

# Mitsubishi Corporation Principles of Corporate Governance

## Chapter 1 General Provisions

### I Purpose of Mitsubishi Corporation Principles of Corporate Governance

#### 1. Purpose

The purpose of Mitsubishi Corporation Principles of Corporate Governance is to define the basic framework, views and policy on corporate governance of Mitsubishi Corporation (“MC”) and thereby contribute to MC’s sound and sustainable growth and continuous increase of corporate value.

### II Corporate Philosophy and Principles

#### 2. Corporate Philosophy and Principles

The Three Corporate Principles as below were formulated in 1934 as the action guidelines of Mitsubishi Trading Company (*Mitsubishi Shoji Kaisha*) based on the teachings of Koyata Iwasaki, the fourth president of Mitsubishi. These principles were adopted as MC’s corporate philosophy and have served as MC’s core principles since its founding.

- 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.
- ※ The modern day interpretation of the Three Corporate Principles, as agreed on at the Mitsubishi Kinyokai meeting of the companies that constitute the so-called Mitsubishi group in January 2001.

### III Basic Policy on Corporate Governance of MC

#### 3. Basic Policy on Corporate Governance

- (1) With the Three Corporate Principles for a corporate philosophy, MC strives to continuously increase corporate value through corporate activities rooted in the principles of fairness and integrity. MC believes that by helping to enrich society, both

materially and spiritually, it will also meet the expectations of all its stakeholders. In order to achieve these goals, MC recognizes the continuous strengthening of corporate governance as a fundamental management policy since it is the foundation for ensuring sound, transparent, and efficient management.

- (2) Under MC's basic policy on corporate governance set forth in the preceding paragraph, MC has adopted a Company with an Audit & Supervisory Committee to achieve a) separation of oversight and execution in management, b) oversight of management based on sufficient deliberation by the Board of Directors, and c) timely and decisive decision-making which has ability to respond to changes by delegating partial decision-making authority for the execution of important operations to the President and CEO and other Executive Directors (collectively the "Executive Directors").
- (3) Under this corporate governance system set forth in the preceding paragraph, the Executive Directors, who have been designated by the Board of Directors, shall formulate management strategies and business plans, etc., and subsequently the Board of Directors shall deliberate and determine them. The Executive Directors shall periodically report on the progresses of these strategies and plans to the Board of Directors, and the Board of Directors shall monitor those progresses to continuously increase corporate value.
- (4) MC shall establish internal rules and regulations for such matters as codes of conduct for officers and employees; company-wide lateral management systems; and measures for prevention, correction, and improvement; and internal whistleblower systems. After informing all parties, MC shall rigorously reflect the rules and regulations in operations and realize its compliance system. MC shall also establish appropriate internal control systems, check the operating status of these systems on an annual basis, and endeavor to continuously improve and strengthen them.

## **Chapter 2 Stakeholders Engagement**

### **I Basic Policy on Stakeholders Engagement**

#### **4. Basic Policy**

In consideration of MC's Environmental Charter, Social Charters, Human Rights Policy and other relevant internal rules, MC shall strive to achieve its sustainable growth and to continuously increase corporate value by appropriately reflecting the demands, expectations and opinions of the diverse stakeholders such as shareholders, investors, financial institutions,

employees, customers/business partners, NGOs, governments/local authorities, as well as society/media in our operations through dialogue and engagement.

#### **5. Appropriate Information Disclosure and Ensuring Transparency**

MC shall appropriately and fairly disclose information on a timely basis, and be committed to fulfilling accountability as a corporate enterprise through enhancement of disclosure materials and stakeholder engagement via dialogue, in addition to disclosing corporate information in accordance with laws and regulations. Furthermore, MC will actively disclose and provide information in English to enhance the disclosure of information to non-Japanese investors.

## **II Relations and Dialogue with Shareholders**

#### **6. Basic Policy**

In addition to the general meeting of shareholders set forth in Article 7, MC shall establish various types of informational meetings and interactive forums, to actively engage in dialogue with shareholders and investors for the purpose of deepening their understanding of MC's corporate philosophy and principles, fundamental management policies, targets and strategies, and others.

#### **7. General Meeting of Shareholders**

- (1) MC shall position the general meeting of shareholders as the Company's highest decision-making body and the place to communicate with shareholders constructively. In addition to proactively disclosing information via the notice of the general meeting of shareholders (issued in both Japanese and English), MC shall fulfill its accountability to MC's shareholders by respectfully responding to the questions they raise at the general meeting of shareholders.
- (2) MC shall, in principle, electronically post the notice of the general meeting of shareholders on its website as electronic provision measures about four weeks before the meeting and distribute it about three weeks before the meeting to ensure that shareholders have sufficient time to consider proposals prior to the general meeting of shareholders and are able to exercise their voting rights appropriately.
- (3) MC shall endeavor to create an environment in which all shareholders, including those who do not attend the general meeting of shareholders, can exercise their voting rights appropriately by using an electronic voting platform and setting the date of the ordinary general meeting of shareholders to avoid the dates when most other companies hold their ordinary general meetings of shareholders.

## **8. Basic Policy on Cross-Shareholdings and Exercising Voting Rights as to Cross-Shareholdings**

- (1) MC may hold shares, acquired for purposes other than pure investment, as a means of creating business opportunities and building, maintaining and strengthening businesses and partner relationships. When acquiring these shares, MC confirms the necessity of its acquisition based on the reason and economic rationale of the purchase in accordance with internal rules. Also, MC annually reviews the rationality of continuing to hold these shares at the Board of Directors and aims to reduce holdings of shares with decreased reason.
- (2) When exercising voting rights relating to the investment destinations, MC shall review their business conditions etc. from both quantitative and qualitative standpoints in accordance with internal rules, and exercise its voting rights appropriately for individual matters for resolution, aiming to create business opportunities and build, maintain and strengthen business and partner relationships, and from the perspective of continuous increase of corporate value of MC and these investment destinations.

## **III Employees Relations and Dialogue**

### **9. Basic Policy**

MC shall regard its employees as its main source of value creation and actively engage in dialogue with them. MC shall promote the development of a corporate system that encourages diverse workforces and that shall promote initiatives to create a corporate culture welcoming of diversity.

## **Chapter 3 Board of Directors**

### **I Roles and Responsibilities of the Board of Directors**

#### **1 0 . Roles and Responsibilities of the Board of Directors**

Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors shall fulfill the roles and responsibilities listed below to promote MC's sound and sustainable growth and continuous increase of corporate value, and to help enrich society, both materially and spiritually while also realizing transparent, fair, timely and decisive decision-making and highly effective oversight of the management:

- a. to provide a broad management direction in line with MC's business reality, taking into

consideration the external environment surrounding MC's businesses, trends, and global perspectives, etc.;

- b. to oversee the development and operation of the business management and risk management systems the executives have established to support appropriate risk-taking; and,
- c. to provide highly effective oversight of the executives by evaluating them from an independent and objective standpoint in light of the basic management policies formulated by the executives and approved by the Board of Directors, and by encouraging them to take necessary corrective actions.

## **II Size and Composition of the Board of Directors**

### **1 1 . Size and Composition of the Board of Directors**

For the purpose of fulfilling the roles and responsibilities of the Board of Directors as set forth in Article 10, the Board of Directors shall be of an appropriate size and composition to ensure diversity, and at least one-third of its members shall be Independent Directors who meet MC's Standards for Independent Directors as set forth in the APPENDIX.

## **III Roles and Responsibilities, Appointment Policy and Appointment Process of the Directors (excluding Directors who are Audit & Supervisory Committee Members)**

### **1 2 . Roles and Responsibilities of the Directors (excluding Directors who are Audit & Supervisory Committee Members)**

Roles and responsibilities of the Directors (excluding Directors who are Audit & Supervisory Committee Members) are as set forth below.

- a. In-house Directors
  - (a) Chairman of the Board shall aim to ensure MC's sound and sustainable growth and continuous increase of corporate value by enhancing deliberations and ensuring that the Board of Directors fulfills its roles and responsibilities. To this end, strive to maintain and develop corporate governance, and as Chairman of the Board of Directors, lead discussions at Board of Directors meetings in a neutral manner by appropriately eliciting the opinions of Outside Directors, while taking into account the actual situation the executives are confronting.
  - (b) Executive Directors shall carry out business operations in accordance with the basic management policies approved by the Board of Directors, report on the

status of business execution to the Board of Directors, and aim to ensure MC's sound and sustainable growth and continuous increase of corporate value by executing day-to-day business operations based on the deliberations of the Board of Directors.

b. Outside Directors

With a practical, objective and professional perspective on corporate management, Outside Directors shall oversee the execution of management strategies proposed by the executives. Based on their own experience and insight gleaned from their networks, Outside Directors shall provide advice on broad direction in a medium- and long-term perspective as they participate in appropriate decision-making within the Board of Directors, with the aim of ensuring MC's sound and sustainable growth and continuous increase of corporate value.

**1 3 . Appointment Policy of the Directors (excluding Directors who are Audit & Supervisory Committee Members)**

Based on the roles and responsibilities of the Directors (excluding Directors who are Audit & Supervisory Committee Members) set forth in Article 12, and in accordance with the following policy, overall character will be considered during the appointment process of the Directors (excluding Directors who are Audit & Supervisory Committee Members).

a. In-house Directors

In addition to the Chairman of the Board of Directors and the President, who serves as the Chief Executive Officer in charge of business execution, In-house Directors (excluding Directors who are Audit & Supervisory Committee Members) are appointed from among the Executive Officers (Senior Executive Vice Presidents and Executive Vice Presidents) in charge of company-wide management.

b. Outside Directors

(a) Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) are appointed from those who possess a practical perspective based on experience as a corporate executive and those who possess an objective and professional perspective with a deep insight on global dynamics and socio-economic trends.

(b) To enable Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) to fulfill their appointed task, attention is given to maintain their independency as set forth in the APPENDIX; individuals not ensuring this independency will not be appointed as Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).

- (c) MC's operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate executive appointed as an Outside Director (excluding Directors who are Audit & Supervisory Committee Members). MC shall appropriately cope with this potential issue by preserving a variety of viewpoints through the appointment of numerous Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).

#### **1 4 . Appointment Process for the Directors (excluding Directors who are Audit & Supervisory Committee Members)**

Based on the appointment policy as set forth in Article 13, the President and CEO shall prepare a proposal for the election of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members), which shall be deliberated by the Corporate Governance and Nomination Committee, and shall be submitted to the general meeting of shareholders after being resolved by the Board of Directors as a proposal for the election of Directors (excluding Directors who are Audit & Supervisory Committee Members).

### **IV Procedures for the Appointment and Dismissal, and Succession Plan of Management Executives**

#### **1 5 . Procedures for the Appointment and Dismissal, and Succession Plan of Management Executives**

- (1) For the appointment of the President and CEO, the Corporate Governance and Nomination Committee shall deliberate and review the requirements for the roles associated with this position and the basic policy on appointment, as well as the candidates, then the Corporate Governance and Nomination Committee shall propose appointments to the Board of Directors, which shall finally be resolved by the Board of Directors.
- (2) For the dismissal of the President and CEO, MC shall take a prompt approach to determining and dealing with a dismissal. The Corporate Governance and Nomination Committee shall deliberate and review the matter, then the Corporate Governance and Nomination Committee shall propose to the Board of Directors, which shall finally be resolved by the Board of Directors.
- (3) The Board of Directors shall deliberate and determine appointments of Executive Officers and their respective duties.

## **V Remuneration for the Directors and Management Executives**

### **1 6 . Remuneration for the Directors and Management Executives**

- (1) In line with the Basic Policy on Corporate Governance set forth in Article 3, MC shall establish a remuneration package for the Directors and Executive Officers responsible for company-wide management to ensure a sustainable increase of corporate value, and to ensure that their respective roles are fulfilled appropriately according to business execution and management monitoring functions.
- (2) For the purpose of enhancing the objectivity and transparency of the policy for setting the Directors' and Executive Officers' remuneration and the remuneration amount, both are determined by the Board of Directors. To ensure fairness throughout the determination process, the Compensation Committee shall continuously deliberate and monitor the fundamental policy for remuneration for the Directors and Executive Officers, the policy for setting the Directors' and Executive Officers' remuneration, the appropriateness of remuneration levels and composition, and the operation status of remuneration system, etc. then the Compensation Committee shall offer opinions and proposals to the Board of Directors.
- (3) Each year, the Compensation Committee shall deliberate and confirm that the total amount of each compensation item of Directors' remuneration (excluding that for Directors who are Audit & Supervisory Committee Members' remuneration; the same applies in this paragraph below) is determined within the upper limits approved at the general meeting of shareholders, and that the methods for the deciding remuneration packages for the Directors and Executive Officers in charge of company-wide management, total amount of remuneration and payments to individuals are consistent with the policy for setting the Directors' and Executive Officers' remuneration that was approved by the Board of Directors. The Board of Directors shall finally resolve these matters based on the proposals from the Compensation Committee.

### **1 7 . Determination of Remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members)**

- (1) The total amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be deliberated at the Compensation Committee, and the Compensation Committee shall offer opinions and proposals to the Board of Directors. After being determined by the Board of Directors, the total amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be submitted for resolution at the general meeting of



shareholders.

- (2) The payment amounts of individual performance-linked remuneration paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) based on their individual performance evaluation are determined and paid on an individual basis, reflecting the President's yearly performance evaluation of each Director (the Board of Directors delegates authority to the President for deciding the individual payment amounts). The results are reported to the Compensation Committee and the Board of Directors. The payment amounts of individual performance-linked remuneration paid to the President and CEO based on the President's individual performance evaluation is decided by the Compensation Committee.

## **VI Chairman of the Board of Directors**

### **1 8 . Roles and Responsibilities of the Chairman of the Board of Directors**

- (1) The Chairman of the Board shall convene meetings of the Board of Directors and shall assume its chairmanship.
- (2) The Chairman of the Board of Directors shall facilitate deliberations at the meeting of the Board of Directors and shall endeavor to ensure proper decision-making by the Board of Directors, serving as a bridge between those tasked with oversight and execution as a non-Executive Director.

## **VII Operation of the Board of Directors, etc.**

### **1 9 . General Provisions of Support Structure**

For the purpose of ensuring that the roles and responsibilities of the Board of Directors/Directors set forth in Articles 10 and 12 are fulfilled, and for the promotion of free, open and constructive deliberations at the Board of Directors, MC shall establish the Board of Directors' Office and shall provide the information and support necessary for the execution of duties by the Board of Directors/Directors in a timely and appropriate manner.

### **2 0 . Support Structure for Independent Directors**

For the purpose of ensuring that the roles and responsibilities of the Directors set forth in Article 12 are effectively fulfilled, MC shall ensure that Independent Directors to acquire sufficient information on the status of management execution and the agenda of the meetings of the Board of Directors from the Management Executives, and shall provide Independent Directors with opportunities to deepen their understanding of the agenda for the meetings of

the Board of Directors, as well as MC's business and management strategies in consideration of MC's broad business areas.

## **VIII Meetings of Independent Directors**

### **2 1 . Meetings of Independent Directors**

For the purpose of ensuring that the roles and responsibilities of Independent Directors set forth in Article 12 b. are effectively fulfilled, Independent Directors shall hold meetings as a forum for free discussion amongst themselves on a wide range of topics. The Independent Directors may call Management Executives, etc. in the Independent Directors' Meeting as necessary.

## **IX Analysis and Evaluation of the Board of Directors' Effectiveness as a Whole**

### **2 2 . Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole**

- (1) Each year, the Board of Directors shall analyze and evaluate its effectiveness as a whole ("Evaluation of the Board of Directors") and disclose a summary of the results.
- (2) The Corporate Governance and Nomination Committee shall deliberate and confirm implementation methods and processes of the Evaluation of the Board of Directors.
- (3) For the purpose of enhancing the function of the Board of Directors as a whole, the Corporate Governance and Nomination Committee shall deliberate operations of the Board of Directors etc. based on the results of the Evaluation of the Board of Directors, and provide opinions to the Board of Directors.

## **Chapter 4 Advisory Bodies to the Board of Directors**

### **I General Provisions**

#### **2 3 . The Purpose of Establishing the Advisory Bodies to the Board of Directors**

For the purpose of enhancing the monitoring function of the Board of Directors, MC has established the following three committees, consisting mainly of members who are independent and outside members, as advisory bodies to the Board of Directors. Each committee shall deliberate based on the opinions and advice of outside members and propose opinions to the Board of Directors.

- a. Corporate Governance and Nomination Committee

- b. Compensation Committee
- c. International Advisory Committee

## **II Corporate Governance and Nomination Committee**

### **2 4 . Roles and Responsibilities of the Corporate Governance and Nomination Committee**

For the purpose of strengthening corporate governance on an ongoing basis, enhancing the objectivity and transparency of the nomination process undertaken by the Board of Directors, and ensuring the fairness of this process, the Corporate Governance and Nomination Committee shall, in response to consultation by the Board of Directors, deliberate and monitor the matters set forth in Article 26, based on the opinions and advice of Independent Directors, and propose opinions to the Board of Directors.

### **2 5 . Composition and Appointment Process of the Corporate Governance and Nomination Committee's Members**

- (1) The chair of the Corporate Governance and Nomination Committee shall be the Chairman of the Board.
- (2) The members of the Corporate Governance and Nomination Committee shall be selected from the Directors and shall include Directors who are Audit & Supervisory Committee Members. In addition, Independent Directors shall make up the majority.
- (3) The chair of the Corporate Governance and Nomination Committee shall prepare a proposal for the appointment of candidates for the members of the Corporate Governance and Nomination Committee. After deliberation by the Corporate Governance and Nomination Committee, this proposal for the appointment shall be resolved by the Board of Directors.

### **2 6 . Matters Deliberated by the Corporate Governance and Nomination Committee**

The Corporate Governance and Nomination Committee shall deliberate the following matters:

- a. Basic framework and fundamental policy of corporate governance:  
Corporate governance system, size and composition of the Board of Directors, matters deliberated by the Board of Directors, evaluation of the effectiveness of the Board of Directors, etc.;
- b. Matters about the appointment and dismissal of the Board of Directors:  
The policy of the appointment and dismissal of Directors, a proposal for the appointment and dismissal of Directors, an appointment and dismissal process of

Directors;

- c. Matters about the nomination etc.:

Succession plan of the President and CEO, requirements for the roles associated with the position of the President and CEO, fundamental policy for the appointment and dismissal of a President and CEO, reorganizations related to company-wide strategy and appointment of the Executive Officers related to corporate functions; and,

- d. Other matters deemed by the chair of the Corporate Governance and Nomination Committee to require deliberation.

### **III Compensation Committee**

#### **2 7 . Roles and Responsibilities of the Compensation Committee**

For the purpose of enhancing the objectivity and transparency of the policy for setting Directors' and Executive Officers' remuneration and the remuneration amount, both determined by the Board of Directors, and ensuring fairness throughout the determination process, the Compensation Committee shall, in response to consultation by the Board of Directors, deliberate and monitor the matters set forth in Article 29, based on the opinions and advice of Independent Directors. The Committee shall propose opinions to the Board of Directors on the matters set forth in Article 29 a. and shall decide on matters set forth in Article 29 b.

#### **2 8 . Composition and Appointment Process of the Compensation Committee's Members**

- (1) The chair of the Compensation Committee shall be appointed from among the Independent Directors.
- (2) The members of the Compensation Committee shall be selected from the Directors and shall include Directors who are Audit & Supervisory Committee Members. In addition, Independent Directors shall make up the majority.
- (3) The chair of the Corporate Governance and Nomination Committee shall prepare a proposal for the appointment of candidates for the members of the Compensation Committee. After deliberation by the Corporate Governance and Nomination Committee, this proposal for the appointment shall be resolved by the Board of Directors.

#### **2 9 . Matters Deliberated by the Compensation Committee**

The Compensation Committee shall deliberate and/or determine the following matters:

- a. Matters deliberated by the Compensation Committee:

- (a) Fundamental policy for the remuneration for the Directors and Executive Officers: The policy for setting the Directors' and Executive Officers' remuneration; the appropriateness of remuneration levels and composition; the operation status of remuneration system; and
  - (b) Other matters deemed by the chair of the Compensation Committee to require deliberation.
- b. Matters deliberated and determined by the Compensation Committee:
- (a) Evaluation of sustainability factors tied into Executive Officers' remuneration; and
  - (b) Evaluation of the President and CEO's performance.

## **IV International Advisory Committee**

### **3 0 . Roles and Responsibilities of the International Advisory Committee**

For the purpose of establishing a system that reflects the opinions of each stakeholder in our management and, to this end, enables the Board of Directors to incorporate international and external diverse perspectives into its deliberations, the International Advisory Committee shall provide recommendations and advice to the Board of Directors from an international standpoint.

### **3 1 . Composition of and Appointment Process of the International Advisory Committee' s Members**

- (1) The chair of the International Advisory Committee shall be the Chairman of the Board.
- (2) The members of the International Advisory Committee shall comprise Overseas Members selected from overseas experts from various backgrounds including industry, government and academia as well as Domestic Members, namely, the Chairman of the Board, the President and CEO, and Directors (including Independent Directors) appointed by the chair of the International Advisory Committee. Overseas Members shall make up majority.
- (3) The President and CEO, in consultation with the chair of the International Advisory Committee, shall prepare a proposal for the appointment of candidates for the members of the International Advisory Committee, and subsequently the proposal shall be determined by the chair of the International Advisory Committee.

### **3 2 . Discussions Themes**

The International Advisory Committee shall discuss themes selected by the Committee Secretariat as appropriate, taking into account the external environment with a focus on global

current affairs and expected developments.

## **Chapter 5 Audit & Supervisory Committee**

### **I Roles and Responsibilities of the Audit & Supervisory Committee**

#### **3 3 . Roles and Responsibilities of the Audit & Supervisory Committee**

The Audit & Supervisory Committee, as a statutory independent body tasked with auditing the Directors' performance of their duties with a mandate from shareholders, shall be responsible for establishing a high-quality corporate governance system through the appropriate performance of its duties and for playing a role in the monitoring function of MC in cooperation with the Board of Directors. Through these roles and responsibilities, the Audit & Supervisory Committee shall support the maintenance and development of MC's corporate governance, consider the interests of its various stakeholders, and strive to work with them to achieve MC's sound and sustainable growth and continuous enhancement of corporate value and social credibility.

### **II Size and Composition of the Audit & Supervisory Committee**

#### **3 4 . Size and Composition of the Audit & Supervisory Committee**

For the purpose of fulfill the roles and responsibilities of the Audit & Supervisory Committee as set forth in Article 33, the Audit & Supervisory Committee shall be of an appropriate size and composition to ensure diversity, and a majority of the members shall be Independent Audit & Supervisory Committee members who meet MC's Standards for Independent Directors as set forth in the APPENDIX.

### **III Roles and Responsibilities, Appointment Policy and Appointment Process of the Directors who are Audit & Supervisory Committee Members**

#### **3 5 . Roles and Responsibilities of the Directors who are Audit & Supervisory Committee Members**

Roles and responsibilities of the Directors who are Audit & Supervisory Committee Members ("Audit & Supervisory Committee Members") are as set forth below.

a. Full-time Audit & Supervisory Committee Members

Based on their company-wide management experience within MC and their knowledge

and experience in finance, accounting, legal affairs, risk management, etc., Full-time Audit & Supervisory Committee Members shall (a) together with the Chairman of the Board, fulfill the roles and functions of the Board of Directors as non-executive In-house Directors. They are also (b) responsible for the timely and accurate assessment of the status of management execution, as well as for creating an environment for effective auditing and oversight by the Audit & Supervisory Committee, and cooperating with other Audit & Supervisory Committee members to conduct audits and provide oversight from an objective and broad perspective. They shall also directly deliver unfettered opinions to the executives with conviction when necessary, with the aim of ensuring MC's sound and sustainable growth and enhancement of corporate value and social credibility.

b. Outside Audit & Supervisory Committee Members

With a practical, objective and professional perspective on corporate management, Outside Audit & Supervisory Committee Members shall oversee the execution of management strategies proposed by the executives. Based on their own experience and insight gleaned from their networks, Outside Audit & Supervisory Committee Members shall provide advice on broad direction in a medium- and long-term perspective as they participate in appropriate decision-making within the Board of Directors, with the aim of ensuring MC's sound and sustainable growth and continuous increase of corporate value.

In addition to the roles and responsibilities of Outside Directors described above, Outside Audit & Supervisory Committee Members shall audit and oversee MC from a neutral and objective standpoint based on their diverse and abundant knowledge and experience in corporate management as well as their own expertise, aiming for MC's sound and sustainable growth and continuous enhancement of corporate value and social credibility.

### **3 6 . Appointment Policy of the Audit & Supervisory Committee Members**

Based on the roles and responsibilities set forth in Article 35, and in accordance with the following policy, overall character will be considered during the appointment process of the Audit & Supervisory Committee Members.

a. Full-time Audit & Supervisory Committee Members

Appointed from among persons with knowledge and experience in company-wide management, finance, accounting, legal affairs, risk management, and other areas.

b. Outside Audit & Supervisory Committee Members

(a) Appointed from among persons with diverse and abundant knowledge and

experience in corporate management and expertise that contribute to auditing and oversight.

- (b) To enable Outside Audit & Supervisory Committee Members to fulfill their appointed task, attention is given to maintain their independency as set forth in the APPENDIX; individuals not ensuring this independency will not be appointed as Outside Audit & Supervisory Committee Members.
- (c) MC's operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate executive appointed as an Outside Audit & Supervisory Committee Members. MC shall appropriately cope with this potential issue by preserving a variety of viewpoints through the appointment of numerous Outside Audit & Supervisory Committee Members.

### **3 7 . Appointment Process for the Audit & Supervisory Committee Members**

The President and CEO, in consultation with Full-time Audit & Supervisory Committee Members, based on the appointment policy set forth in Article 36, shall prepare a proposal for the appointment of candidates for Directors who are Audit & Supervisory Committee Members. After deliberation by the Corporate Governance and Nomination Committee, and with the consent of the Audit & Supervisory Committee, a proposal for the election of candidates for Directors who are Audit & Supervisory Committee Members shall be resolved by the Board of Directors and submitted to the general meeting of shareholders.

## **IV Remuneration for the Audit & Supervisory Committee Members**

### **3 8 . Determination of Remuneration for Audit & Supervisory Committee Members**

- (1) The total amount of remuneration for the Audit & Supervisory Committee Members shall be deliberated at the Compensation Committee, proposed by the Compensation Committee to the Board of Directors, determined at the Board of Directors, and then, submitted for resolution at the general meeting of shareholders. The Audit & Supervisory Committee shall discuss remuneration for Audit & Supervisory Committee Members as necessary based on the status of deliberations at the Compensation Committee and propose opinions to the Board of Directors.
- (2) Each individual payment amount for Audit & Supervisory Committee Members is determined via discussion by the Audit & Supervisory Committee Members within the upper limits approved at the general meeting of shareholders, taking into consideration the distinction between full-time and part-time positions, the degree of their



involvement in audit-related duties, and remuneration composition and level for Directors.

## **V The Chair of the Audit & Supervisory Committee**

### **3 9 . Roles and Responsibilities of the Chair of the Audit & Supervisory Committee**

- (1) The chair of the Audit & Supervisory Committee shall coordinate the Audit & Supervisory Committee and lead the Audit & Supervisory Committee to effectively fulfill its roles and responsibilities as set forth in Article 33.
- (2) The chair of the Audit & Supervisory Committee shall assess the status of management execution in a timely manner and achieve flexible cooperation with other Audit & Supervisory Committee Members in cooperation with the Audit & Supervisory Committee's Office as set forth in Article 40, Paragraph 2 and the Internal Audit Department set forth in Article 41, Paragraph 1.

## **VI Operation of the Audit & Supervisory Committee**

### **4 0 . Establishment of the System and Support Structure**

- (1) For the purpose of ensuring that the roles and responsibilities of the Audit & Supervisory Committee as set forth in Article 33 are effectively fulfilled, the Audit & Supervisory Committee shall establish a system to ensure that it effectively conducts audits and oversights (including a system for reporting to the Audit & Supervisory Committee, etc.).
- (2) For the purpose of assisting the activities of the Audit & Supervisory Committee and supporting the smooth execution of audits and oversights, MC shall establish the Audit & Supervisory Committee's Office with dedicated staff members assigned exclusively to assist the Audit & Supervisory Committee.

### **4 1 . Cooperation with the Internal Audit Department and the Independent Auditors**

- (1) With respect to the determination or resolution of the basic policy regarding the establishment of the system as set forth in Article 40, Paragraph (1), the Audit & Supervisory Committee shall establish a system to maintain close cooperation with the Internal Audit Department from the perspective of effectively and efficiently conducting its audit and oversight duties, including the investigation of MC's business and financial conditions.
- (2) In addition to holding meetings with the Independent Auditors on a regular basis and requesting the Independent Auditors to attend the meetings of the Audit & Supervisory

Committee as necessary, the Audit & Supervisory Committee shall endeavor to establish the system for the purpose of maintaining close cooperation with the Independent Auditors and conduct effective and efficient audits through such methods as receiving reports from the Independent Auditors on its audit whenever needed and in a timely manner and actively exchanging opinions and information with them.

### **Supplementary Provision**

1. This Principles shall come into effect on June 21, 2024.
2. Any amendment of these Principles shall be made by resolution of the Board of Directors, provided that, minor changes can be made with the approval of the Corporate Functional Officer (Corporate Administration).
3. These principles are prepared in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes.

## APPENDIX: MC's Standards for Independent Directors

To make a judgment of independence, Mitsubishi Corporation (MC) checks if the person concerned meets the conditions for Independence Criteria prescribed by the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (a) to (g) and whether they have been at any time in the past 3 fiscal years.

If a person is still judged by MC to be effectively independent despite one or more of the below items (a) to (g) applying, MC will explain and disclose the reason for their appointment as an Independent Director.

- (a) A major shareholder of MC (a person or entity directly or indirectly holding 10% or more of the voting rights), or a Member of Business Personnel [\*1] of such shareholder.
- (b) A Member of Business Personnel of a creditor of MC exceeding the threshold set by MC [\*2].
- (c) A Member of Business Personnel of a supplier or a customer of MC exceeding the threshold set by MC [\*3].
- (d) A provider of professional services, such as a consultant, lawyer, or certified public accountant, receiving cash or other financial benefits from MC, other than Directors' remuneration, where the amount exceeds ¥10 million per fiscal year.
- (e) A representative or partner of MC's Independent auditor.
- (f) A person belonging to an organization that has received donations exceeding a certain amount [\*4] from MC.
- (g) A person who has been served as an Outside Director and/or an Outside Audit & Supervisory Board Member of MC for more than 8 years.

\*1 A "Member of Business Personnel" in this MC's Standards for Independent Directors refers to a managing director, corporate officer, Executive Officer, or other employee of a company.

\*2 "Creditors exceeding the threshold set by MC" refer to creditors to whom MC owes an amount exceeding 2% of MC's consolidated total assets.

\*3 "Suppliers or customers exceeding the threshold" set by MC refer to suppliers or customers whose transaction amount with MC exceed 2% of MC's consolidated revenues.

\*4 "Donations exceeding a certain amount" refer to donations of more than ¥20 million per fiscal year.