

**Mitsubishi Heavy Industries, Ltd. 36th Unsecured Corporate Bond
(MHI Green Bond) Reporting (FY2020)**

1. Allocation Reporting (As of March 31, 2021)

MHI Group has been engaged in renewable energy/clean energy business (wind, hydrogen, and geothermal power generation facilities/businesses) defined by qualified criteria for the realization of a decarbonized society. All of the funds raised by the 36th unsecured corporate bond of Mitsubishi Heavy Industries, Ltd. (Mitsubishi Heavy Industries Green Bond) issued on November 24, 2020 were used for the renewable energy business (a part of the refinancing of the investment in offshore wind power generation facilities). And there is no unallocated balance (Date of allocation: November 24, 2020).

(Unit: million Yen)

Section	Amount
Proceeds raised (Amount Excluding Issuance Costs from the Issue Amount of the Bonds)	24,893
Proceeds used	24,893
Proceeds to be used	0

2. Impact Reporting

The various indicators of environmental improvement effects in businesses and projects that have applied the funds raised by this green bond are as follows.

Section	FY2016	FY2017	FY2018	FY2019	FY2020
Deliveries (MW) (Installed power generation capacity)	365	816	864	785	804
Annual power generation (MWh) *1	981,602	3,176,087	5,499,659	7,610,776	9,772,989
Upper row: Single Fiscal Year Lower row: Cumulative Amount	981,602	4,157,689	9,657,348	17,268,124	27,041,113
Annual CO2 reduction (million tons) *2	0.49	1.60	2.77	3.84	4.93
Upper row: Single Fiscal Year Lower row: Cumulative Amount	0.49	2.09	4.86	8.70	13.63

*1 Calculated using the average operation rate published by the International Renewable Energy Agency (IRENA)

*2 Calculated using the average emission coefficient published by the International Finance Corporation (IFC) and the average operation rate published by the International Renewable Energy Agency (IRENA)

The funds procured through green bonds are fully allocated to the renewable energy business specified in the qualified criteria as described above. In addition, MHI Group is actively engaged in the Renewable energy/clean energy business (wind, hydrogen, and geothermal power generation facilities/businesses) specified in the qualified criteria. The main participating projects are as follows.

[Renewable energy business (wind power generation facilities/businesses)]

Collaboration with Copenhagen Infrastructure Partners in Hokkaido Offshore Wind Power Development

MHI and Copenhagen Infrastructure Partners P/S in Denmark have agreed to collaborate on the development of an offshore wind power project in Hokkaidō, establishing the Hokkaidō Offshore Wind Development GK. Offshore wind power generation is expected to increase significantly in Japan in the future. We will contribute to the spread of offshore wind power generation in Japan by jointly developing business in Hokkaido, which is blessed with wind conditions.

Establishment of MHI Vestas Japan, a joint venture to sales wind power generation equipment

MHI and Vestas Wind Systems A/S (Vestas) of Denmark established MHI Vestas Japan, a joint venture for selling wind power generation equipment, as part of strengthening collaboration between the two companies in the field of renewable energy centered on the wind power generation business on February 1, 2021.

With establishment of MHI Vestas Japan, MHI and Vestas look to build further on the technologies, experience and trust established through the operations of MHI Vestas Offshore Wind. In addition to helping expand use of onshore and offshore wind power, the new JV will integrate the superior technological capabilities and abundant experience of its two parent partners, thereby accelerating global-scale initiatives toward decarbonization.

[Clean energy business (hydrogen power generation facilities/businesses)]

Investment in HydrogenPro

Mitsubishi Heavy Industries, Ltd. (MHI) has made a financial investment in HydrogenPro AS of Norway, a company engaged in the development and manufacture of electrolyzers, devices that produce hydrogen by the process of water electrolysis. MHI subscribed to newly issued shares placed by HydrogenPro in an initial public offering (IPO) undertaken to fund expansion of its business operations. MHI already provides various decarbonization technologies that allow for a realistic path towards net-zero and will form the strategic partnership with HydrogenPro to further expand its portfolio and provide green hydrogen production plants to the market going forward.

3. External Review

MHI has received an annual review from Sustainalytics and has posted the review results on our website.