

Material Issues

To enhance corporate value and grow in the medium to long term through solutions to social issues, in FY2020 we identified Material Issues that MHI Group should be addressing. The progress of each Material Issue is managed with progress monitoring indicators (KPIs), and the PDCA cycle is steadily applied.

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 measures and roadmaps.

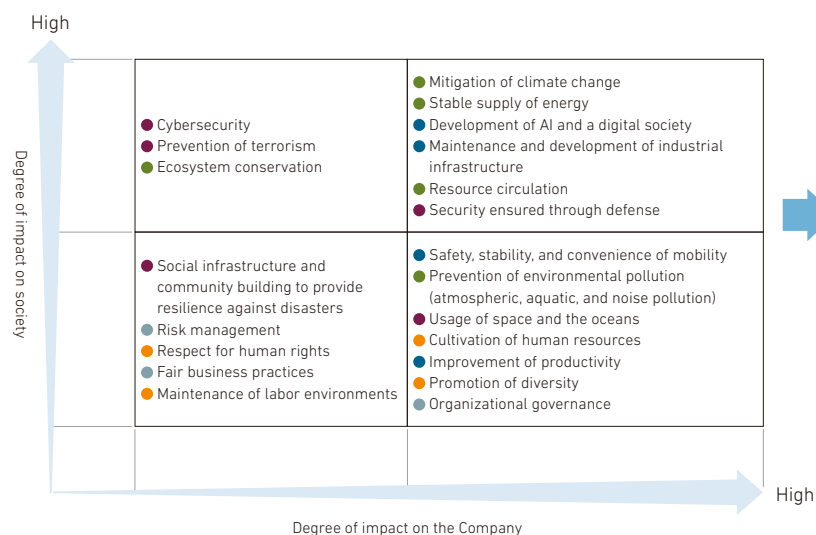
In October 2021, we established the Materiality Council, chaired by the CEO and attended by corporate officers together with domain and segment heads. Its role is to follow up on business activities aimed at realizing company-wide goals for Material Issues and to instruct business divisions addressing the goals to take necessary

measures. By June 2025, the Council had convened eight times, facilitating active discussions and exchanges of views, including reporting progress on each Material Issue and sharing related project cases from business divisions. 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

Process of Identifying Material Issues



Approach to Identifying Material Issues



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

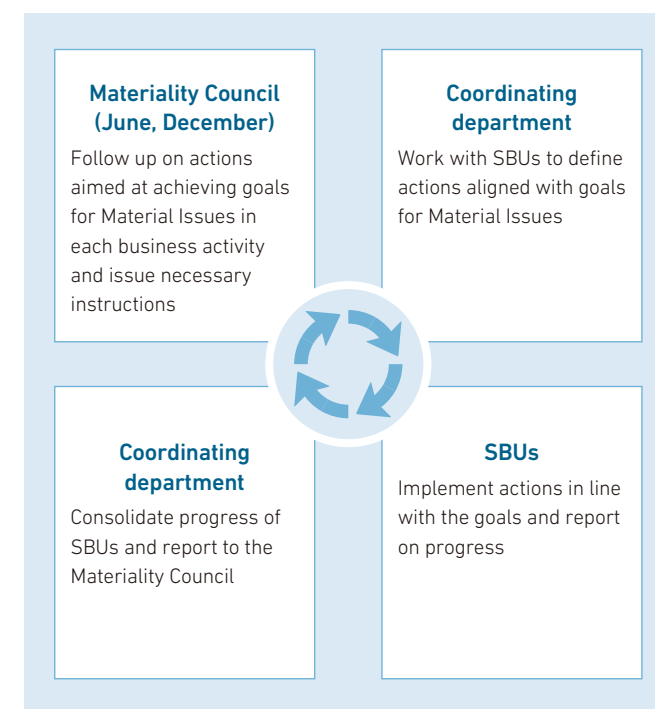
Business Contribution (business-related)

- Provide energy solutions to enable a carbon neutral world
- Transform society through AI and digitalization
- Build a safer and more secure world

Foundation to Support Business (corporate-related)

- Promote diversity and improve employee engagement
- Enhance corporate governance

Materiality Promotion Cycle






















For further details, please refer to this website.

Material Issues



For information on the progress of Material Issues, please visit our website.

Material Issues for MHI Group: Company-Wide Goals and Progress Monitoring Indicators (KPI)

Material Issues (Officer in Charge)	Company-wide Goals	Progress Monitoring Indicator (KPI)
Provide energy solutions to enable a carbon neutral world    ▶ Head of GX Solutions	Reduce the CO ₂ emissions of MHI Group Achieve Net Zero CO ₂ emissions from its operations by 2040 (Scopes 1 and 2) Contribution to society throughout the value chain by 2040 Achieve Net Zero CO ₂ emissions from its entire value chain by 2040 (Scope 3 + reduction through CCUS)	Reduce total CO ₂ emissions from business activities (Scopes 1 and 2) by 50% by 2030 (compared to 2014 levels), and achieve net zero by 2040 Reduce CO ₂ emissions across the entire value chain (Scope 3 + CCUS contribution for CO ₂ reduction) by 50% by 2030 (compared to 2019 levels) and achieve Net Zero by 2040 Develop products and services that contribute to decarbonization of the energy supply by 2040 (Energy Transition) Develop products and services that contribute to conservation, decarbonization, and automation of energy use by 2040 (Smart Infrastructure) Develop and prove new products and services that contribute to the carbon cycle
Transform society through AI and digitalization     ▶ CTO	Expand lineup of useful and sustainable AI/digital products meeting needs of customers and users Creating an environment for creating creative AI and digital products	Advanced AI and digital solutions for solving customer issues (optimizing the operation of energy supply and demand facilities, etc.) step up the number of new developments (services, products, R&D) Creative time for employees; raising environmental awareness
Build a safer and more secure world      ▶ CTO	Making products, businesses, and infrastructure more resilient Unmanned and man-saving products, businesses, and infrastructure Continuous cybersecurity of all MHI products deepening of countermeasures	Evaluating the impact of disasters and promoting the development and practical application of designs and technologies that pursue the development of designs and technologies that pursue resilience Remote/automatic operation and remote/automatic inspection and inspection of products, businesses, and infrastructure technology development and practical application Cybersecurity technology Promoting development and commercialization
Promote diversity and improve employee engagement      ▶ In charge of HR	Project new value through participation of diverse human resources Ensure safe and comfortable workplaces Improve our environment that maximizes employee performance, and develop human resources who are healthy, energetic and able to contribute to society	Increase the ratio of women on the Board of Directors to at least 30% by 2030 (MHI) Double the ratio of women in management positions by 2030 (compared to FY2021) In accordance with the MHI Group Human Rights Policy, raise awareness of diversity among Group employees through education and other efforts Reduce the number of serious accidents to zero Maintain a labor (work absence) accident frequency at a rate that is equal to or lower than the industry average Raise the employee awareness survey's "engagement" score above the global average by FY2030
Enhance corporate governance   ▶ GC	Further enhance deliberations by the Board of Directors 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	Maintain the ratio of independent outside directors on the Board of Directors at 50% or more (MHI) Assess the effectiveness of the Board of Directors annually to ensure and improve it (MHI) Maintain the number of serious laws/regulation violations at zero Continue activities that promote an open organizational culture Promote sustainability and CSR procurement activities with partners to build a sustainable supply chain Offer continuous educative information to suppliers/business partners in order to establish and maintain a sustainable supply chain Conduct Sustainability briefings to investors at least once a year