

Mitsubishi Heavy Industries, Ltd. Green/Transition Finance Framework

1. Introduction

Mitsubishi Heavy Industries, Ltd. (hereinafter, "The Company" or "MHI") has developed the following Green/Transition Finance Framework (hereinafter, "this framework") with the aim to promote the initiatives set forth in its 2040 Carbon Neutrality Declaration and Roadmap to Achieve Carbon Neutrality.

The Company has obtained a second party opinion from DNV, an independent external reviewer, that this framework is aligned with the ICMA Green Bond Principles 2021, Ministry of the Environment Japan Green Bond Guidelines 2020, LMA, APLMA, LSTA Green Loan Principles, Ministry of the Environment Japan Green Loan and Sustainability Linked Loan Guidelines 2020, ICMA Climate Transition Finance Handbook 2020, and 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).

The Company will execute Green/ Transition Finance based on this framework.

1.1 Overview of the issuer

7th July in 1884, Yataro Iwasaki – the founder of Mitsubishi, took a lease out on government-owned Nagasaki Shipyard. He named it Nagasaki Shipyard & Machinery Works, and started the shipbuilding business on a full scale.

This shipbuilding business was later turned into Mitsubishi Shipbuilding Co., Ltd., and then launched as Mitsubishi Heavy-Industries, Ltd. in 1934, manufacturing ships, heavy machinery, airplanes, and railroad cars.

A law aimed at dissolving "zaibatsu" and eliminating the over concentration of economic power was in effect. Thus, in 1950, MHI was divided into three entities: West Japan Heavy-Industries, Ltd., Central Japan Heavy-Industries, Ltd. and East Japan Heavy-Industries, Ltd. It was later consolidated in 1964 and reborn as Mitsubishi Heavy Industries, Ltd.

In various business areas, the Company and its affiliates work together to manufacture, install, sell, and provide services, etc. The business domains/segments of MHI Group are as follows.

Energy Systems
Plants & Infrastructure Systems
Logistics, Thermal & Drive Systems
Nuclear Energy Systems
Machinery Systems
Integrated Defense & Space Systems
Commercial Aviation Systems

1.2 Sustainability and CSR Policy

In accordance with the three statements 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.

(Sustainability Promotion System)

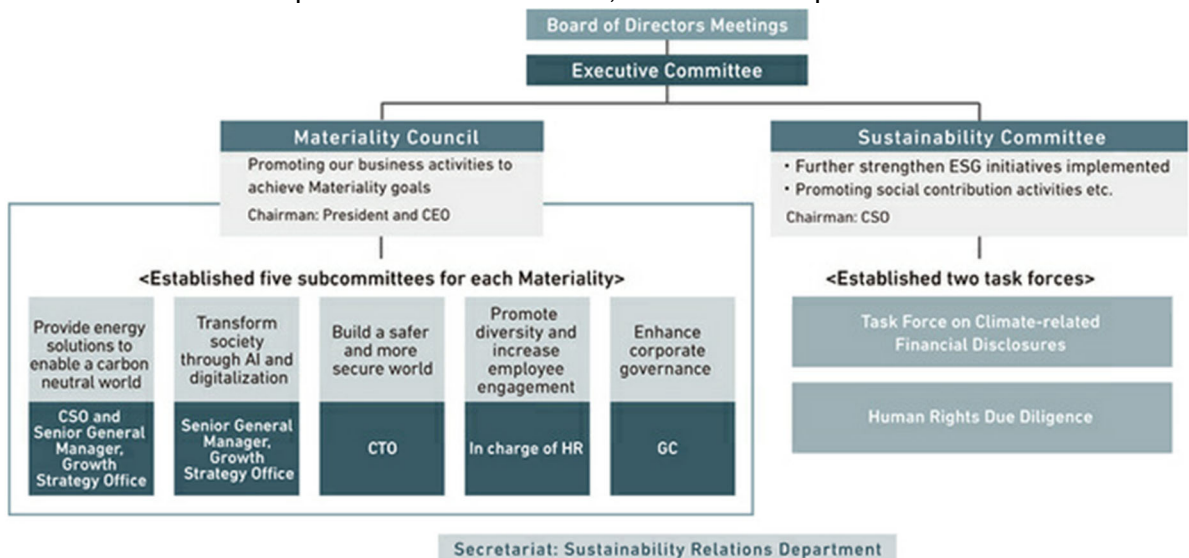
In order to promote management that takes into account the sustainability of society, we established the Materiality Council and the Sustainability Committee.

The Materiality Council established subcommittees composed of managers and designated divisions under their purview, for each of the five materiality categories identified by the Company in 2020. With the President and CEO as Chair, the Council follows up on business activities aiming at the realization of materiality goals and instruct business divisions to take the necessary measures.

In addition, the Sustainability Committee was established as a development of the CSR Committee, which had been working on the identification of materiality, ESG measures and the promotion of social contribution activities. The Sustainability Committee aims at becoming “a company that focuses on the perspective of society, meets society’s expectations and is trusted at all times,” with CSR at the core of management. Chaired by the CSO (Chief Strategy Officer, director, the officer in charge of sustainability), the Sustainability Committee comprises officers involved in ESG and business, including the GC (General Counsel, director), CFO (Chief Financial Officer, director), CTO (Chief Technology Officer), the officer in charge of HR (human resources), the head of Business Strategy Office, and other officers in charge of domains and segments in accordance with the agenda. In principle, with the aim of establishing an ESG/sustainability promotion system, the committee meets twice each year to discuss and determine basic ESG initiative policies and responses for material issues of sustainability, while promoting related initiatives. In addition to making decisions at the top management level of the company in response to ESG issues including TCFD (the Task Force on Climate-related Financial Disclosures) and human rights due diligence, with regard to which social needs are increasing, the committee forms cross-divisional task force teams and considers concrete action plans and pursues to realize sustainable societies as well as to enhance medium to long term corporate value.

Important matters related to various sustainability issues are deliberated and decided at the Executive Committee and reported to the board meeting.

Also, committees to deliberate sustainability/CSR related material issues, such as Compliance Committee and MHI Group Environment Committee, have been set up as below.



(Conformity to International Code of Conduct)

Being a global company, MHI always conducts its business activities in accordance with international codes of conduct. In 2004, MHI became a participant in the United Nations Global Compact, committing itself to making ongoing efforts throughout the Group to respect and carry out its Ten Principles spanning four basic areas: human rights, labor, environment, and anti-corruption. We promote CSR activities that are in accordance with ISO 26000, which was formulated in 2010 as an international guideline on the social responsibilities of organizations. We endeavor to disclose information in accordance with Japanese and overseas reporting standards. One such international standard for the reporting of non-financial information is the Sustainability Reporting Standards of the Global Reporting Standards Initiative.

1.3 Materiality of MHI Group

To enhance corporate value and grow in the medium to long term through solutions to social issues, in fiscal 2020, MHI Group has identified materiality it should be addressing.

In response to the increasing importance of sustainability in international standards and guidelines, as seen in recent years in the Sustainable Development Goals (SDGs) adopted by the United Nations, growing ESG Investment, and the EU taxonomy and subsequent changes in megatrends influencing the MHI Group, in 2020 we reviewed the materiality identified in 2015 and added five new items as noted below.

Activities that engage in materiality embody sustainability management in terms of business. In order to make materiality activities effective, we will establish subcommittees with managers and departments in each materiality to examine specific measures and roadmaps. In October 2021, we established the Materiality Council, chaired by the President, to follow up on business activities aimed at realizing materiality goals and to instruct business divisions to take necessary measures. These activities are important themes in sustainability management and are regularly reported to the Board of Directors.

【Materiality, Problem Recognition, and Company-wide Goals】

Materiality	Company-wide goals
1. Provide energy solutions to enable a carbon neutral world [Officer in Charge: CSO and Senior General Manager, Growth Strategy Office]	<ul style="list-style-type: none"> ▪Decarbonize the MHI Group’s business activities by 2040 (Scope1, Scope2) ▪Contribute to building up energy infrastructure toward a carbon neutral world by 2050 ▪Contribute to decarbonization in the energy demand sector by 2050 ▪Contribute to building a circular economy
2. Transform society through AI and digitalization [Officer in Charge: Senior General Manager, Growth Strategy Office]	<ul style="list-style-type: none"> ▪Expand lineup of convenient and sustainable AI/digital products meeting needs of customers and users ▪Create a future-oriented energy management structure ▪Build a foundation to produce creative products
3. Build a safer and more secure world [Officer in Charge: CTO]	<ul style="list-style-type: none"> ▪Make critical infrastructure more resilient ▪Make critical infrastructure unmanned or requiring fewer people ▪Continuously strengthen cybersecurity measures for all MHI products ▪Commercialize cross-domain security technologies ▪Develop engineers keenly aware of safety and security needs in all products
4. Promote diversity and increase employee engagement [Officer in Charge: In charge of HR]	<ul style="list-style-type: none"> ▪Create new value through participation of diverse human resources ▪Ensure safe and comfortable workplaces ▪Support the health and vitality of employees, so they can contribute to society ▪Foster self-sustaining growth in all employees Increase employee engagement
5. Enhance corporate governance [Officer in Charge: GC]	<ul style="list-style-type: none"> ▪Further improve Board of Directors meetings ▪Promote legal compliance and honest and fair business practices ▪Further promote responsible (CSR) procurement in the global supply chain ▪Create opportunities to explain non-financial information

1.4 Environmental Targets

The MHI Group Long-Term Environmental Target and the Fifth MHI Group Environmental Targets, which represent the Group's medium-term goals, were established at a meeting of the Environment Committee held in March 2021. The Long-Term Environmental Target has raised decarbonizing the business activities of the MHI Group by 2040. The Fifth MHI Group Environmental Targets aim for reductions in CO₂ emissions, reductions in water usage, and reductions in waste generation by fiscal 2023. MHI Group will continue to contribute to the global warming problem and work as one to achieve these goals. We have also declared support for the TCFD, and are analyzing, working on issues, and publicizing the results based on the TCFD recommendations.

■ The MHI Group Long-Term Environmental Target (FY2040)

Item	Scope of target	Target (FY2021-FY2040)
Reduction in CO ₂ emissions	Entire MHI Group	Decarbonize MHI Group's business activities by 2040 (Scope 1, Scope 2)

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

■ The Fifth MHI Group Environmental Targets (FY2021–FY2023)

Item	Scope of target	Target (FY2021-FY2023)
1. Reduction in CO ₂ emissions	1.1 Entire MHI Group	Reduction in CO ₂ emissions per unit from offices and plants by 9% in FY2023 relative to FY2014.
2. Reduction in water usage	2.1 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).
3. Reduction in waste generation	3.1 Entire MHI Group	Reduction in waste generation per unit in FY2023 by 7% relative to FY2014 (Excluding valuable materials; including hazardous waste.)

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

1.5 2040 Carbon Neutral Declaration : MISSION NET ZERO

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 last year: "Energy Transition," which aims to decarbonize the energy supply side, and "New Mobility and Logistics", 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.

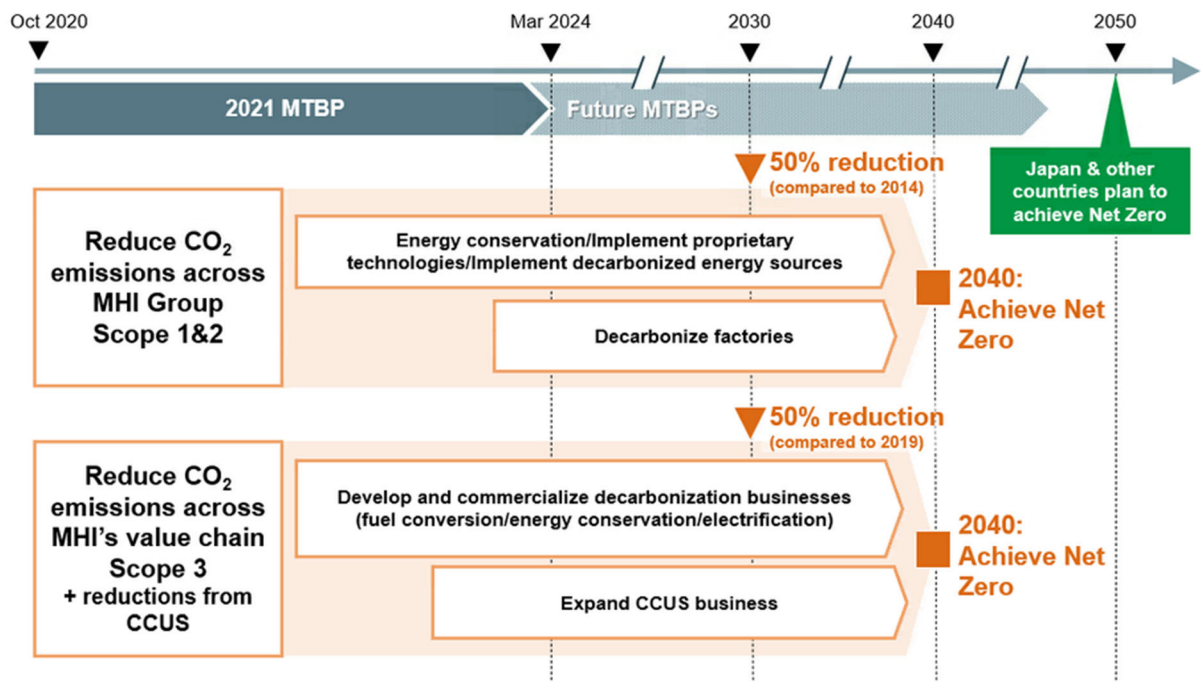
1. CO₂ Emission Reduction Target

Target Year	Reduce CO ₂ emissions across MHI Group Scope 1&2	Reduce CO ₂ emissions across MHI's value chain Scope3 +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.

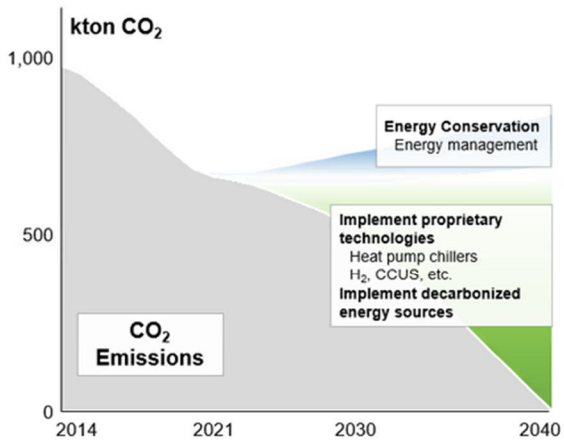
Scope 3: The calculation standard is based on the GHG Protocol. However, we also account for reductions achieved by CCUS as an MHI original index.

2. Roadmap to Achieve Carbon Neutrality



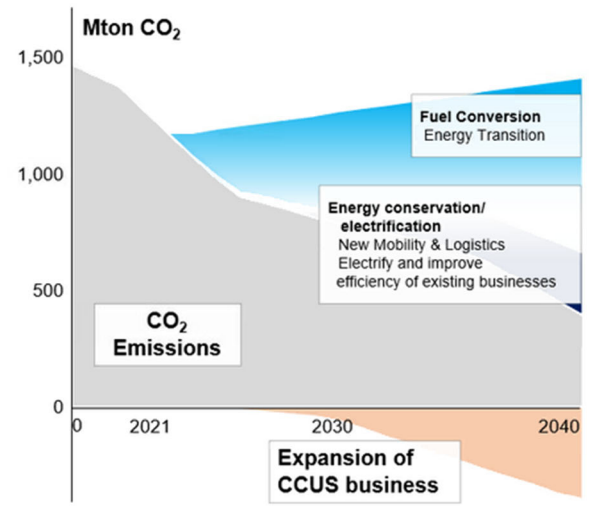
Reduce CO₂ emissions across MHI Group Scope 1&2

Implement proprietary technologies at MHI factories



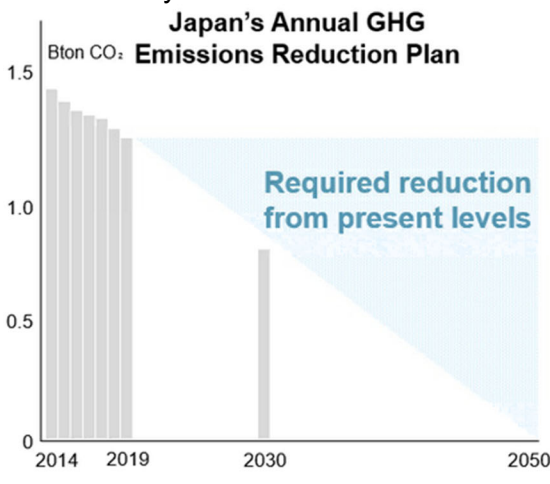
Reduce CO₂ emissions across MHI's value chain Scope 3 + reductions from CCUS

Rapidly establish decarbonization technologies and drive commercialization



3. Contributions to Customers' Scope 1&2 Reductions

Offer a variety of solutions to reduce CO₂ emissions from our customers' existing facilities



Example of CO ₂ Reduction Solutions for Existing Facilities	Reduction Rate
Replace coal-fired thermal power plant with natural gas GTCC	-60% to -65%
30% mixed hydrogen firing in GTCC/engine	-10%
100% hydrogen firing in GTCC/engine	-100%
20% biomass/ammonia mixed firing in coal-fired thermal power plant	-20%
100% biomass/ammonia firing in coal-fired thermal power plant	-100%
Restart and extend operating life of nuclear power plants (replacement of fossil fuel power generation)	-100%
Hydrogen reduction steelmaking + electric arc furnace	-65%
Replace engine forklift with electric forklift	-65%
Replace boiler with heat pump	-65%

Scope 1, 2

- Scope 1 represents CO₂ emissions arising directly from MHI Group's operations (fuel combustion and industrial processes). Scope 2 represents indirect CO₂ emissions, mainly from electricity consumption.
- Calculations are based on the GHG Protocol. However, emissions from our combined cycle demonstration plant (Takasago Machinery Works) and Nakoso and Hirono IGCC plants are included in Scope 3
- Main assumptions include reduction in electricity emissions in accordance with Japan's CO₂ emissions reduction targets and some degree of hydrogen and CO₂ solutions ecosystems development

Scope 3+reductions from CCUS

- Scope 3 represents indirect CO₂ emissions arising from other companies across our value chain excluding that covered by Scope 1 & 2. This Scope includes 15 categories, approximately 99% of which comprise CO₂ emissions arising from the use of MHI Group products, which are targets for reduction efforts.
- Calculations are based on the GHG Protocol. However, we also account for reductions achieved by CCUS as an MHI original index.

- Based on the GHG Protocol, total CO₂ emissions expected over a product's lifetime are recorded during the year in which it was sold.

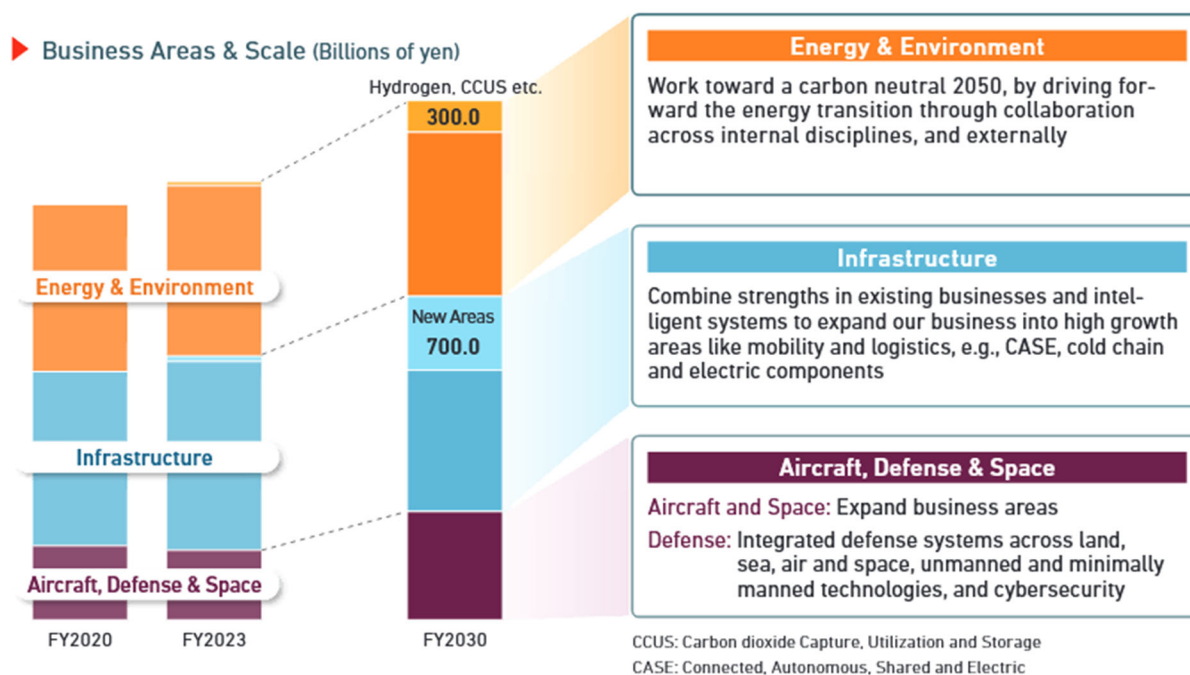
- Main assumptions include the active adoption of carbon-free products by each company in accordance with each country's CO₂ reduction goals as well as some degree of hydrogen and CO₂ solutions ecosystems development

1.6 MHI Group Vision : MHI Group in 2030

Under the unified MHI Group Mission, we have set three key themes for achieving our vision for 2030: Realize a carbon neutral world; improve quality of life; and Build a safer world. We then divided our operations into three broad business areas: Energy & Environment; Infrastructure; and Aircraft, Defense & Space. Going forward, as we optimize our business portfolio, we will drastically increase our corporate value through two primary growth engines: the Energy Transition, which aims to achieve Carbon Neutrality by 2050, and New Mobility & Logistics, which seeks to integrate many disparate machinery systems and digital technologies.

MHI Group in 2030

Drastically increase our corporate value through the primary growth engines of Energy Transition and New Mobility & Logistics while managing our portfolio

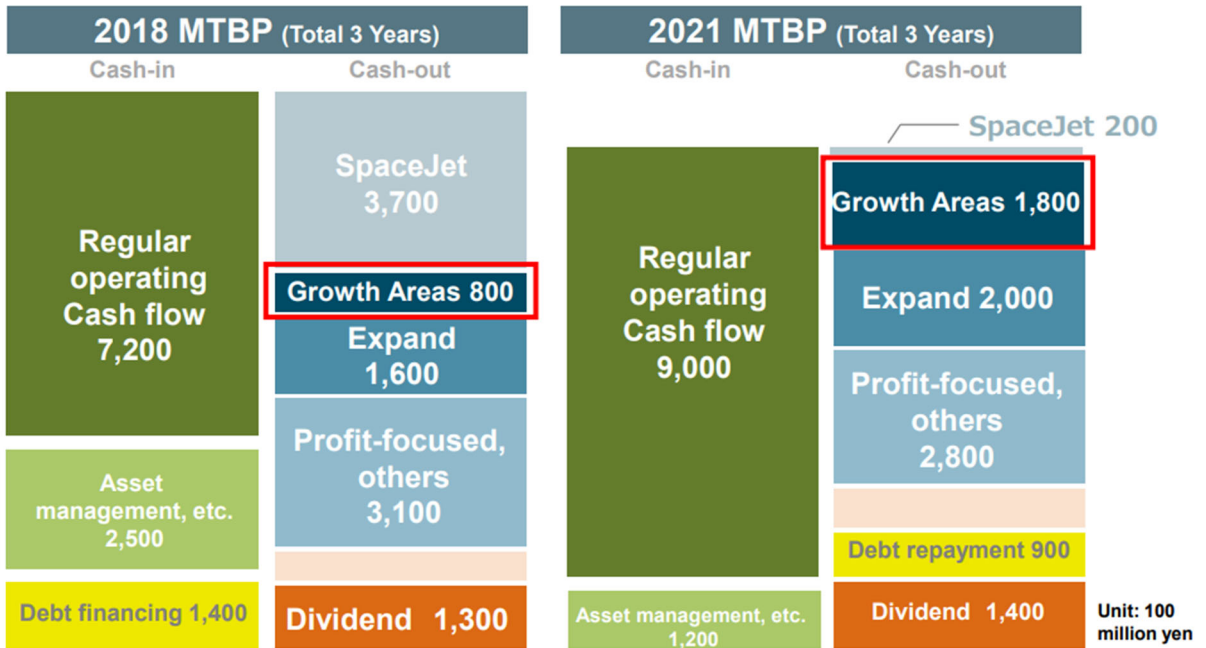


1.7 2021 Medium-Term Business Plan Targets (FY2021-2023)

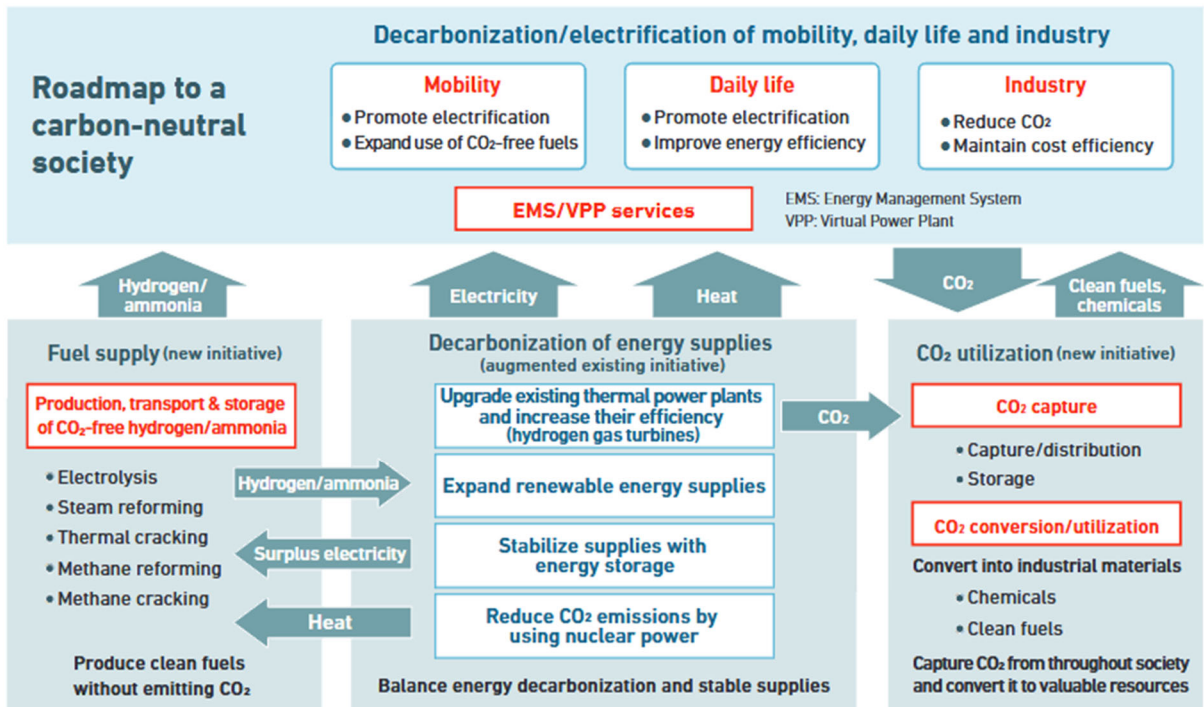
In October 2020, we formulated our 2021 Medium-Term Business Plan based on the results of the 2018 Medium-Term Business Plan, which spanned from FY2018 through FY2020, and our vision for 2030. In our new 2021 Medium-Term Business Plan, which spans from FY2021 through FY2023, rather than targeting top line expansion, we decided to focus on improving our fundamental competitiveness as a path to future growth. Over the next three years, we will strengthen our businesses and solidify our growth fundamentals, aiming for over 5 trillion yen in revenue by 2030.

(Developing Growth Areas)

MHI Group has designated two primary growth areas which will be targets for strategic resource application: the Energy Transition and New Mobility & Logistics. The Company will invest 180 billion yen mainly in these two areas, aiming to create new businesses which will generate over 100 billion yen in revenue by FY2023.

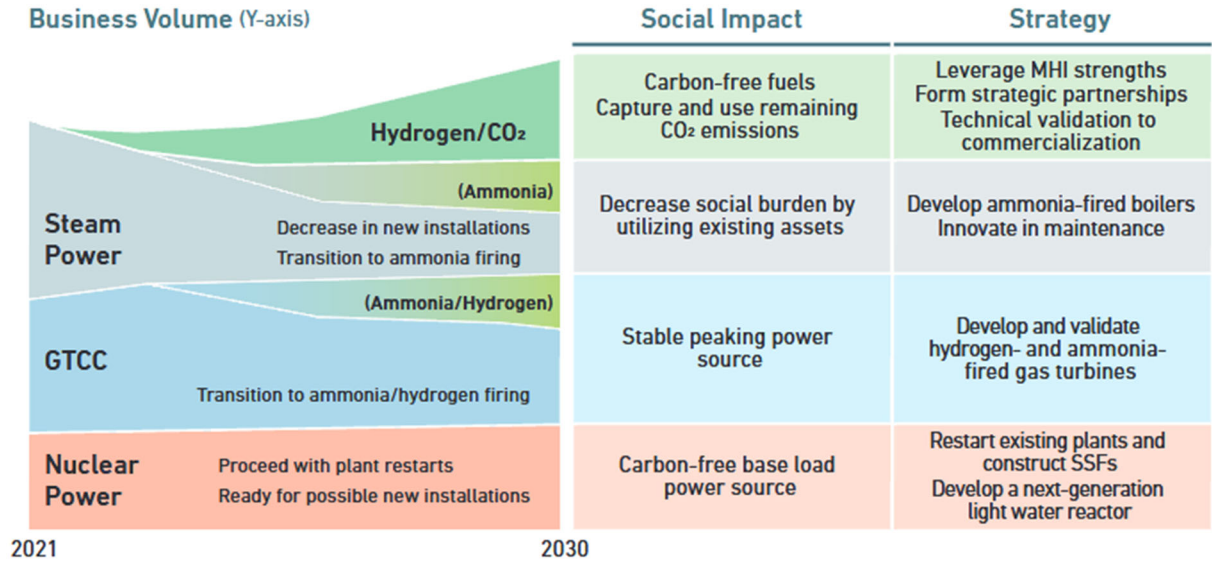


► Energy Transition



Grow Businesses through the Energy Transition

Build hydrogen and CO₂ solutions business scale in addition to decarbonizing existing infrastructure



1.8 Rationale for Green/ Transition Finance Executed

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. Thus, MHI is promoting its related initiatives.

The steady execution of its ESG strategy set forth in "2040 Carbon Neutrality Declaration" and "Roadmap to Achieve Carbon Neutrality" aligns with the 2050 Carbon Neutral declaration of the Japanese government. MHI considers the execution of Green/ Transition Finance as the funding for our initiatives toward achieving carbon neutral by 2050 and an opportunity to inform our stakeholders of our overall initiatives.

MHI's long-term strategy will be reviewed when government policies or other assumptions change.

<Corresponding Sections to the Four Disclosure Elements of the ICMA Climate Transition Handbook>

Disclosure Elements	Sections
1. Issuer's climate transition strategy and governance	1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 2.1
2. Business model environmental materiality	1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1
3. Climate transition strategy to be science-based including targets and pathways	1.4, 1.5, 1.6, 1.7
4. Implementation transparency	1.4, 1.5, 1.6, 1.7, 2.2, 2.3, 2.4, 2.5

2. Green/Transition Finance Framework

2.1 Use of Proceeds

MHI will use the proceeds of the Green/Transition Finance to finance and refinance new and existing Eligible businesses and/or projects (such as R&D funds, business development and operation funds, and working capital) falling within the following businesses and/or projects category, which has been confirmed consistent with sectoral roadmaps for electricity, gas, iron & steel, chemicals (Ministry of Economy, Trade and Industry) and shipping (Ministry of Land, Infrastructure, Transport and Tourism). In the case of financing existing investments, allocation is limited to expenditures made within three years from the execution of the related Green/Transition Finance.

Depending on the characteristic of the Finance being executed, proceeds will be allocated to the following projects categories

- Green Finance : Green Projects
- Transition Finance : Green Projects and/or Transition Projects

Green Projects

【Green Bond Principles】

Environmental objectives: Climate change mitigation/ Project Category: Renewable Energy

Eligible businesses and/or projects	Eligibility Criteria	SDGs
Renewable Energy	<ul style="list-style-type: none"> • Wind power (wind power plants) • Geothermal power (geothermal power plants) 	7.Ensure access to affordable, reliable, sustainable and modern energy for all 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 12. Ensure sustainable consumption and production patterns 13.Take urgent action to combat climate change and its impacts
Clean Energy	<ul style="list-style-type: none"> • Hydrogen gas turbine (hydrogen power generation businesses and/or projects for 100% hydrogen firing) 	
	<ul style="list-style-type: none"> • Ammonia gas turbine (ammonia power generation businesses and/or projects for 100% ammonia firing) 	
	<ul style="list-style-type: none"> • Hydrogen/ammonia production (green) 	
	<ul style="list-style-type: none"> • Steam Power (conversion to 100% ammonia firing) 	
	<ul style="list-style-type: none"> • Gas engine for power generation (100% hydrogen firing) 	

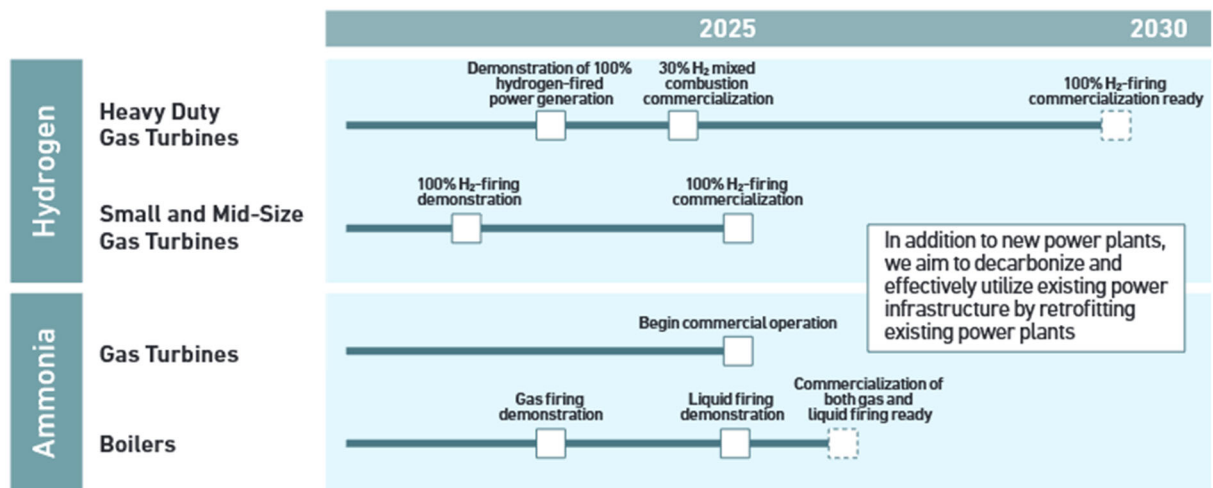
Transition Projects

Environmental objectives: Climate change mitigation

Eligible businesses and/or projects	Eligibility Criteria	SDGs
Decarbonize existing infrastructure	<ul style="list-style-type: none"> Hydrogen gas turbine (co-firing) Ammonia gas turbine (co-firing) LNG-fueled high-efficiency gas turbine Steam Power (conversion to ammonia co-firing) Gas engine for power generation (hydrogen co-firing) Material Handling (high efficiency and fuel cell powered) 	7.Ensure access to affordable, reliable, sustainable and modern energy for all 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 12. Ensure sustainable consumption and production patterns 13.Take urgent action to combat climate change and its impacts
Build a hydrogen solutions ecosystem	<ul style="list-style-type: none"> Hydrogen production (blue or turquoise, etc.) Ammonia production (blue or turquoise, etc.) Hydrogen compressors (for hydrogen production, transport and storage, etc.) Metals machinery (hydrogen-reduced ironmaking etc.) 	
Build a CO ₂ solutions ecosystem	<ul style="list-style-type: none"> CO₂ capture and storage CO₂ transport (liquefied CO₂ carriers, etc.) 	

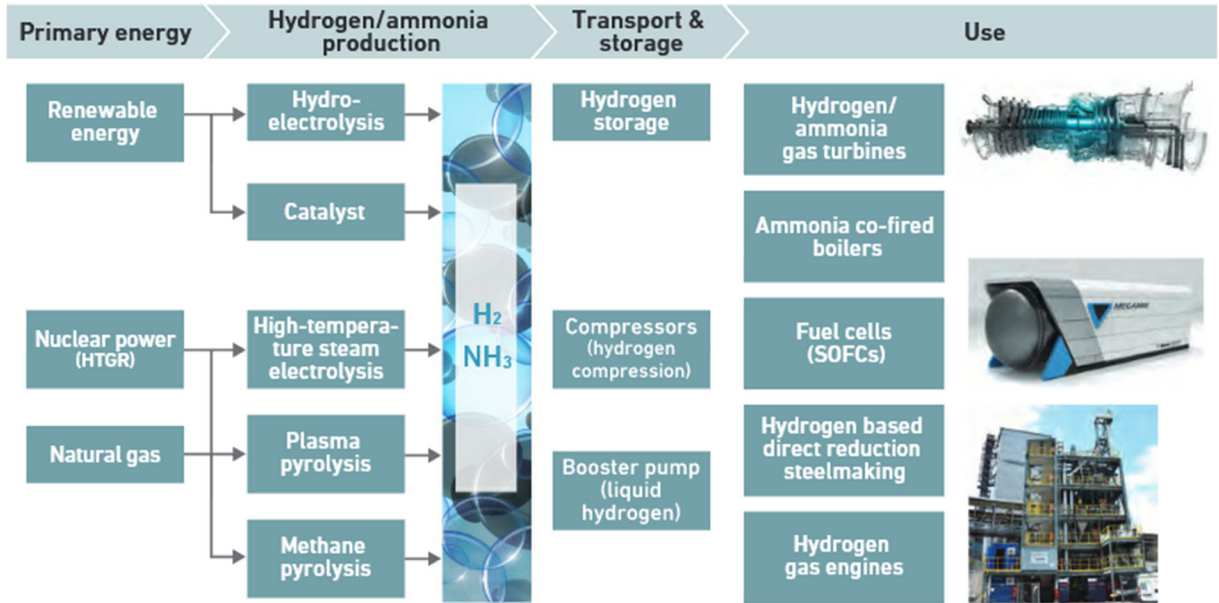
(Timeline for each project)

► Roadmap to validation and commercialization of carbon-free power generation fueled by hydrogen/ammonia



* The above diagram includes New Energy and Industrial Technology Development Organization (NEDO) projects' development outcomes.

► Hydrogen Value Chain



* The above diagram includes NEDO projects' development outcomes.

► Roadmap to CO₂ Ecosystem-building

Create a solutions ecosystem covering carbon capture, transport, storage, and conversion/use
Expand carbon capture product lineup by 2023



KS-1™, KS-21™: A proprietary amine absorbent jointly developed with Kansai Electric Power CO₂NNEX™: A digital platform for visualizing CO₂ logistics to be jointly developed with IBM Japan
* CCUS : Carbon dioxide Capture, Utilization and Storage

2.2 Process for Project Evaluation and Selection

2.2.1 Process for Project Selection

MHI's business divisions select the businesses and/or projects to be funded by Green/ Transition finance proceeds, and the finance department then confirms the compliance with the eligibility criteria, and the CFO will make the final decision.

2.2.2 Process to Mitigate Environmental and Social Risks

In executing projects, MHI is committed to the mitigation of environmental and social risks according to the eligibility criteria and contributing to the creation of a sustainable society in accordance with the Group's Sustainability framework.

2.3 Management of Proceeds

MHI's finance department manages the allocation of the Green/ Transition finance proceeds on a regular basis (at least once a year), until the maturity of the Green/ Transition finance, using an internal management system. After the execution of a Green/ Transition finance, the proceeds will be allocated to eligible businesses and/or projects until the maturity of the Green/ Transition finance. Pending the allocation to eligible businesses and/or projects, the amount of unallocated proceeds will be held in cash or cash equivalents.

2.4 Reporting

MHI will annually report on the allocation of proceeds to eligible businesses and/or projects, management of proceeds, and social impact on its corporate website, or in a timely manner whenever any significant change occurs. The first report will be made public within one year from the Green/Transition finance execution.

2.4.1 Allocation reporting

Until the proceeds are fully allocated, MHI will provide information on the allocation of proceeds to eligible criteria, on an annual basis.

MHI will report on the following items to the extent practicable.

- Status of allocation to eligible businesses and/or projects, overview with up-to-date progress
- Amount or share of unallocated proceeds, allocation schedule, and the method to manage unallocated proceeds

MHI will report timely in the event of a significant change in the allocation of proceeds.

2.4.2 Impact reporting

At least until all the proceeds from the Green/ Transition finance have been allocated, MHI will report the following and other indices for each eligibility criteria to the extent practicable.

Green Projects

Eligible businesses and/or projects	Eligibility Criteria	SDGs
Renewable Energy	<ul style="list-style-type: none"> • Wind power (Wind power plant) 	<ul style="list-style-type: none"> • Information on their progress in R&D (such as the outline of projects participated in) • Annual power generation of renewable energy (MWh) • Annual CO₂ reduction (tons)(*)
	<ul style="list-style-type: none"> • Geothermal power (Geothermal power plant) 	<ul style="list-style-type: none"> • Information on their progress in R&D (such as the outline of projects participated in)

		<ul style="list-style-type: none"> Annual power generation of renewable energy (MWh) Annual CO₂ reduction (tons) (*)
Clean Energy	<ul style="list-style-type: none"> Hydrogen gas turbine (hydrogen power generation businesses and/or projects for 100% hydrogen firing) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Annual CO₂ reduction (tons) by products sold (including implementation within MHI) (*)
	<ul style="list-style-type: none"> Ammonia gas turbine (ammonia power generation businesses and/or projects for 100% ammonia firing) 	<ul style="list-style-type: none"> information on their progress in R&D (such as the outline of projects participated in) Annual CO₂ reduction (tons) by products sold (including implementation within MHI) (*)
	<ul style="list-style-type: none"> Hydrogen/ ammonia production (green) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Amount of hydrogen/ammonia produced
	<ul style="list-style-type: none"> Steam Power (conversion to 100% ammonia firing) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Annual CO₂ reduction (tons) by products sold (including implementation within MHI) (*)
	<ul style="list-style-type: none"> Gas engine for power generation (100% hydrogen firing) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Annual CO₂ reduction (tons) by products sold (including implementation within MHI) (*)

(*) Calculated by using average emission factors and operating rates published by third-party organizations

Transition Projects

Eligible businesses and/or projects	Eligibility Criteria	SDGs
Decarbonize existing infrastructure	<ul style="list-style-type: none"> Hydrogen gas turbine (co-firing) Ammonia gas turbine (co-firing) LNG-fueled high-efficiency gas turbine Steam Power (conversion to ammonia co-firing) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Hydrogen/ammonia co-firing ratio (%) Annual CO₂ reduction (tons) by products sold (including implementation within MHI) (*)

	<ul style="list-style-type: none"> Gas engine for power generation (hydrogen co-firing) Material Handling (high efficiency and fuel cell powered) 	
Build a hydrogen solutions ecosystem	<ul style="list-style-type: none"> Hydrogen production (blue or turquoise, etc.) Ammonia production (blue or turquoise, etc.) Hydrogen compressors (for hydrogen production, transport and storage, etc.) Metals machinery (hydrogen-reduced ironmaking, etc.) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Annual CO₂ reduction (tons) by products sold (including implementation within MHI)(*) Amount of hydrogen/ammonia produced (ton)
Build a CO ₂ solutions ecosystem	<ul style="list-style-type: none"> CO₂ capture and storage CO₂ transport (liquefied CO₂ carriers, etc.) 	<ul style="list-style-type: none"> Information on their progress in R&D (such as the outline of projects participated in) Annual CO₂ reduction (tons) by products sold (including implementation within MHI)(*)

(*) Calculated by using average emission factors and operating rates published by third-party organizations

2.5 External Review

2.5.1 Pre-issuance external review

MHI has obtained a second party opinion from DNV, an independent external reviewer. The opinion confirmed that this framework is aligned with the ICMA Green Bond Principles 2021, Ministry of the Environment Japan Green Bond Guidelines 2020, LMA, APLMA, LSTA Green Loan Principles, Ministry of the Environment Japan Green Loan and Sustainability Linked Loan Guidelines 2020, ICMA Climate Transition Finance Handbook 2020, and 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).

2.5.2 Post-issuance external review

Within one year from the date of execution of the Green/ Transition Finance, MHI will obtain a review from DNV, an independent external reviewer, to evaluate whether its reporting is aligned with this framework. This review will be conducted annually until the proceeds from the Green/ Transition Finance have been fully allocated.