption**

Compliance **Anti-trust**

Compliance **Security Export Control**

Compliance **Tax Transparency**

Data Section





# Corporate Governance

## ■ List of Directors and Director Skills Matrix

	Gender	Inside/ outside	Position and Responsibility in MHI (As of June 27, 2024)	Audit and Supervisory Committee members	Number of years in office (as of the conclusion of the General Meeting of Shareholders on June 27, 2024)	Board Meeting Attendance Ratio (FY2024)	Number of shares owned (Unit: hundred) (As of May 31, 2024)	Skills Matrix: Knowledge, experience and expertise <sup>(note 2)</sup>						
								Socio- Economic Issues	Risk Management/ Compliance	Global Enterprise Management	Technology/ Digitalization	Marketing	Finance/ Accounting	Human Resources
Shunichi Miyanaga	Male	Inside	Chairman of the Board <sup>(Note 1)</sup>		16	100%	6,352	●	●	●		●		
Seiji Izumisawa	Male	Inside	President and CEO		7	100%	2,438	●	●	●	●	●		
Hitoshi Kaguchi	Male	Inside	Director, Senior Executive Vice President, Assistant to President and CEO, Head of GX Solutions		3	100%	748	●	●		●	●		
Hisato Kozawa	Male	Inside	Director, Executive Vice President, CFO		4	100%	718	●	●				●	
Ken Kobayashi	Male	Outside	Director		8	100%	233	●	●	●		●		
Nobuyuki Hirano	Male	Outside	Director		5	100%	341	●	●	●			●	
Mitsuhiro Furusawa	Male	Outside	Director		1	100%	29	●	●				●	
Setsuo Tokunaga	Male	Inside	Director, Full-time Audit and Supervisory Committee Member	●	3	100%	650	●	●		●			
Masayuki Fujisawa	Male	Inside	Director, Full-time Audit and Supervisory Committee Member	●	New	—	520	●	●			●	●	
Hiroo Unoura	Male	Outside	Director, Audit and Supervisory Committee Member	●	5	100%	429	●	●	●		●		●
Noriko Morikawa	Female	Outside	Director, Audit and Supervisory Committee Member	●	4	100%	58	●	●	●			●	●
Masako Ii	Female	Outside	Director, Audit and Supervisory Committee Member	●	3	100%	72	●	●					●

(Note 1) Chairman of the Board of Directors (the chairman of the board and CEO do not serve concurrently.)

(Note 2) The skills matrix does not indicate the entire range of knowledge, experience and expertise that a given director possesses.

For the analysis and evaluation of the effectiveness of Board of Directors and future initiatives, please refer to MHI Report P.67-P.68. [https://www.mhi.com/jp/finance/library/annual/pdf/report\\_2024.pdf](https://www.mhi.com/jp/finance/library/annual/pdf/report_2024.pdf)

Sustainability Management

Environment

Society

✓ Governance

### Corporate Governance

> Basic Approach to Corporate Governance/  
Corporate Governance System

> Remuneration of Directors

> Duties of the Audit and Supervisory  
Committee/Structure of the Audit and  
Supervisory Committee

> Effectiveness of the Audit and Supervisory  
Committee Members

> Activities of Committees

Risk Management **Business Risk Management**

Risk Management **Business Continuity Management**

Risk Management **Cybersecurity**

Compliance

Compliance **Anti-corruption**

Compliance **Anti-trust**

Compliance **Security Export Control**

Compliance **Tax Transparency**

Data Section



# Corporate Governance

## Remuneration of Directors Policy System Actual

### ■ Structure of Executive Remuneration

#### <Remuneration of Directors (Excluding Audit and Supervisory Committee Members and Outside Directors)>

- The remuneration of directors (excluding Audit and Supervisory Committee Members and outside directors) consists of base remuneration, performance-linked remuneration (variable remuneration: short-term incentive), and stock-based remuneration (variable remuneration: long-term incentive) from the viewpoint of reflecting business performance and sharing value with shareholders.
- Performance-linked remuneration is determined based on consolidated earnings while also taking into account the roles of each director and the business performance and accomplishments of the business of which he or she is in charge, etc.
- For stock remuneration, the Board Incentive Plan Trust structure is used. MHI shares are issued, and remuneration is paid based on stock award points that are granted in accordance with the individual role of each director and the Company's business performance, etc.
- The standard for the remuneration of the Company's president was set at roughly 30% base remuneration, 40% performance-linked remuneration, and 30% stock-based remuneration (in the event that consolidated profit from business activities reached ¥200 billion; calculated based on the fair value of stock award points granted during fiscal 2018), making for a remuneration structure in which the higher a director's position is, the greater his or her performance-linked remuneration will be.
- The benchmark used to calculate performance-linked remuneration is consolidated profit from business activities. Consolidated profit from business activities was chosen so that the results of business operations are reflected in performance-linked stock remuneration.
- The benchmark used to calculate stock-based remuneration is consolidated profit from business activities. Consolidated profit from business activities was chosen to incorporate the results of business operations in stock-based remuneration. Starting in fiscal 2023, the benchmark was changed from pretax profit to profit from business activities, a major indicator used in business planning in order to further strengthen the link with business plans including the Medium-Term Business Plan.
- In fiscal 2023, the profit from business activities used in the calculation of performance-based remuneration for fiscal 2023 was ¥282.5 billion, compared to the target (initial forecast) of profit of ¥300 billion. The profit from business activities for fiscal 2022 targeted for use (initial forecast) in the calculation of stock-based remuneration for fiscal 2023 was ¥200 billion and the actual amount was ¥193.3 billion.

#### Methods for Determining Each Type of Remuneration

(Remuneration of directors who are not Audit and Supervisory Committee members [excluding outside directors])

**Base remuneration: Standard amount based on position + Additional amount based on performance**

- The standard amount based on position is determined in accordance with a director's position and the details of his or her duties, etc.
- The additional amount based on performance is determined within a range that shall not exceed ¥500,000 a month.

**Performance-linked remuneration: Position-based payment coefficient x Profit from business activities for the given fiscal year ÷ 10,000 x Coefficient of business results**

- Performance-linked remuneration is paid when the Company records a profit from business activities (or after adjustment in the event that partial adjustments are made) and carries out dividend payments.
- The position-based payment coefficient is determined in accordance with a director's position and the details of his or her duties, etc.
- The coefficient of business results evaluates the performance and results of a business of which a director is in charge. It is determined within a range from 1.3 to 0.7.

**Stock-based remuneration: Position-based standard points x Coefficient of business results**

- As a general rule, directors receive MHI shares and cash in an amount equivalent to MHI shares' liquidation value three years after being granted stock award points.
- Position-based standard points are determined in accordance with a director's position and the details of his or her duties, etc.
- The performance coefficient is based on profit from business activities in the previous fiscal year, and determined after reflecting external evaluations by major ESG evaluation organizations.

\* Starting in fiscal 2023, the benchmark was changed from pretax profit to profit from business activities, a major indicator used in business planning to further strengthen the link with business plans including the Medium-Term Business Plan.

- In the event that a director engages in improper conduct, the Company suspends the granting of stock award points and the issuance of shares to said director. The Company asks the director to submit a payment equivalent to the number of shares issued to him or her, so-called "clawback".

Sustainability Management

Environment

Society

▼ Governance

### Corporate Governance

- > Basic Approach to Corporate Governance/Corporate Governance System
- > Remuneration of Directors
- > Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee
- > Effectiveness of the Audit and Supervisory Committee Members
- > Activities of Committees

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Corporate Governance

## ■ Incorporating an ESG perspective into stock-based remuneration calculations

In stock-based remuneration, a system has been introduced where stock award points are determined based on the progress of ESG initiatives. This system incorporates the results of external evaluations by major ESG rating organizations into the stock remuneration calculation formula (performance coefficient), thereby objectively reflecting the Company's comprehensive ESG efforts in its stock-based remuneration.

## ■ Measurement metrics for variable remuneration

Internal Financial Success Metrics: The remuneration is determined based on the business performance of which he/she is in charge. External Financial Success Metrics: The remuneration is determined based on the consolidated earnings of the Company.

## ■ Variable remuneration linked to long-term performance

Ratio: 43.9% / Type: Stock remuneration

## ■ Remuneration <sup>(Note)</sup>

	Number		Unit	Total	Base remuneration	Performance-linked remuneration	Stock remuneration
Directors who are not serving as Audit and Supervisory Committee members (excluding outside directors)	4	Male	Millions of yen	1,023	231	444	348
	0	Female	Millions of yen	—	—	—	—
Directors who are serving as Audit and Supervisory Committee members (excluding outside directors)	2	Male	Millions of yen	103	103	—	—
	0	Female	Millions of yen	—	—	—	—
Outside directors	5	Male	Millions of yen	63	63	—	—
	2	Female	Millions of yen	37	37	—	—

(Note) The table above includes one director who was not an Audit and Supervisory Committee member and who retired during the fiscal year under review.

(Note) Actual remuneration levels are based on position and does not differ between male and female directors.

## <Remuneration of outside directors>

The Company expects that the outside directors offer their objective opinions and guidance, primarily on their vision for the Company over the medium to long term, from an independent standpoint. Accordingly, the outside directors are only paid a base remuneration, which is set at an appropriate amount.

## <Remuneration of directors who serve as Audit and Supervisory Committee Members>

Directors who serve as Audit and Supervisory Committee members are only paid a base remuneration. The amount for this base remuneration is determined in consideration of each member's roles and responsibilities and based on whether he or she is a full-time or part-time member. However, the base remuneration for full-time Audit and Supervisory Committee members can be reduced in consideration of the status of the Company's management and other factors.

## ■ Average salary of all employees and CEO remuneration

	Unit	Stock remuneration
CEO remuneration	Millions of yen	348
Mean employee salary	Millions of yen	9.65
Median employee salary	Millions of yen	8.92
Ratio	time	36.1 (pairwise average), 39.0 (pairwise medians)

## ■ Individual remuneration <sup>(Note)</sup>

Name	Position	Unit	Total	Base remuneration	Performance-linked remuneration	Amount
Shunichi Miyanaga	Director	Millions of yen	327	68	140	118
Seiji Izumisawa	Director	Millions of yen	348	74	155	118
Hitoshi Kaguchi	Director	Millions of yen	201	49	85	66
Hisato Kozawa	Director	Millions of yen	145	39	62	43

(Reference) Securities Report (FY2023), P.72

[https://www.mhi.com/jp/finance/library/financial/pdf/2023/2023\\_04\\_all.pdf](https://www.mhi.com/jp/finance/library/financial/pdf/2023/2023_04_all.pdf)

(Note) Officers receiving more than 100 million yen in total sum

Sustainability Management

Environment

Society

✓ Governance

### Corporate Governance

> Basic Approach to Corporate Governance/ Corporate Governance System

> Remuneration of Directors

> Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee

> Effectiveness of the Audit and Supervisory Committee Members

> Activities of Committees

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Corporate Governance

## Duties of the Audit and Supervisory Committee Policy

The Audit and Supervisory Committee monitors and verifies various aspects of the Company's operations, including the execution of duties of directors, the appropriateness of business report, etc., adequacy of audits by the accounting auditor, and the effectiveness of internal control systems. The results of this monitoring and verification are provided to the Company's shareholders via audit reports. In addition, the Audit and Supervisory Committee decides on opinions pertaining to the election of and remuneration for directors who are not Audit and Supervisory Committee members. The committee is also responsible for determining the details of agenda items related to the appointment of accounting auditors, among other duties. Moreover, distinct from directors who are not Audit and Supervisory Committee members, directors who are Audit and Supervisory Committee members are appointed at the General Meeting of Shareholders. Each director has a duty of due care, based on their contract of service with the Company.

## Structure of the Audit and Supervisory Committee System

The Audit and Supervisory Committee comprises five directors, the majority of whom (three) are outside directors. In addition, to ensure the effectiveness of the Audit and Supervisory Committee's activities, two full-time members of the Audit and Supervisory Committee are mutually selected by the committee's members. One of these full-time members has a considerable amount of insight on financial and accounting affairs.

To support auditing activities, the Audit and Supervisory Committee's Office has been set up with its own dedicated staff of seven to facilitate the work carried out by the Audit and Supervisory Committee.

### ■ Auditing activities

During fiscal 2023, the Audit and Supervisory Committee prioritized such "key points" as progress toward achievement of the 2021 Medium-Term Business Plan goals, the formulation status of the 2024 Medium-Term Business Plan, sustainability initiatives, and risk management.

Directors who are Audit and Supervisory Committee members attend the Board Meetings as directors. Full-time Audit and Supervisory Committee members participate in important meetings such as those of the Executive Committee, business planning meetings, and the Compliance Committee. They also engage in discussions with representative directors and other executives, conduct hearings with business and corporate departments, and perform on-site audits at domestic and overseas business locations. This approach aims to understand and monitor management execution accurately and in a timely manner. The audits ensure that the Directors' duties are being performed in compliance with laws, regulations, and the Articles of Incorporation, and that corporate operations are conducted properly. The audits involve inspecting and confirming compliance status and monitoring and verifying the establishment and operation of internal control systems, including those related to financial reporting.

Through the monitoring and verification of the directors' execution of duties throughout the fiscal year, the Audit and Supervisory Committee forms its audit opinion on the appropriateness of the Accounting Auditor's auditing methods and results pertaining to whether or not the financial statements in a given fiscal year present fairly the financial position and results of the Company.

The Audit and Supervisory Committee fully utilizes the results of comprehensive and regular audits implemented by the Management Audit Department. Full-time Audit and Supervisory Committee members regularly (generally once a month) hold information exchange meetings with the Management Audit Department. These meetings allow them to confirm the formulation and progress of audit plans by the Management Audit Department in a timely manner and to receive reports of audit results. They also attend audits by the Management Audit Department, as required. In addition, full-time Audit and Supervisory Committee members receive reports from the Management Audit Department at each stage on the occurrence of, response to, and countermeasures against misconduct, and confirm that the appropriate response is being provided.

Moreover, Audit and Supervisory Committee and the accounting auditor regularly exchange opinions on audit plans and audit results by the accounting auditor while full-time Audit and Supervisory Committee members and the accounting auditor hold meetings to exchange information on a monthly basis. In these and other ways, the Audit and Supervisory Committee are facilitating close communication with the accounting auditor.

Furthermore, full-time Audit and Supervisory Committee members regularly hold meetings to exchange information that are attended by the full-time statutory auditors of Group companies, at which the full-time Audit and Supervisory Committee members confirm the status of the establishment and operation of the internal controls of major subsidiaries.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

- > Basic Approach to Corporate Governance/ Corporate Governance System
- > Remuneration of Directors
- > Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee
- > Effectiveness of the Audit and Supervisory Committee Members
- > Activities of Committees

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Corporate Governance

## Effectiveness of the Audit and Supervisory Committee Members Actual

### Audit and Supervisory Committee Meetings

Number of meetings	16
Average duration	85 minutes
Resolved and reported items	Total 51

### Audit and Supervisory Committee attendance

Average	100% (FY2023)
The minimum attendance	100% (FY2023)

### Rate of attendance at Audit and Supervisory Committee by Audit and Supervisory Committee members

Name	Inside/Outside	Position (as of March 31, 2023)	Audit and Supervisory Committee Attendance (FY 2023)
Setsuo Tokunaga	Inside	Director, Full-time Audit and Supervisory Committee Member	100%
Ryutaro Takayanagi	Inside	Director, Full-time Audit and Supervisory Committee Member	100%
Hiroo Unoura	Outside	Outside Director, Audit and Supervisory Committee Member	100%
Noriko Morikawa	Outside	Outside Director, Audit and Supervisory Committee Member	100%
Masako Ii	Outside	Outside Director, Audit and Supervisory Committee Member	100%

### Results of Initiatives Implemented in fiscal 2023

Pertaining to activities in fiscal 2023, the Audit and Supervisory Committee prepared an Audit Report giving its opinion that the Business Report and other reports fairly represent the conditions of the Company in accordance with laws and ordinances and the Articles of Incorporation; that it found no misconduct or significant facts in violation of laws and ordinances or Articles of Incorporation in the execution of duties by directors; that the content of the Board of Directors' resolutions on internal control systems is appropriate; that it found no matters warranting comment regarding the contents of the Business Report and directors' execution of their duties related to internal control systems, including internal control systems related to financial reporting; and that the Accounting Auditor's auditing methods and results are appropriate.

The Audit and Supervisory Committee reported on the contents of the Audit Report to shareholders at the General Meeting of Shareholders, which was held on June 27, 2024, and commented on the appointment and remuneration of directors who are not members of the Audit and Supervisory Committee.

Furthermore, the Audit and Supervisory Committee assessed the Accounting Auditor on ensuring a system for the proper execution of duties (matters specified in the items under Article 131 of the Company Accounting Ordinance), independence, appropriateness of audits, auditing ability and expertise for responding to the diversity and internationality of operations, and appropriateness of remuneration, and as a result, the Committee resolved to reappoint KPMG AZUSA LLC as the Accounting Auditor for fiscal 2024.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

> Basic Approach to Corporate Governance/ Corporate Governance System

> Remuneration of Directors

> Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee

> Effectiveness of the Audit and Supervisory Committee Members

> Activities of Committees

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Corporate Governance

## Activities of Committees System Implementation

Committee name	Chair	Members	Purpose of establishment	Number of meetings in FY2023	Main agenda items in FY2023
Nomination and Remuneration Advisory Council (Renamed the Nomination and Remuneration Committee as of September 2024)	—	Chairman of the Board, President, Outside Directors (6)	Obtain the opinions and advice of independent outside directors to ensure transparency and soundness of procedures prior to deliberations by the Board of Directors on matters relating to the nomination of candidates for directors, the dismissal of directors, and the appointment and dismissal of other management executives, and matters relating to the determination of remuneration of directors (excluding directors who are serving as Audit and Supervisory Committee members).	4	Nomination of director candidates, dismissal of directors, and other matters related to appointment and dismissal of executive management, matters related to determining remuneration of directors who are not Audit and Supervisory committee members
Outside Directors' Meetings	—	Six outside directors and representatives from the company (as necessary)	Independent outside directors strengthen oversight of business execution divisions and exchange opinions with the divisions on a wide range of matters not limited to the agenda items of the Board of Directors.	1	Exchange of opinions related to Board of Director effectiveness evaluations
Compliance Committee	GC	General Managers of Corporate Departments, and General Managers of Administration Departments of Business Domains and Segments; a total of 28 people	Promote compliance at MHI Group.	2	Annual action plan for compliance measures
Environment Committee	CTO	General Managers of Corporate Departments, and General Managers of Business Domains and Segments; a total of 15 people	Clarify the Company's stance on the environment internally and externally and promote environmental activities.	1	Setting the Sixth Environmental Targets, etc.
International Trade Control Committee	GC	General Managers of Corporate Departments, and General Managers of Administration Departments of Business Domains and Segments; a total of 22 people	Promote compliance with international trade control regulations at MHI Group.	2	Deliberation and approval of important policies, initiatives, and action plan related to export management
Business Risk Management Committee	CSO	CFO, GC, CTO, officer in charge of HR, General Managers of Corporate Departments, and General Managers of Administration Departments of Business Domains and Segments; a total of around 20 people	Deliberate on policy and share information related to business risk management.	4	Policies and measures for business risk
Cybersecurity Committee	CTO	CSO, GC, officer in charge of HR, domain and segment heads, Information System Officer (head of the Digital Innovation Headquarters); a total of 13 people	We will secure business continuity and maintain the efficiency of production activities against cybersecurity threats while achieving advanced cybersecurity governance at the global level.	1	Drafted plan to reinforce cybersecurity based on changes in the environment and risks surrounding the Group

Sustainability Management

Environment

Society

### ✓ Governance

#### Corporate Governance

- > Basic Approach to Corporate Governance/ Corporate Governance System
- > Remuneration of Directors
- > Duties of the Audit and Supervisory Committee/Structure of the Audit and Supervisory Committee
- > Effectiveness of the Audit and Supervisory Committee Members
- > Activities of Committees

#### Risk Management Business Risk Management

#### Risk Management Business Continuity Management

#### Risk Management Cybersecurity

#### Compliance

#### Compliance Anti-corruption

#### Compliance Anti-trust

#### Compliance Security Export Control

#### Compliance Tax Transparency

Data Section





# Risk Management

## Business Risk Management

### Basic Approach, Policy Policy

Throughout its history, MHI Group has achieved sustained growth by taking up diverse new challenges and initiatives in numerous business areas. At the same time, on occasion we have experienced losses on a large scale.

In order for MHI Group to mark sustained growth amid an ever-changing business environment, it is necessary to continue to take up challenges in new fields, new technologies, new regions, and new customers as well as to improve and strengthen operations in its existing business markets. Such challenges will entail business risks, and a company's ability to curb risks yields significant influence on its business results and growth potentials.

To link challenges of this kind to the next leap into the future, MHI Group, applying its past experience and lessons learned, has established the "Business Risk Management Charter" and will promote the creation of mechanisms that will ensure the effective execution of business risk management, and cultivation of a culture of responding to risks. MHI Group will also reinforce advanced, intelligent systems and process monitoring, both of which support top management's strategy decisions. Through these approaches, we will pursue "controlled risk-taking" that will enable us to carry out carefully planned challenges toward expanding our business.

When it comes to business risk management, the focus often tends to be on risks related to cost and commercial conditions within business processes. However, based on lessons learned from past loss incidents, MHI Group believes that risks stemming from business strategies and corporate culture, which are managed at the executive level, should also be addressed.

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	Strategy risks Risks associated with business strategies (entry, continuance, and withdrawal)	Cultural risks Risks associated with corporate culture (internal customs, corporate character, history, values, and human resource system)	Process risks Risks associated with business execution (planning and execution)
Top management (Officers)	●	●	
Middle management (SBU <sup>(Note)</sup> managers)	●	●	●
Execution (People in charge of actual business)		●	●

(Note) SBU: Strategic Business Unit (business unit in the strategic business assessment system)

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

- > Basic Approach, Policy
- > Business Risk Management Structure

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section

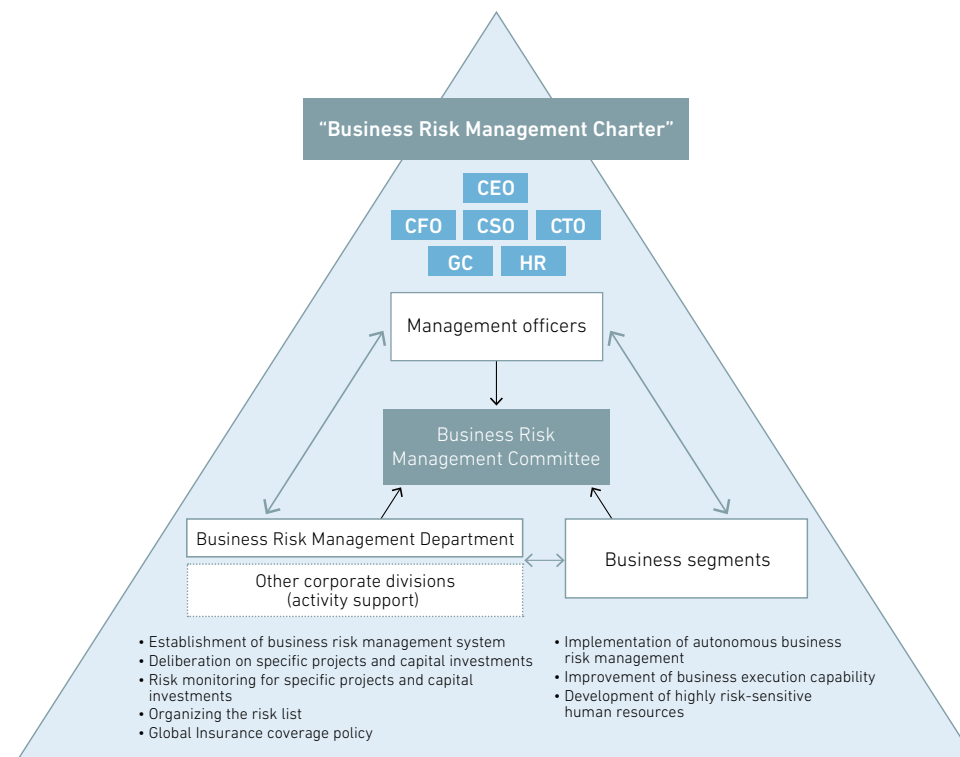


# Risk Management Business Risk Management

## Business Risk Management Structure System

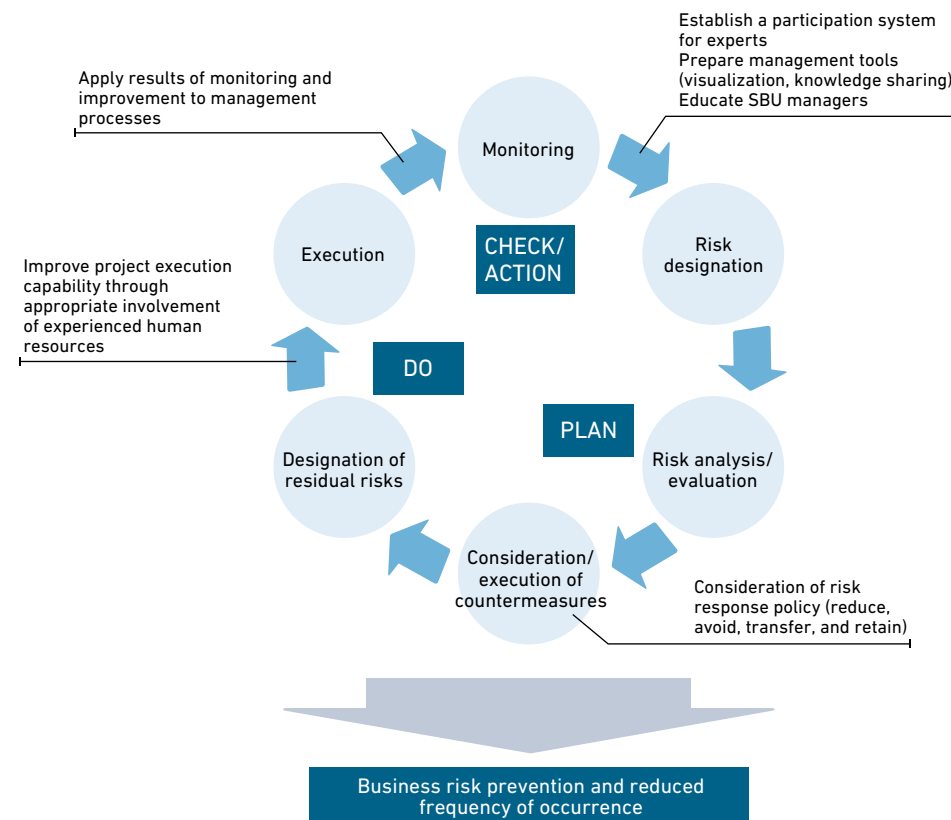
MHI Group is pursuing more organized business risk management and clarifying the roles of management, business segments, and corporate departments. In addition, with the Business Risk Management Division as the responsible department, we engage in business risk management activities bringing together management, business segments, and corporate departments.

Business Risk Management Structure



## <Business Risk Management Process>

The chart below (Business Risk Management Process) outlines specific business risk management activities. In addition to improving systems and processes to prevent business risks, reduce the frequency with which such risks manifest themselves, and consider and implement measures, we also develop human resources in charge of business risk management and cultivate a culture of responding to risks through such efforts as providing training for SBU manager candidates.



Sustainability Management

Environment

Society

### ✓ Governance

#### Corporate Governance

#### Risk Management Business Risk Management

- > Basic Approach, Policy
- > Business Risk Management Structure

#### Risk Management Business Continuity Management

#### Risk Management Cybersecurity

#### Compliance

#### Compliance Anti-corruption

#### Compliance Anti-trust

#### Compliance Security Export Control

#### Compliance Tax Transparency

#### Data Section



# Risk Management Business Continuity Management

## Basic Policy on Business Continuity Policy

As a company that bears heavy responsibility for creating and maintaining the functions of social infrastructure, we carry out initiatives for business continuity based on the following basic policy so as to continue business even when facing an unanticipated situation like a large-scale natural disaster, or to restore it as quickly as possible once business is discontinued.

- 1. Highest priority on ensuring people's safety**  
We will put highest priority on ensuring the lives and safety of customers, employees (and their families), and business partners, etc.
- 2. Ensuring the safety of local communities**  
We will work to prevent secondary disasters such as the outflow of pollutants, abide by rules for minimizing the impact on industry and society, and exist in harmony with local communities.
- 3. Quick restoration of business**  
We will quickly launch businesses contributing to restore social infrastructure and to maintain defense functions in order to work to minimize the negative business impact from services shutting down and reputational risk.

Regarding pandemics of new influenza strains and new infectious diseases, we established the New Flu Strains, Etc. Response Guidelines and address such situations based on the following three basic policies.

- 1. We put highest priority on maintaining and securing the lives and safety of employees and their families.**
- 2. We work to prevent the spread of infections when infected by new flu strains, etc.**
- 3. We continue to carry out business activities to the extent possible.**

## Preparations for Business Continuity (domestic example) Initiatives

**■ Initiative for large-scale natural disasters**  
For large-scale natural disasters such as earthquakes and wind and flood damage,, incident management plans (IMPs) and business continuity plans (BCPs) are formulated for each business site based on the above basic policies. These plans are regularly reviewed and improved.

In particular, in the IMP for Tokyo inland earthquake, we have established a back-up disaster response headquarters in the Kansai region to ensure that head office functions can be maintained and business can continue in the event of an earthquake of seismic intensity 6 or higher.

In fiscal 2023, we revised IMP/BCP formulation guideline for the purpose of promoting BCM activities in the normal situation so as possible to maintain business operations or recover them quickly from any interruption in the event of not only earthquakes but also other large-scale natural disasters.

Moreover, in preparation for potential future pandemics, we compiled the measures taken during the COVID-19 into a lessons-learned document and checklists.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

> Basic Policy on Business Continuity/  
Preparations for Business Continuity  
(domestic example)

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Risk Management Business Continuity Management

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

> Basic Policy on Business Continuity/  
Preparations for Business Continuity  
(domestic example)

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section

## Results of drills simulating an earthquake immediately under Tokyo

### Fiscal 2022

- Drill involving communication equipment in which an earthquake occurs at night on the weekend and a response headquarters is set up remotely
- Drill to set up a backup response headquarters in the Kansai region while simulating the suspension of head office functions
- Drill on setting up a response headquarters at the head office based on an earthquake occurring during the day

### Fiscal 2023

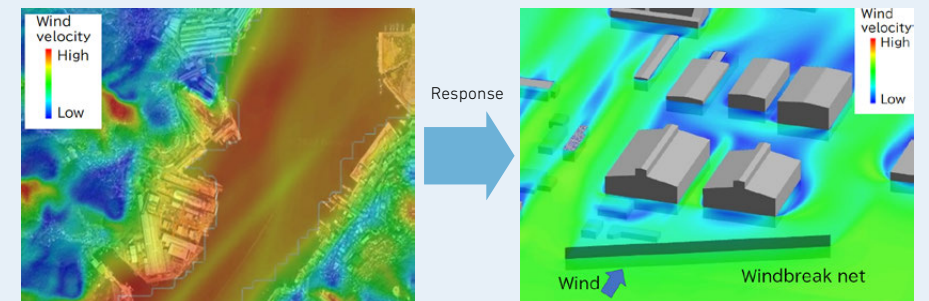
- Safety confirmation drills using a safety confirmation system, as well as drills involving communication equipment in which an earthquake occurs on the weekend or at night, and a disaster response headquarters is set up remotely
- Drills to set up a disaster response headquarters in the event of an earthquake occurring during the day, as well as to establish a backup disaster response headquarters in the Kansai region while simulating the suspension of head office functions

## PickUp Use of disaster prevention simulation technology to factory BCP

In addition to climate-related natural disasters being exacerbated by climate change caused by global warming in recent years, social infrastructure built during Japan's period of high economic growth is continuing to age, so it is important to analyze infrastructure disaster risks and to make plans for repairs and replacements. MHI Group has proprietary disaster simulation technology for various disasters, ranging from flooding, tsunami, earthquakes, typhoons, fires and leakage explosions. By conducting disaster simulations that consider the impacts of climate change, we aim to analyze risk and improve resilience, including recovery capabilities, for factory and infrastructure facilities, thereby aiding in the development of effective disaster countermeasures.

In fiscal 2022 and 2023, this disaster simulation technology was applied to six domestic factories. The assessment results of potential impacts on factory locations from large-scale typhoons, torrential rains, or tsunamis were used to discuss and refine the BCP for each factory. In fiscal 2023, we conducted disaster simulations for torrential rain at six domestic factories to enhance resilience at our domestic facilities.

### Disaster simulation example: Typhoon



Wind velocity map  
(Strong impact in bay-shaped areas and valleys)

Response examples  
(Building wind pressure reduced by 30% using windscreens)

### ■ Pandemic

In preparation for potential future pandemics, we have compiled our measures taken during the COVID-19 into a lessons-learned document and checklists so as possible to ensure rapid and effective initial responses if a pandemic occurs in the future.

### ■ Fiscal 2024 Initiatives

Starting from fiscal 2023, we have been focusing on enhancing resilience to unforeseen contingences that have the potential to disrupt business, including large-scale natural disasters, pandemics, and cyberattacks. We will continue to deepen these BCM activities. Overseas, we will also work to improve the effectiveness of BCM, taking into account local circumstances and risks.



# Risk Management Cybersecurity

## Efforts toward Cybersecurity Policy Initiatives

Providing a large number of critical infrastructures to society, MHI Group has established a cybersecurity basic policy and strategy to protect business information (including intellectual property, technical information, sales information, personal information, etc.) and maintain secure operation. Recognizing cybersecurity as a critical risk, MHI Group regularly monitors it as part of materiality initiatives. Our President and CEO supervises the cybersecurity strategy, and our CTO reports the results of discussion in the Cybersecurity Committee in a timely manner to the Executive Committee and Board of Directors.

Based on the policy and strategy, a cybersecurity program has been implemented under the control of the CTO to minimize the risks of cyber incidents. Cybersecurity governance, incident response, and education and training are maintained and performed under this program. At the same time, MHI Group is contributing to establish a global cybersecurity framework.

### <Cybersecurity Governance>

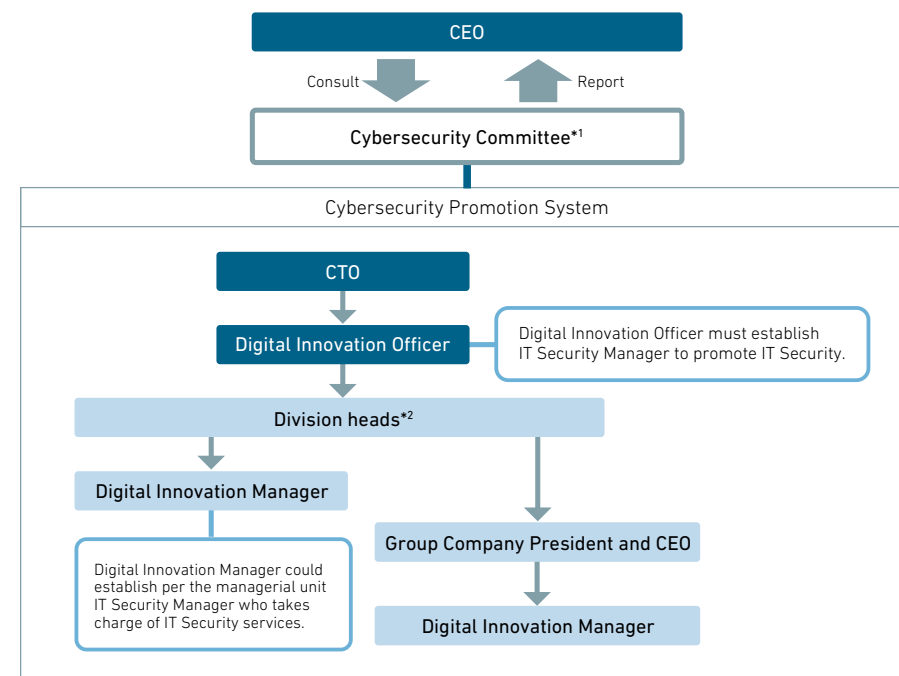
MHI Group has defined its internal cybersecurity standard according to the NIST-CSF\*3 providing a defense-in-depth mechanism as well as threat detection and prevention by tracking and remedying cybersecurity risks utilizing multiple external intelligence services and other resources. Emergency responses are taken without hesitation when signs of a security risk are found.

To maintain and improve our cybersecurity, MHI keeps abreast of the latest cybersecurity intelligence through such measures as vulnerability testing and collection/analysis of threat information. Meanwhile, MHI seeks to raise security awareness of employees by providing education and training, and also performs periodic self-assessments and internal audits. Furthermore, we are revising standards based on MHI Group's compliance and issues by referring to the state of formulation and revision of guidelines by governments and organizations such as the Cybersecurity Management Guidelines\*4. For the industrial control system of our products and services, MHI Group has built a framework that controls cybersecurity risk and will work with business partners to upgrade the cybersecurity capabilities and capacity of our products and services on a regular basis. By driving development of next-generation cybersecurity solutions, MHI will help to build a safe, secure society.

\*3 National Institute of Standards and Technology Cybersecurity Framework

\*4 Published by the Ministry of Economy, Trade and Industry of Japan in December 2016.

### IT Security Management System



\*1 Established August 8, 2023 (For details, refer to Corporate Governance – Activities of Committees)

\*2 Division Head: The Head of domain, and the Head of segment. The Head of Digital Innovation HQ for the corporate division.

Sustainability Management

Environment

Society

## ✓ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

> Efforts toward Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management **Business Risk Management**

Risk Management **Business Continuity Management**

Risk Management **Cybersecurity**  
> Efforts toward Cybersecurity

Compliance

Compliance **Anti-corruption**

Compliance **Anti-trust**

Compliance **Security Export Control**

Compliance **Tax Transparency**

Data Section

### <Response to Cybersecurity-Related Incidents>

In the event of a cybersecurity incident, a CSIRT (Computer Security Incident Response Team) immediately reacts to the incidents, handles analysis and examination of the incidents, recovers systems, and carries out further preventive measures. The incidents are reported to the authorities and stakeholders as needed, including concerned government agencies. Serious incidents are internally reported to directors, and measures are taken in accordance with our crisis management system to swiftly recover according to business continuity planning. Due to the increased frequency of ransomware attacks requiring swifter management decisions and communication, we confirm and revise the response capabilities and issues of organizations in an emergency through incident response drills.

### <Cybersecurity Education>

MHI Group regularly provides cybersecurity education and training to all employees as warranted by their respective roles in the aim of maintaining and improving their cybersecurity literacy. MHI aims to also cultivate engineers capable of both safety- and security-minded product and service development.

### <Contributing to the Establishment of a Global Cybersecurity Framework>

Through participation in the Study Group for Industrial Cybersecurity\*<sup>1</sup>, the Charter of Trust\*<sup>2</sup>, promotion of the Declaration of Cyber Security Management 2.0 (announced in October 2022), and other cybersecurity initiatives, MHI Group is contributing to the establishment of a global cybersecurity framework.

\*<sup>1</sup> An initiative by the Ministry of Economy, Trade and Industry to examine industrial cybersecurity measures. MHI joined this initiative in December 2017.

\*<sup>2</sup> An initiative by private corporations to build trust in cybersecurity. MHI participated in this initiative in April 2019.





# Compliance

## Basic Approach Policy

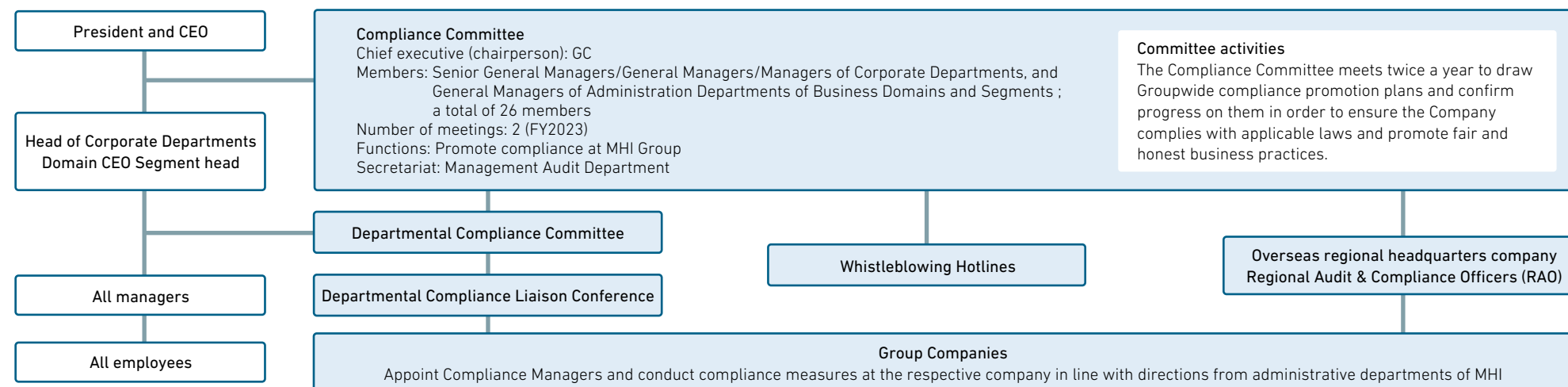
As a global company, MHI Group employs tens of thousands of individuals from different backgrounds, nationalities, and cultures. This diversity of talent and perspectives is one of our greatest assets. With recognizing the diverse backgrounds of our employees, it is important to work together and to promote our business under a common corporate culture. To this end, we expanded the MHI Compliance Guidelines established in 2001 to formulate the MHI Group Global Code of Conduct in May 2015. This code prescribes Groupwide norms for MHI Group employees to help them determine which action to take. Moreover, in September 2017, we formulated our Compliance Promotion Global

Policy, clarifying basic matters and rules related to compliance promotion, such as the organizational framework, roles, and administration standards that each Group company should follow. Along with the MHI Group Global Code of Conduct, by clarifying our common code of conduct and basic rules that must be complied with throughout the Group, we are working to strengthen internal controls and enhance the level of compliance throughout the entire Group.

MHI Group Global Code Conduct  
<https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html>

## Promotion System System

### ■ Compliance Promotion System (as of April 1, 2024)



### ■ Role of the Board of Directors

The MHI Board of Directors oversees important compliance-related cases of the Group, including status of compliance with the MHI Group Global Code of Conduct, by confirming the status on compliance promotion, compliance risks management, and the occurrence of compliance-related incidents by being reported of the operation on internal control systems as well as the execution of roles and duties of the General Counsel.

Sustainability Management

Environment

Society

## ▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

- > Basic Approach/Promotion System
- > Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section

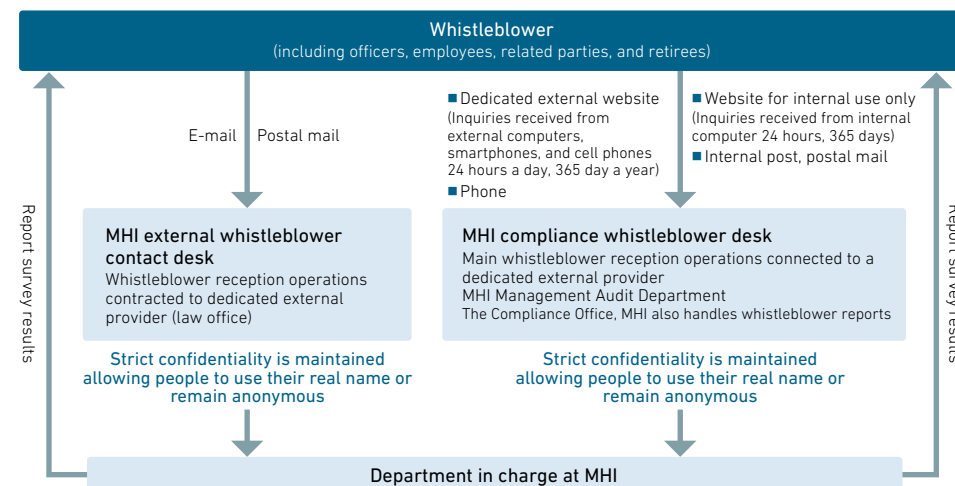


# Compliance

## ■ Whistle-blowing system

We have a whistleblowing hotline, which is available to all employees, including those of Group companies, and whistleblowing hotline, which is overseen by external lawyers. In addition to Group employees, any related external parties, including business partners, can utilize these hotlines to report concerns on compliance-related issues, including corruption, (such as bribery) and harassment. Information on how to report can be found on the MHI Group Portal and other sources. We also have systems which accept reports in the languages spoken at our major business locations, including English, Chinese, and Thai. The Compliance Committee Secretariat promptly investigates and responds appropriately to all reports made to these hotlines. Information on how to report is contained in the MHI Group Portal accessible by all employees and in bulletins published in-house. With the operation of the hotlines, protection of the rights afforded to informants, including confidentiality, were set out in the 2007 Company regulations entitled Compliance Promotion Regulations. These regulations state that the whistleblower's name will not be released without his/her consent, and that the whistleblower will not be placed at any disadvantage because of the information he/she has reported. In conjunction with making employees aware of the existence of the hotline, we have established regulations for the protection of whistleblowers, including their anonymity. We also make employees aware of these regulations and thoroughly enforce them.

### Whistleblowing system mechanism



## ■ Employee awareness-raising system

MHI Group has established a system to raise compliance awareness in each and every employee and carries out various initiatives to this end.

### • Compliance training

Since 2003 we have held discussion-based training every year at the workplace level, themed on compliance cases that could arise on-site. In addition, and in order to keep raising awareness of compliance, we are conducting e-learning and training programs for MHI and Group employees in Japan and overseas on anti-trust laws, anti-bribery, and export-related laws and regulations. Furthermore, we have created a compliance guidebook for employees engaging in technical and skilled jobs at MHI and Group companies in Japan, and we are promoting face-to-face training at each worksite.

### • Compliance awareness survey

Since fiscal 2004, MHI has been conducting a yearly compliance awareness survey. Since fiscal 2013, MHI had expanded this survey to all employees of the Group, in combination with its e-learning compliance training. In fiscal 2015, we checked the degree of recognition and awareness of the MHI Group Global Code of Conduct, formulated that year, which has led to greater awareness of compliance among employees and consideration of measures to ensure thorough compliance promotion. Through these surveys, we are able to check the efficacy of existing measures, such as the MHI Group Global Code of Conduct, while keeping our compliance efforts consistent and thorough.

Compliance ▶ P.118

## ■ Basic views on measures for eliminating anti-social forces and status of development

MHI Group, in its Global Code of Conduct, clearly states that it will respond resolutely to anti-social forces (organized crime groups, mafia organizations, terrorists, drug syndicates and other organizations, groups or individuals engaged in unlawful activities or who cause damage to the corporate image of the Group) and that it will not respond to unjust demands made by them. It is our basic policy to cut off all relationships with anti-social forces. Our head office has a management office that deals with anti-social forces, and through coordination with related departments, the police, lawyers and other external specialized organizations, the Company addresses incidents involving anti-social forces at the organizational level.

In addition, regarding information related to anti-social forces, MHI obtains relevant information from the police and auxiliary organizations to prepare for unexpected situations, and coordinates with outside specialists, including the police and lawyers, in order to cut off relations with anti-social forces.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

- > Basic Approach/Promotion System
- > Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



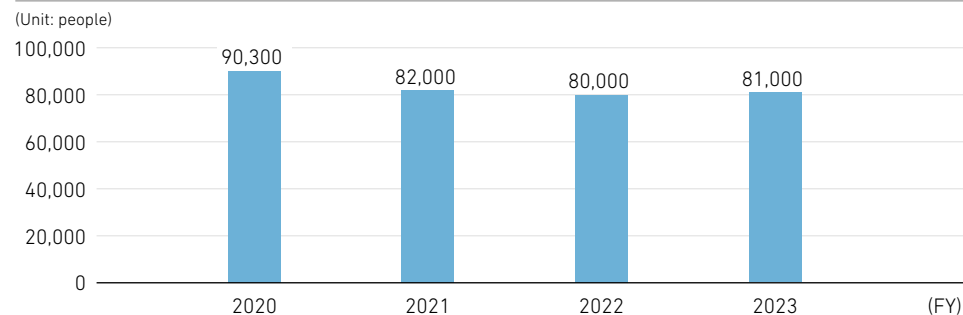
# Compliance

## Compliance Results

### Compliance training

E-learning training is held every year on the MHI Group Global Code of Conduct, a set of norms shared throughout MHI Group, to work to raise awareness of the code in each Group employee throughout the world.

Number of people taking compliance training

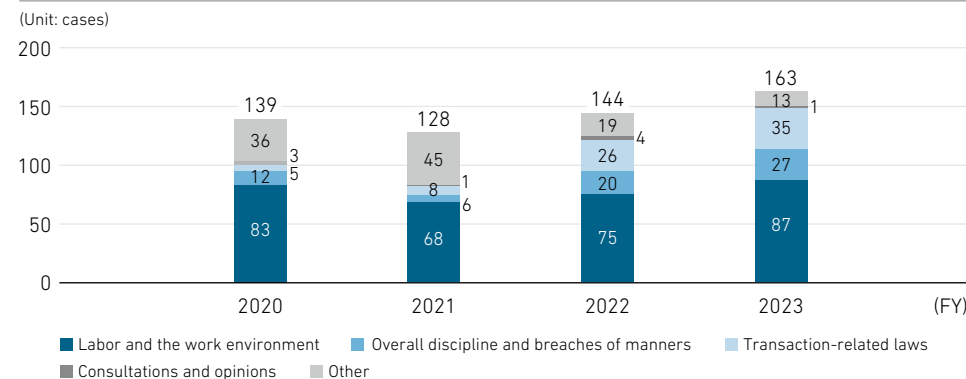


Coverage: All employees of MHI and Group companies (including directors, re-hired employees, and part-time, contract, and temporary workers)

### Reporting on breaches

There were 34 compliance violations among the compliance whistleblowing reports, including on corruption (such as bribery), in fiscal 2023. Among them, we took corrective action on 64 cases. There was no significant breach last year, with no related fines or penalties as a result.

Number of whistle-blowing reports



Coverage: MHI Group



Number of people taking e-learning on compliance promotion

FY2023 Approx. **81,000**

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance  
> Basic Approach/Promotion System  
> Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Compliance Anti-corruption

## Anti-corruption Policy Policy

MHI maintains a policy prohibiting conduct that leads to any form of corruption, and as a signatory company of the UN Global Compact since 2004, we have worked to disseminate and practice the ten principles contained within the four domains of the Compact, including anti-corruption. MHI strives for fairness in its global commercial transactions by strictly complying with the anti-bribery laws of all countries, including Japan's Unfair Competition Prevention Act which prohibits the giving of illicit benefits to foreign public officials.

<b>Scope of policy application</b>	MHI Group (Reference) MHI Group Global Code of Conduct <a href="https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html">https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html</a>
<b>Relationship with politics</b>	In the MHI Group Global Code of Conduct we prohibit employees from providing or offering company money or other resources for political activities without prior approval from the Legal Department. In addition, the advance approval of the Legal Department is required when engaging in activities that could be recognized as lobbying activities.

## System for Preventing Corruption System

In 2005, MHI established the Guidelines for the Prevention of Bribery Involving Foreign Civil Servants to define rules of conduct based on the Unfair Competition Prevention Act. In addition, we issued the Anti-Bribery Rules and Anti-Bribery Procedural Guidelines based on these guidelines in February 2012 in order to respond to the enactment of the British Bribery Act 2010 of July 2011 and strengthened regulations in various countries. MHI also set forth screening procedures for engaging with trading companies and distributors.

Furthermore, through the MHI Group Global Code of Conduct, established in May 2015, we are thoroughly engaged in preventing bribery toward all Group directors and employees. In September 2016, we also issued the Guidance for the Prevention of Bribery of Foreign Public Officials, an interpretation of related legislation and internal rules, and we strive to comply with the rules and the Global Code of Conduct. A global policy, formulated in September 2017, stipulates MHI Group companies to monitor

whether measures to prevent bribery are being appropriately managed and dealt with if needed. Moreover, to evaluate and improve the MHI Group's system for preventing bribery, we appointed an external expert and carried out a bribery risk-assessment in 2017. Based on that assessment, we revised our rules on preventing bribery in 2018. Since then, we have extracted a region where the bribery risk is high and regularly performed a bribery risk-assessment with the support of external experts. In Southeast Asia, where corruption risk is particularly high, we created an anti-corruption e-learning program in 2019 to educate local employees. Moreover, we conducted audits in Asia and other regions to ascertain the status of fraud risk management at high-risk project sites. Furthermore, we annually provide various anti-corruption training in person and online. We have established an effective system and made it a rule to report major compliance violations, like corruption, and status on such violations and preventive measures to the Board of Directors.

## Total Donations and Contributions Results

Total Donations and Contributions	Amount Recipient
Political contributions: ¥33 million	Donate to: The People's Political Association

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption  
 > Anti-corruption Policy/  
 System for Preventing Corruption/  
 Total Donations and Contributions  
 > Employee Training

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Compliance

## Anti-corruption

### Employee Training Initiatives

Since fiscal 2014, we have promoted anti-bribery education across MHI and Group companies in Japan and overseas. Since fiscal 2015, we have conducted training to make every employee in MHI Group worldwide aware of the MHI Group Global Code of Conduct, which includes prohibition of bribery.

Since fiscal 2014, MHI and its Group companies worldwide have steadily conducted e-learning education to prevent bribery, mainly for manager-level employees. Approximately 3,600 employees took the course in 2023 for a cumulative total of around

30,600 participants. In fiscal 2023, we conducted an e-learning course on preventing bribery for all employees capable of accessing the Company's e-learning courses, and a total of around 25,200 employees took the course.

In addition, in 2023, group training on bribery prevention was held at three sites in Japan with around 200 employees attending. Thus far approximately 2,100 employees in total have taken this training.

Sustainability Management

Environment

Society

#### ▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

- > Anti-corruption Policy/  
System for Preventing Corruption/  
Total Donations and Contributions
- > Employee Training

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency

Data Section



# Compliance Anti-trust

## Anti-trust Policy Policy

MHI has worked to prevent the violation of anti-trust laws through messages from top management and through the use of rules and manuals such as the Code of Conduct Pertaining to Communication/Contact with Competitors. In May 2015, we published the MHI Group Global Code of Conduct and thoroughly ensured that all executive officers and employees throughout MHI Group are aware that anti-competitive conduct is strictly forbidden.

Coverage	MHI Group (Reference) MHI Group Global Code of Conduct <a href="https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html">https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html</a>
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## Employee Training Initiatives

MHI entered into a plea agreement with the U.S. Department of Justice concerning the U.S. anti-trust laws in 2013, in connection with the sales of compressors and condensers for automotive air-conditioning systems. In response to this, we have continued every effort to raise compliance awareness and to prevent its recurrence. Specifically, in order to ensure thorough compliance throughout the whole MHI Group, we have reinforced compliance training by various means including educational videos, lectures by lawyers, and e-learning programs.

In addition, since fiscal 2015 we have conducted training to make every employee in the MHI Group worldwide aware of the MHI Group Global Code of Conduct, which

includes compliance with competition laws. Since fiscal 2014, MHI and its Group companies worldwide have steadily conducted e-learning education to comply with anti-trust laws, mainly for manager-level employees. Approximately 2,400 employees took these e-learning courses in fiscal 2023, and approximately 29,100 employees in total have taken these courses so far. In 2023, group training on compliance with anti-trust laws was held at three sites in Japan including online, approximately 200 employees took this training, and approximately 2,100 employees in total have taken this training so far. We also provide group training on bidding on government projects for the employees of divisions and Group companies working on public procurements.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust  
> Anti-trust Policy/Employee Training

Compliance Security Export Control

Compliance Tax Transparency

Data Section





# Compliance Security Export Control

## Export Control Policy Policy

From the perspective of maintaining international peace and safety, the export and transfer of products, services, technologies or information that could be used in the development or manufacture of weapons of mass destruction or conventional weapons are managed under an international security trade control framework.

MHI Group also strives to conduct thorough monitoring by performing assessments and transaction screenings, including confirmation of the country or region of destination, use, and customer when exporting commodities or providing technologies overseas and acquiring the necessary export licenses and permissions prior to export. Through the MHI Group Global Code of Conduct, established in May 2015, we have

conducted awareness training of export control to all MHI Group executives and employees. Furthermore, through the Global Policy on Export-Related Laws and Regulations Compliance, released in October 2017, we have set fundamental standards and rules in connection with the proper implementation of Export Controls that each Group company is expected to follow.

<b>Coverage</b>	MHI Group (Reference) MHI Group Global Code of Conduct <a href="https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html">https://www.mhi.com/jp/company/aboutmhi/policy/conduct.html</a>
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## Employee Training Initiatives

We are making steady progress in providing education, including face-to-face education and e-learning, focused on export controls throughout the whole MHI Group. We have conducted e-learning on export control for MHI and Group companies in Japan since fiscal 2007 with approximately 2,100 people taking these courses in fiscal 2023, and a total of approximately 58,100 people taking them on cumulative basis. We have also introduced e-learning focused on classifications checks since fiscal 2017, approximately 1,400 people took this course in fiscal 2023, and a total of approximately 10,400 people have taken the course so far. Since fiscal 2019, we have conducted e-learning training on the export control of technology at MHI and Group companies in Japan, in which

approximately 25,200 employees participated in fiscal 2023, and approximately 108,000 employees in total have participated so far. Since fiscal 2016, we have been conducting e-learning on export control for people at overseas Group companies at the management level, approximately 2,400 people took these classes in fiscal 2023, and approximately 18,100 people have completed these classes so far.

Furthermore, since fiscal 2015 we have made steady progress in providing education for all employees of MHI and its Group companies in Japan and overseas to further familiarize themselves with the MHI Group Global Code of Conduct, including export control.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control  
> Export Control Policy/Employee Training

Compliance Tax Transparency

Data Section



# Compliance

## Tax Transparency

### Tax-law Compliance Policy Policy

MHI Group complies with the tax laws and related regulations of the countries where we operate, respecting the spirit of law of each country, and in international trade strictly observes international taxation rules, such as tax treaties, the OECD Transfer Pricing Guidelines, and the BEPS Action Plan. In this way we declare and pay taxes in an appropriate manner as a corporate group with global operations.

For just, fair and highly transparent handling of taxes, we work to raise awareness of tax-law compliance in Group employees and make efforts to disclose information and communicate well with tax authorities worldwide so they will correctly understand our operations and build a good and healthy relationship with us.

Sustainability Management

Environment

Society

▼ Governance

Corporate Governance

Risk Management Business Risk Management

Risk Management Business Continuity Management

Risk Management Cybersecurity

Compliance

Compliance Anti-corruption

Compliance Anti-trust

Compliance Security Export Control

Compliance Tax Transparency  
> Tax-law Compliance Policy

Data Section



- Sustainability Management
- Environment
- Society
- Governance

▼ Data Section

- Environment
- Society
- Governance
- Third-party Assurance

# Data Section

## 125 Environment

- 125 Environmental Management/  
Climate Change
- 130 Water Management
- 131 Waste/Pollution

## 132 Society

- 132 Human Rights
- 133 Diversity, Equity, and Inclusion
- 135 Human Resources Development
- 136 Talent Attraction and Retention
- 138 Occupational Safety and Health
- 140 Product Safety/Innovation
- 141 Supply Chain Management/  
Social Contribution Activity

## 143 Governance

- 143 Compliance

## 144 Third-party Assurance

\* To heighten the reliability of data, we have received assurance from an independent third party. The data most recently assured is noted with a ✓.



## Data Section/Environment

- Sustainability Management
- Environment
- Society
- Governance
- ▼ Data Section
  - Environment
    - > Environmental Management/  
Climate Change
    - > Water Management
    - > Waste/Pollution
  - Society
  - Governance
  - Third-party Assurance

### Environmental Management

#### ■ Environmental Targets

<Progress on The Fifth Environmental Targets>

	2020		2021		2022		2023	
	Result	Vs. FY2014	Result	Vs. FY2014	Result	Vs. FY2014	Result	Vs. FY2014
KPI (1) Reduction in CO <sub>2</sub> emissions/Amount of sales	13.2	32.8% Reduction	12.3	37.8% Reduction	12.3	48.9% Reduction	11.4* <sup>1</sup>	52.4% Reduction
KPI (2) Reduction in water usage/Amount of sales	0.183	11.4% Reduction	0.16	22.8% Reduction	0.165	34.5% Reduction	0.142* <sup>2</sup>	43.6% Reduction
KPI (3) Reduction in waste generation/Amount of sales	1.91	11.9% Reduction	1.71	21.1% Reduction	1.68	36.0% Reduction	1.50* <sup>3</sup>	42.8% Reduction

Coverage: \*1 MHI and 156 domestic and overseas Group companies  
 \*2 MHI and 141 domestic and overseas Group companies  
 \*3 MHI and 116 domestic and overseas Group companies  
 \*4 Figures for consolidated net sales have been used for "amount of sales" since fiscal 2022.

### Climate Change

#### ■ GHG Emissions

<Direct GHG emissions (Scope 1)>

	Unit	2020	2021	2022	2023
GHG Emissions* <sup>1</sup>	kt-CO <sub>2</sub>	151	172	137	130
(Third-party Assurance)* <sup>2</sup>		102	118	82	75 ✓
Other indirect GHG emissions* <sup>3</sup>					
CH <sub>4</sub>	kt-CO <sub>2</sub>	0.062	0.073	0.180	0.165
N <sub>2</sub> O		1.32	0.261	0.086	0.072
HFCs		0.637	0.219	0.621	0.194
PFCs		0	0	0	0
SFCs		0.291	0.574	0.403	0.401
NF <sub>3</sub>		0	0	0	0

\*1 Coverage: MHI and domestic and overseas Group companies (156 companies in FY2020, 158 companies in FY2021, 163 companies in FY2022, and 156 companies in FY2023 [accounting for 98% of net sales])

\*2 Coverage: MHI and domestic Group companies (15 companies in FY2020, 12 companies in FY2021, 11 companies in FY2022, and 10 companies in FY2023)

\*3 Coverage: MHI



## Data Section/Environment

### <Indirect GHG emissions (Scope 2)>

	Unit	2020	2021	2022	2023
Location-based* <sup>1,3</sup>	kt-CO <sub>2</sub>	495	419	429	431
(Third-party Assurance)* <sup>2,3</sup>		—	—	247	269 ✓
Market-based* <sup>1,4</sup>	kt-CO <sub>2</sub>	399	382	378	402
(Third-party Assurance)* <sup>2,4</sup>		247	225	224	277 ✓

\*1 Coverage: MHI and domestic and overseas Group companies (156 companies in FY2020, 158 companies in FY2021, 163 companies in FY2022, and 156 companies in FY2023 [accounting for 98% of net sales])

\*2 Coverage: MHI and domestic Group companies (15 companies in FY2020, 12 companies in FY2021, 11 companies in FY2022, and 10 companies in FY2023)

\*3 For Japan, the national average of emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) is applied. For others, International Energy Agency (IEA) IEA Emission Factors average coefficients by country are applied.

\*4 For Japan, adjusted emission factors by electric power company (Ministry of the Environment, Ministry of Economy, Trade and Industry) are applied. For others, IEA Emission Factors of the International Energy Agency (IEA) are applied when it is difficult to obtain emission factors provided by electricity suppliers.

- Sustainability Management
- Environment
- Society
- Governance
- ▼ Data Section
  - Environment
    - > Environmental Management/Climate Change
    - > Water Management
    - > Waste/Pollution
  - Society
  - Governance
  - Third-party Assurance



## Data Section/Environment

### <Other indirect GHG emissions (Scope 3)>

Category	Unit	2020	2021	2022	2023
1. Purchased goods and services* <sup>1</sup>		4,935	4,819	4,907	7,371
2. Capital goods* <sup>2</sup>		390	385	477	650
3. Fuel- and energy-related activities (not included in Scopes 1 or 2)* <sup>2</sup>		71	68	70	70
4. Upstream transportation and distribution* <sup>1</sup>	kt-CO <sub>2</sub>	11	13	17	14
5. Waste generated in operations* <sup>5</sup>		19	17	14	18 ✓
6. Business travel* <sup>2</sup>		10	10	10	10
7. Employee commuting* <sup>2</sup>		37	36	35	36
8. Upstream leased assets <Included in Scopes 1 and 2>	—	—	—	—	—
9. Downstream transportation and distribution* <sup>3</sup>	—	N/A	N/A	N/A	N/A
10. Processing of sold products* <sup>3</sup>	—	N/A	N/A	N/A	N/A
11. Use of sold products* <sup>6</sup>	kt-CO <sub>2</sub>	715,000	1,573,000	1,231,000	842,000
12. End-of-life treatment of sold products* <sup>3</sup>	—	N/A	N/A	N/A	N/A
13. Downstream leased assets* <sup>4</sup>	—	N/A	N/A	N/A	N/A
14. Franchises* <sup>4</sup>	—	N/A	N/A	N/A	N/A
15. Investments* <sup>3</sup>	—	N/A	N/A	N/A	N/A
Totals in the aggregate scope	kt-CO <sub>2</sub>	720,474	1,578,348	1,236,530	850,169

\* Figures may fluctuate due to revision of the scope and method of calculation

\*<sup>1</sup> Coverage: MHI and certain domestic Group companies

\*<sup>2</sup> Coverage: MHI and domestic and overseas Group companies

\*<sup>3</sup> Excluded from calculation due to lack of reference data

\*<sup>4</sup> Excluded from calculation due to being outside company business

\*<sup>5</sup> Coverage: MHI and domestic Group companies (11 companies in FY2020, 9 companies in FY2021, 8 companies in FY2022, and 7 companies in FY2023)

\*<sup>6</sup> Coverage: MHI and domestic and overseas Group companies. Emissions throughout the life cycle

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

> Environmental Management/  
Climate Change

> Water Management

> Waste/Pollution

Society

Governance

Third-party Assurance





## Data Section/Environment

### ■ Energy Consumption

#### <Energy consumption>

	Unit	2020	2021	2022	2023
Total energy consumption	GWh	1,718	1,783	1,746	1,742
Renewable energy consumption	GWh	116	99	109	133
Proportion of renewable energy consumption to total energy consumption	%	6.7	5.5	6.3	7.6

Coverage: MHI and domestic and overseas Group companies (156 companies in FY2020, 158 companies in FY2021, 163 companies in FY2022, and 156 companies in FY2023 [accounting for 98% of net sales])

#### <Electricity purchased>

	Unit	2020	2021	2022	2023
Electricity purchased	GWh	982	954	976	977

Coverage: MHI and domestic and overseas Group companies (156 companies in FY2020, 158 companies in FY2021, 163 companies in FY2022, and 156 companies in FY2023 [accounting for 98% of net sales])

- Sustainability Management
- Environment
- Society
- Governance
- ▼ Data Section
  - Environment
    - > Environmental Management/Climate Change
    - > Water Management
    - > Waste/Pollution
  - Society
  - Governance
  - Third-party Assurance



## Data Section/Environment

### ■ Energy Use

#### <Energy use results>

	Unit	2020	2021	2022	2023
Purchased electricity*1	GWh	598	539	568	615 ✓
Heavy fuel oil A	ML	3	4	3	2 ✓
Heavy fuel oil B/C	kL	0	0	0	0 ✓
Gasoline	ML	0.2	0.3	0.2	0.2 ✓
Gas oil/Diesel oil	ML	4	2	2	1.7 ✓
Kerosene	ML	2	2	0.5	0.4 ✓
Jet fuel	ML	0.7	0.8	1	0.8 ✓
Steam coal	kt	0	0	0.002	0 ✓
City gas	M(m <sup>3</sup> )*2	29	38	24	24 ✓
LPG	kt	4	3	2	2 ✓
LNG	kt	0.7	1	1	1.5 ✓
Natural gas (excluding LNG)	k(m <sup>3</sup> )	0	0.9	0.7	0.6 ✓
Petroleum hydrocarbon gas	k(m <sup>3</sup> )	0.1	1.5	3.3	0.6 ✓
Hot water	GJ	20	21	21	15 ✓
Cold water	TJ	6	12	12	9 ✓
Steam	TJ	4	7	6	5 ✓

Coverage: MHI and domestic Group companies (15 companies in FY2020, 12 companies in FY2021, 11 companies in FY2022, and 10 companies in FY2023)

\*1 Including renewable energy. In FY2020-FY2022, purchased energy.

\*2 Unit: MNm<sup>3</sup> for FY2020-FY2022

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

> Environmental Management/  
Climate Change

> Water Management

> Waste/Pollution

Society

Governance

Third-party Assurance



## Data Section/Environment

### Water Management

#### Water Usage

##### <Water resource input>

	Unit	2020	2021	2022	2023
Water intake*1		961	684	677	650
(Third-party Assurance)*2	ten thousand m <sup>3</sup>	557	506	476	492 ✓
Breakdown of water intake					
Tap water		430	274	276	268
(Third-party Assurance)*2		161	146	139	180 ✓
Industrial water		250	233	231	224
(Third-party Assurance)*2	ten thousand m <sup>3</sup>	229	215	193	180 ✓
Groundwater		279	175	169	157
(Third-party Assurance)*2		167	145	144	133 ✓
Rivers, lakes, etc.		2	2	1	1
Reused water usage*3	ten thousand m <sup>3</sup>	18	16	18	14
Ratio of reused water usage*3	%	6	2.4	4	3.5

##### <Water Discharge>

	Unit	2020	2021	2022	2023
Water Discharge*4	ten thousand m <sup>3</sup>	825	477	356	358
Breakdown of water discharge					
Sewerage, etc.	ten thousand m <sup>3</sup>	653	313	191	192
Public waters (rivers, lakes)*5		173	164	165	166

##### <Water Usage>

	Unit	2020	2021	2022	2023
Water Usage*1,6	ten thousand m <sup>3</sup>	788	521	512	484

\*1 Coverage: MHI and domestic and overseas Group companies (139 companies in FY2020, 144 companies in FY2021, 143 companies in FY2022, and 141 companies in FY2023 [accounting for 95% of net sales])

\*2 Coverage: MHI and domestic Group companies (14 companies in FY2020, 11 companies in FY2021, 10 companies in FY2022, and 9 companies in FY2023)

\*3 Coverage: MHI

\*4 Coverage: MHI and domestic and overseas Group companies (61 companies in FY2020, 79 companies in FY2021, 83 companies in FY2022, and 70 companies in FY2023)

\*5 Amount of wastewater purified in-house and returned to rivers, lakes, etc.

\*6 Water usage = Water intake (tap water + industrial water + groundwater + rivers, lakes, etc.) - Wastewater purified in-house and returned to rivers, lakes and marshes

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

> Environmental Management/  
Climate Change

> Water Management

> Waste/Pollution

Society

Governance

Third-party Assurance



## Data Section/Environment

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

> Environmental Management/  
Climate Change

> Water Management

> Waste/Pollution

Society

Governance

Third-party Assurance

### Waste/Pollution

#### ■ Waste Generation

##### <Waste generation\*1>

	Unit	2020	2021	2022	2023
Waste generation*2		137	144	133	129
(Third-party Assurance)		37*4	30*5	26*5	28*5 ✓
Recycling amount*2	thousand t	106	112	101	101
Total disposal amount*2,3		—	32	32	28
Landfill waste disposal amount*2		11	9	10	9

##### <Hazardous waste generation>

	Unit	2020	2021	2022	2023
Waste generation*2		9	11	11	10
(Third-party Assurance)*6		—	6	7	7 ✓
Recycling amount*2	thousand t	—	4	5	5
Total disposal amount*2,3		—	7	6	5

\*1 Including valuables

\*2 Coverage: MHI and domestic and overseas Group companies (119 companies in FY2020 and FY2021, 116 companies in FY2022, and 116 companies in FY2023 [accounting for 91% of net sales])

\*3 Total disposal amount = waste generation (total) minus recycling amount

\*4 Coverage: MHI and domestic Group companies (15 companies in FY2020). Excluding valuables, including hazardous waste

\*5 Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, and 10 companies in FY2023). Excluding valuables and hazardous waste

\*6 Coverage: MHI and domestic Group companies (12 companies in FY2021, 11 companies in FY2022, and 10 companies in FY2023). Hazardous waste as defined by Japanese law related to waste

#### ■ Volatile Organic Compound (VOC) Emissions

##### <Volatile organic compound (VOC) emissions>

	Unit	2020	2021	2022	2023
Emissions (total)		741	558	585	597
Toluene	t	312	237	227	242
Xylene		274	217	229	237
Ethylbenzene		155	104	129	118

Coverage: MHI and domestic Group companies (25 companies in FY2020, 27 companies in FY2021, 25 companies in FY2022, and 24 companies in FY2023 [accounting for 89% of net sales])



# Data Section/Society

## Human Rights

### ■ Freedom of Association and Job Security

		Unit	2020	2021	2022	2023
Employees covered by collective bargaining agreements	Employee ratio	%	91* <sup>1</sup>	92.6* <sup>2</sup>	93.3* <sup>3</sup>	90.1* <sup>4</sup>
Number of labor union-management consultations* <sup>5</sup>		Times	42	47	24	28

Coverage: \*1 MHI and seven domestic Group companies (accounting for 43.3% of all consolidated employees)  
 \*2 MHI and seven major domestic Group companies (accounting for 43.3% of all consolidated employees)  
 \*3 MHI and 15 domestic Group companies (accounting for 46.0% of all consolidated employees)  
 \*4 MHI and 22 domestic Group companies (accounting for 48.5% of all consolidated employees)  
 \*5 MHI

		Unit	2020	2021	2022	2023
Layoffs	Number of employees laid off		0	0	0	0
	Number of labor union-management consultations	Times	0	0	0	0

Coverage: MHI

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance



## Data Section/Society

### Diversity, Equity, and Inclusion

#### ■ Data Related to Diversity and Equal Opportunity

		Unit	2020	2021	2022	2023	
Number of employees	Consolidated total		79,974	77,991	76,859	77,697	
	Non-consolidated total		14,553	22,755	21,634	22,538	
	Number of males		13,076	20,571	19,637	20,461	
	Percentage of males	%	89.9	90.4	90.8	90.8	
	Number of females		1,477	2,184	1,997	2,027	
	Percentage of females	%	10.1	9.6	9.2	9.2	
Average length of service and age of employees	Average length of service	year	18.2	18.5	18.8	19.0	
	Average age	age	40.8	41.6	42.1	42.4	
	Average length of service for men	year	18.3	18.6	19.0	19.1	
	Average length of service for women	year	17.9	17.8	17.8	17.9	
Executive*1	Total		61	51	51	48	
	Number of males		58	49	49	45	
	Percentage of males	%	95.1	96.1	96.1	93.7	
	Number of females		3	2	2	3	
	Percentage of females	%	4.9	3.9	3.9	6.3	
Manager*2	Total		3,396	5,498	5,455	5,766	
	Number of males		3,273	5,336	5,298	5,608	
	Percentage of males	%	96.4	97.1	97.1	97.3	
	Number of females		123	162	157	158	
	Percentage of females	%	3.6	2.9	2.9	2.7	
Differently abled people employment rate	Hiring rate	%	2.24	2.34	2.45	2.55	
Number of employees rehired over retirement age (60 years)	Total		608	695	682	875	
Percentage of contract or temporary employees	Ratio	%	9.7	8.3	8.9	9.3	
Wage equality*2,3	Managers (base salary only)	Male	—	1.02	1.05	1.05	1.06
		Female	—	1	1	1	1
	Managers (base salary + bonuses and other incentives)	Male	—	1.01	1.03	1.03	1.03
		Female	—	1	1	1	1
	Non-managers	Male	—	1.03	1.05	1.05	1.04
		Female	—	1	1	1	1

Coverage: MHI

\*1 Including executive officers

\*2 Managers are defined as section managers and above

\*3 The lowest of the average wages for men and women in each tier is 1.00, and the difference is displayed as an index

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance





## Data Section/Society

### ■ Data Related to Diversity and Equal Opportunity

	Unit	2020	2021	2022	2023	
Ratio of Females in Each Position	All employees	—	13.4	13.8	13.5	
	Non-managers	—	15.3	16.1	15.9	
	Managers* <sup>1</sup>	%	—	4.7 (4.5)	4.6 (4.5)	4.5 (4.4)
	General managers* <sup>1</sup>	—	3.4 (3.7)	3.4 (3.6)	3.3 (3.5)	
	Executives* <sup>2</sup>	—	4.5	4.2	4.3	
	Profit center managers* <sup>1,3</sup>	—	4.4 (4.1)	4.2 (4.0)	3.9 (3.7)	

Coverage: MHI Group (accounting for 89.8% of consolidated employees in FY2021, 91.3% in FY2022 and 90.0% in FY2023)

\*1 Aggregate figures including higher positions in parentheses

\*2 Including executive officers

\*3 Profit center is defined as a non-corporate organization

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance



## Data Section/Society

### Human Resources Development

#### ■ Chief Engineer and Master Technician

		2020	2021	2022	2023
Number of newly certified Chief Engineer and Master Technician	Chief Engineer	3	4	6	1
	Master Technician	3	3	4	3

Coverage: MHI

#### ■ Training Hours and Training Costs

		Unit	2020	2021	2022	2023
Training hours	Total training hours	Hours	317,769	703,521	766,933	972,284
	Training hours per employee	Hours/ Employees	13.1	13.6	16.0	20.6
Training costs	Total costs	Thousands of yen	477,354	1,326,638	1,881,621	1,778,634
	Training costs per employee	Yen/ Employees	19,633	25,708	39,228	37,681
Scope of calculation (MHI and domestic Group companies)	Number of eligible employees		24,313	51,605	47,966	47,203
	Employee coverage ratio	%	30.4	66.2	62.4	60.8

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance



## Data Section/Society

### Talent Attraction and Retention

		Unit	2020	2021	2022	2023
Employee performance appraisal*1	Management by objectives		61.4	62.9	62.9	62.7
	Multidimensional performance appraisal	%	38.6	37.1	37.1	37.3
New hired*1	Total		346	361	478	737
	Male		306	316	437	641
	Percentage of males	%	88.4	87.5	91.4	87
	Female		40	45	41	96
	Percentage of females	%	11.6	12.5	8.6	13
Number of mid-career hires*1	All employees		47	54	123	196
	Male		44	42	112	168
	Percentage of males	%	93.6	77.8	91.1	85.7
	Female		3	12	11	28
	Percentage of females	%	6.4	22.2	8.9	14.3
Percentage of open positions filled through internal recruitment*1	Total		98.9	98.8	97.8	98.0
	Male	%	—	—	98.6	98.0
	Female		—	—	97.7	98.0
Total turnover rate*2	Total		3	4.1	5.6	4.6
	Male	%	2.8	3.8	5.5	4.6
	Female		4.8	7	6.1	4.9
Voluntary turnover rate*2	Total		1.0	1.8	1.6	1.4
	Male	%	0.8	1.5	1.5	1.3
	Female		2.5	4.4	2.9	2.5
Length of service*1	Total		18.2	18.5	18.8	19.0
	Male	year	18.3	18.6	19.0	19.1
	Female		17.9	17.8	17.8	17.9

\*1 Coverage: MHI

\*2 Coverage: MHI for FY2020 and FY2021, MHI and domestic Group companies for FY2022 and FY2023 (6 companies in FY2022; 14 companies in FY2023 (accounting for 44.6% of consolidated employees))

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance



## Data Section/Society

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance

### ■ Employee Engagement

		Unit	2020*1	2021	2022*2	2023	Goal
Awareness survey (Group)	Percentage of highly engaged employees	%	56	—	57	—	Higher than world average by 2030*3
	(valid response rate)		88	—	75	—	

\*1 Coverage: MHI and 123 domestic and overseas Group companies (accounting for 75% of consolidated employees)

\*2 Coverage: MHI and 170 domestic and overseas Group companies (accounting for 88% of consolidated employees)

\*3 World average: 68% (as of FY2022 survey)

### ■ Data on Workstyles and Support for Work-life Balance

		Unit	2020	2021	2022	2023	
Use of work-life balance support system	Number of employees taking Childcare leave*1	Male	188	245	268	261	
		Female	88	92	94	70	
	Percentage of employees taking Childcare leave	Male*2	%	18.3	24.2	69.0	85.8
		Female*3		93.3	98.9	96.9	94.5
	Number of employees using Short-time work for Childcare	Male		245	348	417	604
		Female		269	559	531	538
	Number of employees using Child-planning (infertility treatment) leave			1	2	5	3
	Number of employees using Family care leave			6	11	9	19
	Number of employees using Short-time work for family care			19	30	38	58
	Rate of return to work after Childcare leave	%		99.8	98.9	99.6	100
Rate of retention after Childcare leave			97.5	96.9	96.0	98.7	
Achievements regarding workstyles	Annual leave uptake rate	%	74.5	73.7	77.0	81.5	
	Number of employees working from home		6,501	12,186	12,655	11,723	

Coverage: MHI

\*1 Number of employees on childcare leave

\*2 Number of employees who started childcare leave or took spouse's childbirth / number of employees who had childbirth(before FY2021, number of employees who started childcare leave/number of employees who hadchildbirth)

\*3 Number of employees whostartedchildcare leave / number of employees who have finishedmaternity leave and are now eligible for childcare leave



## Data Section/Society

### Occupational Safety and Health

#### ■ Data on Occupational Safety and Health

			Unit	2020*1	2021*2	2022*3	2023*4
Goals for reducing industrial accidents	Working hours (employees + contractors)	Total working hours	Hours	200,930,240	194,327,660	175,730,576	168,934,525 ✓
	Number of fatal accidents/serious accidents	Goal	Number of cases	0	0	0	0
		Result		2	0	1	0
	Number of work-related fatalities	Employees		0	0	0	0 ✓
		Contractors		2	0	1	0 ✓
	Number of industrial accidents	Employees	Number of cases	25	32	28	33 ✓
		Contractors		45	34	25	23 ✓
	Lost-time industrial accidents frequency rate*5 (employees + contractors)	Goal	—	—	0.26	0.33	0.35
		Result	—	0.35	0.34	0.30	0.33 ✓
		Manufacturing industry average	—	—	1.31	1.25	1.29
		Employees	—	0.22	0.26	0.23	0.28 ✓
		Contractors	—	0.50	0.47	0.48	0.46 ✓

\*1 Coverage: MHI and 44 Group companies (accounting for 71.3% of consolidated employees)

\*2 Coverage: MHI and 56 Group companies (accounting for 77.4% of consolidated employees)

\*3 Coverage: MHI and 56 Group companies (accounting for 77.5% of consolidated employees)

\*4 Coverage: MHI and 51 Group companies (accounting for 71.1% of consolidated employees)

\*5 Lost-time industrial accidents frequency rate is the number of casualties due to occupational accidents per 1 million cumulative actual working hours, and represents the frequency of accidents. Number of casualties due to work-related accidents resulting in absence of one day or more ÷ total number of actual working hours x 1,000,000

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance



## Data Section/Society

### ■ Indicators and Results for Health Management Promotion

		Goal	Unit	2020	2021	2022	2023
Health management promotion	Regular medical examination rate*1	100	%	99.5	99.2	99.5	99.4
	Comprehensive medical examination rate*1	over 50%	%	35.0	57.2	59.4	61.5
	Smoking rate*1	Less than 23%	%	23.7	22.6	22.0	21.4
	Rate of follow-up attendance at medical institution after regular medical examination*1	Compared to the previous year +10 Points	%	46.6	48.0	50.6	45.4
	Blood glucose improvement program participation rate*2	15	%	12.0	9.0	6.9	7.76
Medical examination data*3	Proper weight maintenance rate*1	BMI between 18.5 and less than 25	%	63.4	66.1	65.9	65.8
	Blood pressure risk rate*1	Systolic blood pressure of 180mm Hg or higher, or diastolic blood pressure of 110 mm Hg or higher	%	0.4	0.2	0.4	0.3
	Poor diabetes management rate*1	HbA1c of 8.0 or higher	%	0.9	0.5	0.8	0.7
	Stress check examination rate*4	—	%	97.3	96.0	92.1	94.6
Injury and sickness leave, rate*4	Rate of injury and sickness leave (cases)	—	—	3.98	4.61	8.57	3.67
	Rate of injury and sickness leave (days)	—	—	0.8	0.82	0.91	0.73

\*1 MHI and Group company employees whose health is managed by MHI Health Management Department

\*2 Employees insured by the MHI health-insurance union

\*3 Excerpt from data submitted to Ministry of Economy, Trade and Industry Health Management Survey

\*4 Coverage: MHI

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

- > Human Rights
- > Diversity, Equity, and Inclusion
- > Human Resources Development
- > Talent Attraction and Retention
- > Occupational Safety and Health
- > Product Safety/Innovation
- > Supply Chain Management/ Social Contribution Activity

Governance

Third-party Assurance





## Data Section/Society

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance

### Product Safety

#### ■ Safety Control of Radiation

			Unit	2020	2021	2022	2023
MHI Nuclear Development Corporation	Radioactive waste (solid waste)	Storage capacity		3,293	3,293	3,293	3,293
		Volume of radioactive waste stored	200L drum	2,555	2,610	2,689	2,723
		Volume of radioactive waste generation		16	55	79	34
	Radiation exposure of employees with radiation-related jobs (average)*1		mSv/year	0.02	0.07	0.04	0.06
Mitsubishi Nuclear Fuel Co., Ltd.	Radioactive waste (solid waste)	Storage capacity		17,053	17,053	17,053	17,053
		Volume of radioactive waste stored	200L drum	14,747	16,108	16,102	15,915
		Volume of radioactive waste generation		1,344	1,361	-6*2	-187*2
	Radiation exposure of employees with radiation-related jobs (average)*1		mSv/year	0.01	0.01	0.02	0.08*3

\*1 ICRP Recommendations 2017 and related Japanese laws stipulate the dose limit for occupational exposure is 100 mSv per 5 years and 50 mSv per year in effective dose.

\*2 Result when the volume of radioactive waste reduced exceeds the volume generated

\*3 Primarily due to increased production volume.

### Innovation

		Unit	2020	2021	2022	2023
R&D expenditure	Billion Yen		1,257	1,136	1,274	1,783
	% of sales		3.4	2.9	3.0	3.8
Employees in R&D positions (round numbers)			1,460	1,460	1,460	1,500

Coverage: MHI Group

		Unit	2020	2021	2022	2023
Number of patents held			25,968	25,654	25,771	26,158
(by region)	Japan	Number of cases	15,081	14,368	14,432	14,917
	United States		4,494	4,658	4,829	4,838
	Europe		3,193	3,259	3,189	3,095
	China		3,200	3,369	3,321	3,308

Coverage: MHI Group



## Data Section/Society

Sustainability Management

Environment

Society

Governance

### ▼ Data Section

Environment

Society

> Human Rights

> Diversity, Equity, and Inclusion

> Human Resources Development

> Talent Attraction and Retention

> Occupational Safety and Health

> Product Safety/Innovation

> Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance

### Supply Chain Management

	Unit	2020	2021	2022	2023
Number of business partners provided with sustainability and CSR education (total number of participants)	Companies	701	1,332	1,682	2,521

### Social Contribution Activity

#### ■ Social Contribution Activity KPI Items

	Unit	2020	2021	2022	2023	
Focus area (1) Fostering the next generation	Number of children participating in MHI science lessons (total attendance) *1	892*2	7,171*2	8,966*2	11,147	
Focus area (2) Local community contribution	Number of occasions when MHI provided community support following a natural disaster or similar event*1	3	4	3	3	
	Value of donations and support*1	Millions of yen 10	5	5	17	
Focus area (3) Environmental protection	Support for Tanegashima loggerhead turtle protection survey activities	Employee volunteer applications (participants)	—*3	—*3	—*3	70 (32)
		Number of surveys carried out	7	8	8	8
		Number of individual mother turtles identified during egg-laying	15	28	27	15

\*1 Coverage: MHI Group

\*2 In FY2020, FY2021, and FY2022, the science lesson program was held on a reduced scale due to COVID-19.

\*3 In FY2020, FY2021, and FY2022, the recruitment and participation of employee volunteers was discontinued due to COVID-19 and employees instead supported the survey activity of the staff of a local non-profit organization.



## Data Section/Society

### Social Contribution Activity

		Unit	2020	2021	2022	2023
Social contribution activity cost input			1,205	1,060	1,172	1,385
(by area)	Academic research	Millions of yen	131	105	101	103
	Education		591	554	608	590
	Local communities		71	53	169	184
	Health, medicine and sport		53	61	65	81
	Other		359	287	229	427

Coverage: MHI Group

		Unit	2020	2021	2022	2023
Type of contribution			1,205	1,060	1,172	1,385
(by type)	Cash donations	Millions of yen	585	548	588	656
	Contributions of time		68	48	88	128
	Donations in kind		53	18	3	132
	Overheads		499	446	493	469

Coverage: MHI Group

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

- > Human Rights
- > Diversity, Equity, and Inclusion
- > Human Resources Development
- > Talent Attraction and Retention
- > Occupational Safety and Health
- > Product Safety/Innovation
- > Supply Chain Management/  
Social Contribution Activity

Governance

Third-party Assurance



# Data Section/Governance

## Compliance

### ■ Compliance

	Unit	2020	2021	2022	2023
Number of people taking compliance training (Approx.)	People	90,300	82,000	80,000	81,000

Coverage: All employees of MHI and Group companies (including directors, re-hired employees, and part-time, contract, and temporary workers)

	Unit	2020	2021	2022	2023
Number of whistle-blowing reports		139	128	144	163
(by type)					
Labor and the work environment		83	68	75	87
Overall discipline and breaches of manners	Cases	12	6	20	27
Transaction-related laws		5	8	26	35
Consultations and opinions		3	1	4	1
Other		36	45	19	13

Coverage: MHI Group

Sustainability Management

Environment

Society

Governance

▼ Data Section

Environment

Society

Governance

> Compliance

Third-party Assurance



# Third-party Assurance

## ■ Assurance on Materiality Disclosures



### LR Independent Assurance Statement Relating to Mitsubishi Heavy Industries, Ltd.'s Materiality disclosure

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract but is intended for the readers of this report.

#### Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Mitsubishi Heavy Industries, Ltd. (MHI) to provide independent assurance on its materiality disclosure identified in 2020 (Released in 14 October 2020, hereafter ("the report")), against the assurance criteria below to a moderate assurance and at the materiality of the professional judgement of the verifier using AA1000 ASSURANCE STANDARD v3 TYPE 1 ASSURANCE – ADHERENCE TO THE ACCOUNTABILITY PRINCIPLES.

Our assurance engagement covered the operations and activities of MHI and its consolidated subsidiaries in Japan and overseas and specifically the following requirement:

- Verifying conformance with AA1000 ACCOUNTABILITY PRINCIPLES 2018

Our assurance engagement excluded the data and information of MHI's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to MHI. LR disclaims any liability or responsibility to others as explained in the end footnote. MHI's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of MHI.

#### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that MHI has not conformed with AA1000 ACCOUNTABILITY PRINCIPLES 2018 in all material aspects. The opinion expressed is formed on the basis of a moderate assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated information rather than physically checking source information at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

#### LR's approach

LR's assurance engagements are carried out in accordance with AA1000 ASSURANCE STANDARD v3 TYPE 1 ASSURANCE – ADHERENCE TO THE ACCOUNTABILITY PRINCIPLES. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewing MHI's process for identifying and determining stakeholders to confirm that all the related stakeholders are captured.
- Assessing MHI's process for identifying and determining material issues to confirm that the right issues were included in their Report.
- Reviewing MHI's approach to stakeholder engagement process to confirm that engagement related to issues raised by stakeholders is implemented.
- Verifying MHI's KPI determination process and information disclosure methodologies to confirm that sustainability performances to impact on environment and social are monitored and disclosed.
- LR did these through interviews with the key people in charge of sustainability and reviewing documents and associated records. By implementing MHI's "No Visitor" policy due to the global infection spread of COVID-19, the interview was executed remotely via Microsoft Teams.

#### Observations

Further observations and findings, made during the assurance engagement, are:



- **Inclusivity:**  
We are not aware of any key stakeholder groups that have been excluded from MHI's stakeholder engagement process. MHI identifies multi stakeholders comprehensively and the top management expresses commitment for the stakeholders. We believe that future reports should explain further stakeholder identification process.
- **Materiality:**  
We are not aware of any material issues concerning MHI's sustainability performance that have been excluded from the report. It should be noted that MHI reviewed and determined the materiality in 2020 to address social issues related to sustainability. In this process, MHI identified the material issues in reference to key sustainability initiatives and determined the materiality from the both aspects from MHI and the stakeholders.
- **Responsiveness:**  
MHI has process to capture issues raised by stakeholders and to respond them. MHI has dialogues with intellectuals and various stakeholders frequently. Materiality has been determined through the review of the feedback from stakeholders in the materiality revision process in 2020. We believe that future reports should explain further engagement process with multi stakeholders.
- **Impact:**  
MHI establishes the system to account and disclose information related to sustainability performance. MHI discloses the information via integrated reports and ESG data books and has third-party assurance to the indicators interested by stakeholders. MHI proceeds to determine KPI for material indicators based on the materiality reviewed in 2020.

#### LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LR is the MHI's certification body for ISO 9001, ISO 14001, ISO 45001. The verification and certification assessments are the only work undertaken by LR for MHI and as such does not compromise our independence or impartiality.

Dated: 2 March 2021

Signed

Takashi Odamura  
LR Lead Verifier  
On behalf of Lloyd's Register Quality Assurance Limited  
10th Floor, Queen's Tower A, 2-3-1, Minatomirai, Nishi-ku, Yokohama, Japan  
LR reference: YKA4005601



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# Third-party Assurance

## ■ Assurance on Environmental Data



### LRQA Independent Assurance Statement

Relating to Mitsubishi Heavy Industries, Ltd.'s Environmental Data for the fiscal year 2023

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract.

#### Terms of Engagement

LRQA was commissioned by Mitsubishi Heavy Industries, Ltd. ("the Company") to provide independent assurance on its environmental data ("the report") for the fiscal year 2023, that is, from 1 April 2023 to 31 March 2024, against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISO 14064 - Part 3 and GX League third party verification guideline for greenhouse gas data and ISAE 3000 (Revised) for other environmental data.

Our assurance engagement covered the operations and activities of the Company and its subsidiaries in Japan and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies and GX League Calculation, Monitoring and Reporting Guidelines for the selected datasets;
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:

#### Environmental<sup>1</sup>

- Scope 1 GHG emissions (tonnes CO<sub>2</sub> and kilo-tonnes CO<sub>2</sub>)<sup>2,3</sup>
- Scope 2 GHG emissions [Market-based and Location-based] (tonnes CO<sub>2</sub> and kilo-tonnes CO<sub>2</sub>)<sup>4</sup>
- Scope 3 GHG emissions (Category 5) (kilo-tonnes CO<sub>2</sub>)<sup>4</sup>
- Energy use (Units are based on energy type)<sup>5</sup>
- Water intake (includes breakdown) (ten thousand m<sup>3</sup>)<sup>5</sup>
- Waste generation (thousand tonnes)<sup>5</sup>
- Hazardous waste generation (thousand tonnes)<sup>5</sup>

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. the Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable environmental data as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance<sup>6</sup> and at the materiality of the professional judgement of the verifier.

<sup>1</sup> GHG quantification is subject to inherent uncertainty.

<sup>2</sup> Only energy-derived CO<sub>2</sub> is covered.

<sup>3</sup> Mitsubishi Heavy Industries, Ltd. and its consolidated operating companies in Japan (11 companies in total).

<sup>4</sup> Mitsubishi Heavy Industries, Ltd. and its consolidated operating companies in Japan (6 companies in total).

<sup>5</sup> Mitsubishi Heavy Industries, Ltd. and its consolidated operating companies in Japan (10 companies in total).

<sup>6</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



#### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised), ISO 14064-3:2019 and GX League third party verification guideline. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records for the fiscal year 2023; and
- Visiting HQ Marunouchi, Nagasaki Shipyard & Machinery Works Nagasaki Plant and Kobe Shipyard & machinery Works Kobe Plant to confirm the data collection processes, record management practices, and to physically check emission sources.

#### Observations

Further observations and findings, made during the assurance engagement, are:

- We look forward to continued high levels of data aggregation and calculation.

#### LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part 1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the Company's certification body for ISO 9001, ISO 14001 and ISO 45001. We also provide the Company with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 25 October 2024

Kazuyori Yukinaka

LRQA Lead Verifier

On behalf of LRQA Limited

10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LRQA reference: YKA4005601

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Table 1. Summary of Mitsubishi Heavy Industries Group's Environmental Data for FY2023:

スコープ		
Scope 1	GHG emissions	74,910 tCO <sub>2</sub>
		75 ktCO <sub>2</sub>
Scope 2	GHG emissions (Location-based)	268,540 tCO <sub>2</sub>
		269 ktCO <sub>2</sub>
Scope 2	GHG emissions (Market-based)	276,958 tCO <sub>2</sub>
		277 ktCO <sub>2</sub>
Scope 3	GHG emissions	
	Category 5	18 ktCO <sub>2</sub>
Energy use		
	Heavy fuel oil A	2 ML
	Heavy fuel oil B/C	0 KL
	Gasoline	0.2 ML
	Gas oil / Diesel oil	1.7 ML
	Kerosene	0.4 ML
	Jet fuel	0.8 ML
	Steam coal	0 kt
	City gas	24 M(m <sup>3</sup> )
	LPG	2 kt
	LNG	1.5 kt
	Natural gas (excluding LNG)	0.6 k(m <sup>3</sup> )
	Petroleum hydrocarbon gas	0.6 k(m <sup>3</sup> )
	Hot water	15 GJ
	Cold water	9 TJ
	Steam	5 TJ
	Industrial steam	0 GJ
	Electricity	615 GWh
Water intake		
	Tap water	492 ten thousand m <sup>3</sup>
	Industrial water	180 ten thousand m <sup>3</sup>
	Ground water	180 ten thousand m <sup>3</sup>
	Waste generation (excluding hazardous waste)	133 ten thousand m <sup>3</sup>
	Hazardous waste generation	28 kt
		7 kt





# Third-party Assurance

## ■ Assurance on Social Data



### LRQA Independent Assurance Statement Relating to Mitsubishi Heavy Industries, Ltd.'s Social data within its SUSTAINABILITY DATABOOK 2024 for the fiscal year 2023

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract.

#### Terms of Engagement

LRQA was commissioned by Mitsubishi Heavy Industries, Ltd. (hereby "the Company") to provide independent assurance on its social data within its SUSTAINABILITY DATABOOK 2024 ("the report") for the fiscal year 2023, that is 2023/04/01 - 2024/03/31, against the assurance criteria below to a limited level of assurance and professional judgement of the verifier using "ISAE3000(Revised)".

Our assurance engagement covered Mitsubishi Heavy Industries, Ltd.'s and its consolidated subsidiaries' operations and activities in Japan<sup>1</sup> and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected datasets:
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:
  - Occupational fatalities of employees
  - Occupational fatalities of contractors
  - Lost-worktime injuries frequency rate of employees
  - Lost-worktime injuries frequency rate of contractors
  - Number of lost-worktime injuries of employees
  - Number of lost-worktime injuries of contractors
  - Total working hours of employees and contractors

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
  - Disclosed accurate and reliable social data and information
- The opinion expressed is formed on the basis of a limited level of assurance<sup>2</sup> and at the materiality of the professional judgement of the verifier.

<sup>1</sup> The boundary consists of 50 entities in Japan and the Company.

<sup>2</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



#### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE3000(revised). The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification;
- Interviewing with those key people responsible for compiling the data and drafting the report;
- Sampling datasets and traced activity data back to aggregated levels; and
- Verifying the historical data and records for the fiscal year 2023.

#### Observations

Further observation made during the assurance engagement, is:  
Company is expected to continuously improve their data management systems and maintain the accuracy and comprehensiveness of their data.

#### LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

*Shotaro Kawabata*

Shotaro Kawabata  
LRQA Lead Verifier  
On behalf of LRQA Limited  
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

Dated: 05/07/2024

LRQA reference: YKA4005601

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# Mitsubishi Heavy Industries, Ltd.

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