In 2006, the United Nations Environment Programme Finance Initiative (UNEP-FI) unveiled a set of “Principles for Responsible Investment” (PRI). Kofi Annan, the UN Secretary-General at the time, urged the financial industry to adopt PRI in investment decision-making processes and to create a PRI-based framework to take account of the ESG viewpoint. More than 800 institutional investors from around the world have signed the PRI (as of February 2011*), signaling the demand from investors for the disclosure of ESG and other non-financial information.

In July 2010, MC announced “Midterm Corporate Strategy 2012” and expressed its overarching goal of realizing sustainable corporate value. MC believes that working to raise its ESG performance in business activities will ultimately create sustainable corporate value, as well as earn the trust of stakeholders.

MC continues to expand its earnings through business investments, in addition to its traditional trading activities. MC itself emphasizes ESG when making decisions on various business investments as an investor.

As both an investee and an investor, MC will work to raise its performance with a strong awareness of ESG in order to create sustainable corporate value over the medium and long terms.

ESG and MC’s Stance

Creating Sustainable Corporate Value

Environmental Value  Economic Value  Societal Value

Addressing Climate Change
Preservation of Biodiversity
Sustainable Use of Resources

Respect for Human and Indigenous Rights
CSR for Supply Chains
Participation in Communities

Strengthening of Management Supervision
Expediting and Bolstering Decision-Making and Business Execution

Shareholders  Customers  Employees  Government  NPO/NGO

Community  Customers  Employees  Government  NPO/NGO
Midterm Corporate Strategy 2012

In July 2010, MC launched Midterm Corporate Strategy 2012, a medium-term plan covering the three-year period through March 2013.

MC’s external business environment is being shaped by fast-growing emerging economies and stagnating OECD countries, the birth of new growth markets triggered by changing values, technological innovation and the rise of emerging economies. MC is also witnessing an expanding stakeholder base. Changes are taking place internally as well. Among them are changes in MC’s business portfolio, diversification of business models, and the shifting of businesses to subsidiaries and affiliates. In light of these external and internal dynamics, MC is promoting efforts to strengthen and expand its earnings drivers and develop new businesses for future growth. Its overriding aim is to create sustainable corporate value.

Create Sustainable Corporate Value by helping to solve global problems through business activities in light of the needs and expectations of all stakeholders.

Sustainable Economic Value
Aim for sound earnings growth and increased corporate value through the proactive reshaping of our business models and portfolio

Sustainable Societal Value
Contribute to economic development as a responsible corporate citizen

Sustainable Environmental Value
Aim to conserve and contribute to the global environment, recognizing that our planet is our greatest stakeholder
ESG at Mitsubishi Corporation

ESG Management of Loans and Investments

As part of MC’s strategic decision-making process, all loan and investment proposals are examined by the Company’s Executive Committee. The screening and review process is an extensive one taking into account not only financial and legal risks but ESG factors as well.

Loan and investment decisions by the Executive Committee are based on advisory input from the Portfolio Management Committee, which in turn bases its advice on comments submitted by specialized internal departments. The process in the Portfolio Management Committee is specifically guided by the following mechanisms:

- Inclusion in loan and investment proposals by applicant business groups and business units of environmental and social impacts as well as governance systems of loan and investment subjects
- Screening from ESG perspective by Corporate Administration Dept. and CSR & Environmental Affairs Dept., and submission of opinion as necessary

Screening from environmental and social perspectives takes into account International Finance Corporation (IFC) guidelines, Guidelines for Confirmation of Environmental and Social Considerations published by the Japan Bank for International Cooperation (JBIC), and other guidelines.

We also check corporate governance and internal control systems to ensure they are compatible with MC’s group management policy.

Mechanisms for Reflecting Views of Outside Experts in Management

MC views ongoing reinforcement of corporate governance as an important management issue. MC has a Governance & Compensation Committee and an International Advisory Committee as advisory bodies to the Board of Directors. As a mechanism for reflecting outside views in management, these committees are made up mostly of outside directors and outside corporate auditors as well as other experts from outside the Company*. 

Governance & Compensation Committee

The Governance & Compensation Committee is the successor to the Governance Committee, which was established in 2001. It was re-established in 2010 with stronger functions. The committee conducts continuous reviews of corporate governance-related issues such as the role of the Board of Directors. At the same time, it also discusses the remuneration system for directors and corporate auditors, including the policy for setting remuneration and appropriateness of remuneration levels for these corporate officers, and monitors operation of this system.

* For details of MC’s corporate governance system, please refer to page 17.
International Advisory Committee

MC’s International Advisory Committee was established in 2001, with the aim of strengthening the Board of Directors’ functions. Committee members offer advice and recommendations on management of MC’s global businesses from the perspective of enhancing governance, and on corporate strategy from an international standpoint. The committee meets once a year. The committee members also report and exchange opinions on the geopolitical and economic conditions in their respective regions.

CSR & Environmental Affairs Advisory Committee

In March 2008, MC established the CSR & Environmental Affairs Advisory Committee, which is composed of outside experts. MC reflects the advice of this committee in its CSR and environmental affairs programs and stakeholder communications.

On October 5, 2010, the committee convened for the seventh time. The main theme for discussion was “Creating Sustainable Corporate Value” under Midterm Corporate Strategy 2012, which was announced in July 2010.

Going forward, MC will continue to regularly hold CSR & Environmental Affairs Advisory Committee meetings, taking into account the valued opinions of committee members as it works to create sustainable corporate value.