

The Chairman of the Board plans and leads various initiatives to help realize more effective corporate governance that contributes to MC's sustained growth and the enhancement of medium- to long-term corporate value



Ken Kobayashi  
Chairman of the Board

Board of Directors and Board of Directors Advisory Bodies

**Board of Directors**

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. In-house Directors utilize their rich experience of working within MC and Outside Directors utilize their practical, objective, and professional perspectives to ensure appropriate decision-making and management oversight.

**Governance, Nomination & Compensation Committee** July Oct. Dec. Jan. Mar.

The committee meets at least three times a year and a majority of its members are Outside Directors and Outside Audit & Supervisory Board Members. It deliberates on matters related to governance, nomination and compensation (▶ P. 76).



- Meetings of the Board of Directors
- Meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members
- Meetings of the Governance, Nomination & Compensation Committee

**Record of Meetings Held in the Fiscal Year Ended March 31, 2021**



**2020**

Support for Outside Directors and Outside Audit & Supervisory Board Members

**Briefing Sessions Before Board of Directors' Meetings**

Prior to each Board of Directors' meeting, opportunities are created for the management executives of the Corporate Staff Section and Business Groups to provide explanatory summaries of the agenda items for which they are responsible to Outside Directors and Outside Audit & Supervisory Board Members in order to facilitate substantive deliberations at the meetings. The sessions are also utilized to appropriately share timely information that helps enhance deliberations. A total of 32 hours of briefing were held in the fiscal year ended March 31, 2021.

**Meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members** May Sep. Nov. Feb.

Meetings are held at least once per quarter to provide a forum for free discussion among Outside Directors and Outside Audit & Supervisory Board Members on a wide range of themes (▶ P. 81).



Note: The members removed their face masks only when this picture was taken, and ensured proper distance between their seats during the meeting.

**President's Performance Evaluation Committee** May

A subcommittee of the Governance, Nomination & Compensation Committee (▶ P. 76).

**International Advisory Committee**

An advisory body to the Board of Directors made up of overseas experts (▶ P. 77).



Note: Picture was taken at the latest in-person committee meeting. Advice and recommendations of committee members were obtained remotely during fiscal year ended March 31, 2021.

**Opportunities to Provide Information and Engage in Dialogue**

**2021**

**Orientation upon Assumption of Office**

To deepen understanding of MC, all Business Groups and the Corporate Staff Section conduct orientation sessions for newly appointed Outside Directors and Outside Audit & Supervisory Board Members when they assume office (a total of 29 sessions during the fiscal year ended March 31, 2021).

**Dialogues and Interactions with Management Executives**

Opportunities are created to engage in dialogue and interact with current management executives and next-term management executive candidates.

**Dialogues with Mid-Level and Junior Employees**

Opportunities are provided to gather information from the front lines via dialogues with mid-level and junior employees.

**Dialogues and Site Visits to Business Subsidiaries and Affiliates**

For further understanding of the MC Group's wide range of businesses, every year Outside Directors and Outside Audit & Supervisory Board Members participate in site visits to business subsidiaries and affiliates sites, and hold dialogues with the management of business subsidiaries and affiliates.

In August 2019, site visits were made to the Montney shale gas production and development site in Canada and to the LNG Canada project\* development site. Through meetings with the local state government, city mayors and tribal leaders, Outside Directors and Outside Audit & Supervisory Board Members confirmed the state of initiatives aimed at simultaneously generating economic, societal and environmental value while taking into account local stakeholders and the natural environment. They also visited a business development site where the Silicon Valley Branch of Mitsubishi Corporation (Americas) operates with a partner company.

In March 2021, discussion was held with management executives at Mitsubishi Shokuhin Co., Ltd., and opinions were exchanged about the business environment and DX initiatives in the food distribution business.

\* A joint venture business owned by five companies: MC, Royal Dutch Shell plc, and state-operated energy enterprises from Malaysia, China, and South Korea. The business intends to export and sell LNG to East Asia countries, including Japan.



LNG Canada project development site (August 2019)

**Visits to Business Subsidiaries and Affiliates (Past Three Fiscal Years)**

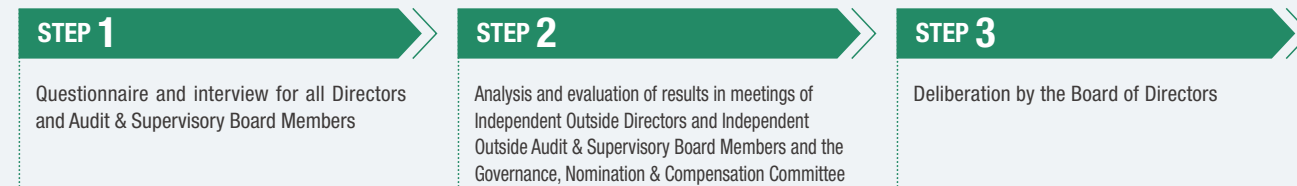
March 2021	Dialogue with management executives at Mitsubishi Shokuhin Co., Ltd.
August 2019	Montney shale gas production and development site and LNG Canada project development site (Canada)
August 2018	Cermaq Group AS (Norway)/Offshore wind farm facility (North Sea)
April 2018	Large mixed-use redevelopment project / The Mandalay International Airport (Myanmar)

## Evaluation of the Effectiveness of the Board of Directors

In the fiscal year ended March 31, 2021, following deliberations by the Governance, Nomination & Compensation Committee in October\*, Independent Outside Director Mr. Tatsuoka and Audit & Supervisory Board Member Ms. Sato led an evaluation of the effectiveness of the Board of Directors, formulating questions and conducting interviews, and then analyzing and evaluating the responses. This year, their multifaceted analysis included a survey of Business Group CEOs.

\* After thoroughly reviewing the fairness of the evaluation process, including the necessity of third-party evaluation, it was determined that a self-evaluation process led by Outside Board members is the most effective, so the same format as in the previous fiscal year was used for this fiscal year. In addition to Independent Outside Board members leading the evaluation, the objective advice from external consultants was sought in (i) formulating the questionnaires, (ii) gathering the results and (iii) drafting a disclosure proposal, with the aim of ensuring objectiveness and neutrality of the process.

### Specific Process



**Questionnaire** The questionnaire covered the size and composition, operations, and agenda items of the Board of Directors; the support system for Outside Board members; self-evaluation of individual involvement; the composition and operation of the Governance, Nomination & Compensation Committee; the operation of meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members; engagement with shareholders and investors; and medium- to long-term issues that pertain to corporate governance.

	Issue in the Fiscal Year Ended March 31, 2021	Initiatives in the Fiscal Year Ended March 31, 2021	Evaluation	Issues and Policy Going Forward
<b>Size/composition</b>		Reduced the number of In-house Directors by two (Outside Directors now make up 45% of the Board of Directors)	▶ The current size and composition of the Board of Directors are appropriate	Continue to consider the necessity of changes in light of changes in the internal and external environment
<b>Agenda items</b>	Deepening the deliberations by the Board of Directors to further enhance monitoring function	Enhanced deliberations of MC's vision (key items of the Midterm Corporate Strategy, companywide initiatives, etc.) as well as structures supporting MC's vision (financial and non-financial risk management, regional strategy, domestic development, etc.)	▶ Enhancing the deliberations of companywide management has increased the effectiveness of the Board of Directors	Further enhance deliberations of items that are important on a companywide basis (business strategy oriented toward a low-carbon society, the business portfolio, etc.). Review the current Midterm Corporate Strategy and the process for formulating the next strategy
	Further enhancing the management of major business subsidiaries and affiliates	Enhanced deliberations of investment management systems and investment efficiency in each segment. The Board of Directors also followed up on individual new investments (Eneco Groep N.V. and HERE International B.V.) made in the previous year	▶ Sufficient analysis and reporting are being carried out to confirm the status of investment management systems, which is an important issue for MC given the large number of its subsidiaries and affiliates	In addition to the issues at the left, enhance the monitoring efficacy of investment management systems, including those by which MC confirms the status of initiatives at individual companies
<b>Succession planning</b>		Governance, Nomination & Compensation Committee reviewed the requirements for the President and CEO on an ongoing basis and discussed the specifics of the process for selecting the next president. Increased contacts between the Outside Directors and Outside Audit & Supervisory Board Members and the management executives to improve information provision	▶ The Governance, Nomination & Compensation Committee conducted sufficient deliberation on succession planning, and dialogue with successor candidates has been fruitful	Confirm specific processes, including those for continuing appropriate information provision to the Governance, Nomination & Compensation Committee members
<b>Support system</b>	Optimizing information provided to Outside Directors and Outside Audit & Supervisory Board Members	Further enhanced explanations of each Business Group's strategies. Held dialogues with the management of major business subsidiaries and affiliates	▶ The requests of Outside Directors and Outside Audit & Supervisory Board Members are receiving due attention	Continue timely and appropriate information provision to contribute to the effectiveness of the deliberations of the Board of Directors

## Governance Reform at MC

### –Building a More Effective Board of Directors–

Based on inputs including the results of the annual evaluation of the effectiveness of the Board of Directors, the Company's In-house and Outside Directors and Audit & Supervisory Board Members worked together to have active discussions through the Board of Directors and Governance, Nomination & Compensation Committee to further improve monitoring functions for the Board of Directors.

### Review of the rules and operations of the Board of Directors

Fiscal year ended March 31, 2018  
Deliberations

The following directions were confirmed through evaluation of the effectiveness of the Board of Directors and by the Governance, Nomination & Compensation Committee.

- Narrowing of investment and finance proposals; focus by the Board of Directors on deliberating companywide strategy and key projects
- Enhancement of monitoring functions for Corporate Staff Section and Business Groups management and for business subsidiaries and affiliates

Fiscal year ended March 31, 2019  
Execution

#### 1. Revision of rules for the Board of Directors

Monetary threshold standards for investment and finance proposals were doubled in principle, decision-making was further delegated to the executive side, and focus was placed on deliberations on management strategy and key projects.

#### 2. Monitoring of business subsidiaries and affiliates

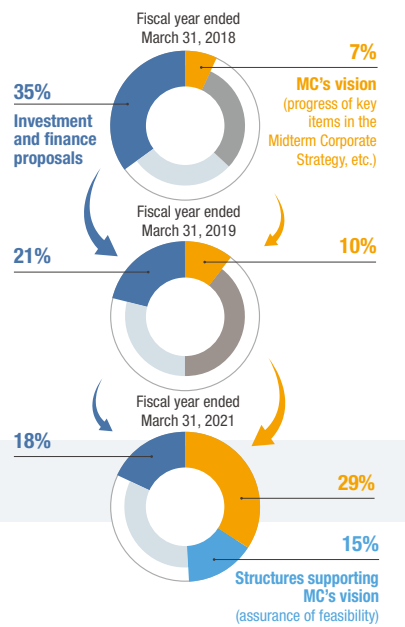
In line with the deepening of consolidated management, deliberations on strategy and governance of major business subsidiaries and affiliates of each Business Group were expanded.

#### 3. Enhancement of briefing sessions before Board of Directors' meetings

Prior to Board of Directors' meetings, executives of the Corporate Staff Section and Business Groups hold briefing sessions for Outside Directors and Outside Audit & Supervisory Board Members to carefully explain strategic positioning and key points of projects, for an average of 3 hours each time. (Annual total hours for briefings increased from 5.5 hours in the fiscal year ended March 31, 2018 to 27 hours in the fiscal year ended March 31, 2019.) This has led to further enhancement of deliberations on the Board of Directors' meetings.

### Changes in the ratios of agenda items at Board of Directors' meetings

The ratio of deliberations on investment and finance proposals has decreased, while the ratio of deliberations on MC's vision and structures supporting MC's vision has increased.



■ Policy measures in the Corporate Staff Section, etc.  
■ Conventional management status reports by individuals in the Corporate Staff Section and Business Groups

\*From the fiscal year ended March 31, 2021, conventional Corporate Staff Section and Business Group-specific management status reports are conducted outside of Board of Directors' meetings.

### Further enhancement of the content of deliberations at Board of Directors' meetings

Fiscal year ended March 31, 2020  
Deliberations

The following directions were confirmed through evaluation of the effectiveness of the Board of Directors and by the Governance, Nomination & Compensation Committee.

- Conventional reporting on management strategy and progress by the Corporate Staff Section and Business Groups would be performed at venues other than Board of Directors' meetings. Time freed up by this will be used for business execution reporting under a new framework.
- Specifically, to further improve monitoring functions for a framework that supports major directions such as companywide strategy and appropriate risk-taking, agenda items regarding MC's vision and structures supporting MC's vision would be expanded.

Fiscal year ended March 31, 2021  
Execution

Contents of agenda items (see page 75 for the overall record of deliberations in Board of Directors' meetings for the fiscal year ended March 31, 2021)

MC's vision (progress of key items in the Midterm Corporate Strategy)	Triple-value growth through business management models	Business portfolio	• Reports on the Business Strategy Committee deliberations
		Growth mechanisms	• Status of progress of power and retail DX • Status of progress of food distribution DX
		HR policy	• Progress in the new HR system and measures
Structures supporting MC's vision (assurance of feasibility)	Regional Strategy		• Progress report on regional strategy (site-related measures, market development measures, etc.)
	Domestic development		• Progress report on domestic development
	Risk management		• Non-financial risk management • Financial risk management
	Management of executed individual investment and finance proposals (monitoring of newly invested proposals in the next fiscal year)		• Status of HERE Technologies business investment and collaboration • Eneco management status