

Overview of Corporate Governance

Approaches to Corporate Governance - MC's Corporate Governance System Supporting Sustainable Growth

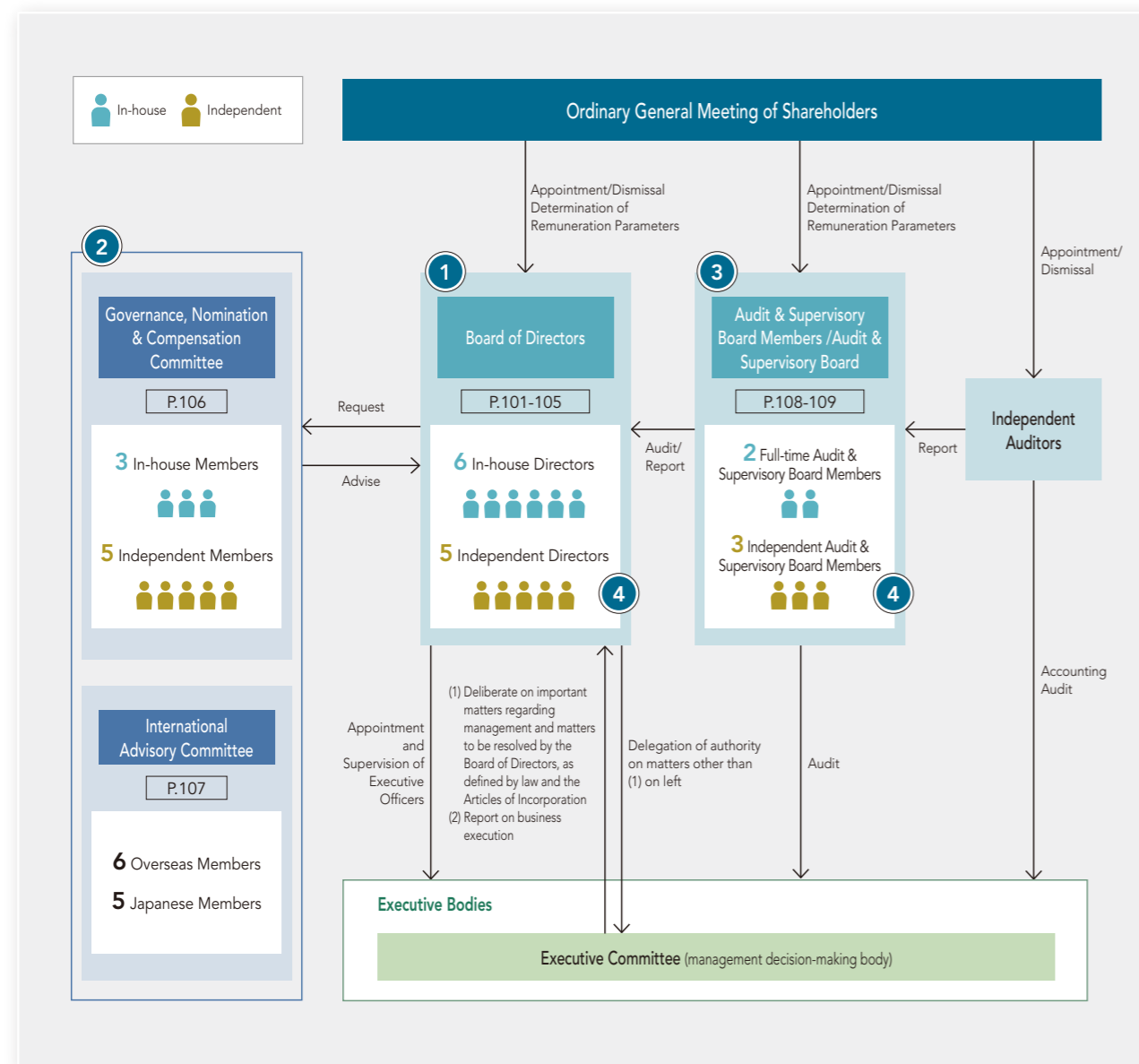
Basic Policy

With the Three Corporate Principles for a corporate philosophy MC strives to continuously raise 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 shareholders, customers and all other stakeholders.

In order to achieve these goals, MC sees strengthening corporate governance on an ongoing basis as an important subject concerning management since it is the foundation for ensuring sound, transparent, and efficient management. Therefore, MC is working to put in place a corporate governance

system that is even more effective based on the Audit & Supervisory Board System. This includes strengthening management supervision through such measures as (i) appointing Independent Members of the Board who satisfy MC's Selection Criteria for Independent Directors and Independent Audit & Supervisory Board Members, and (ii) establishing advisory bodies to the Board of Directors where the majority are Independent Members of the Board and other experts from outside MC. At the same time, MC uses the executive officer system, etc., for prompt and efficient decision-making and business execution.

Corporate Governance Framework (As of July 1, 2022)



1 Board of Directors

The Board of Directors deliberates on important management issues, and supervises business execution through reports on priority matters in Midterm Corporate Strategy, the business strategies of Business Groups, and so on. In addition, matters requiring resolution in accordance with laws and regulations, and investment and finance proposals exceeding a monetary threshold standard set by MC are deliberated and resolved with an emphasis not only on the economic aspects, but also on ESG perspectives. MC has also

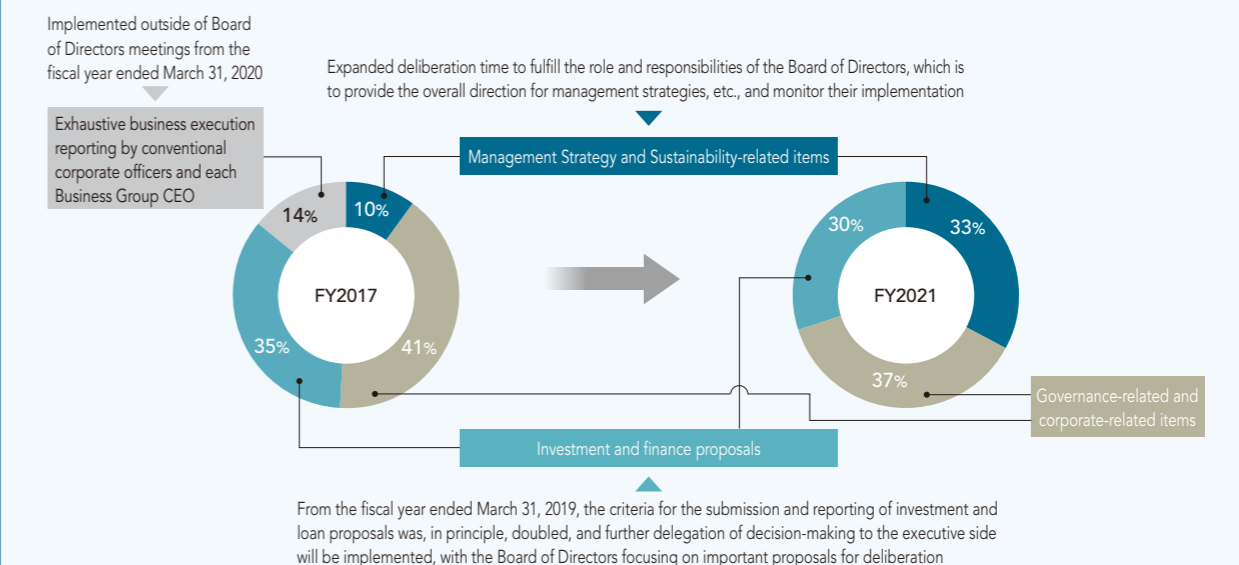
constructed appropriate internal control systems, and checks their operational status every year in order to work toward their continuous improvement and strengthening.

Business execution, other than these matters for resolution by the Board of Directors, is entrusted to Executive Officers by appointing the President as the Chief Executive Officer responsible for business execution, and the Executive Committee (meets twice monthly) as a management decision-making body.

Board of Directors' Meetings and Other Deliberations for the Fiscal Year Ended March 31, 2022

During the fiscal year ended March 31, 2022, Members of the Board reviewed Midterm Corporate Strategy 2021 throughout the year at the Board of Directors' meetings, and effectively used supplemental meetings. In addition, the Board of Directors was appropriately involved in and monitored the Midterm Corporate Strategy 2024 from the formulation stage by continuously exchanging opinions. The agenda items of the deliberations are as follows.

Theme	Agenda Items
Management Strategy and Sustainability-related items	<ul style="list-style-type: none"> Business Strategy Committee report The Roadmap to a Carbon Neutral Society. EX and DX progress report Sustainability-related measures
Governance-related and corporate-related items	<ul style="list-style-type: none"> Business Execution reports (non-financial and financial risk management, human resources strategy, domestic development, regional strategy, discussion with shareholders and investors) Ordinary General Meeting of Shareholders related items Compliance report Internal control systems Company indemnification agreements Items related to directors and officers (D&O) liability insurance Governance, Nomination & Compensation Committee report Evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 31, 2022 Appointments of the Board of Directors and Audit & Supervisory Board Members, Appointments of the Chairman of the Board and the President, Appointments of Executive Officers Remuneration for Directors and Audit & Supervisory Board Members Financial Statements Fundraising policy Verification holding policy for listed share
Investment and finance proposals	<ul style="list-style-type: none"> Related to the Tangguh LNG expansion project Breakthrough Energy Catalyst LNG Canada project Mitsubishi Development Pty Ltd Chiyoda Corporation FPSO time chartering projects Domestic offshore wind power generation business



Composition and Size of the Board of Directors and the Policy and Process for Appointing Nominated Directors

Composition and size	The composition and size of the Board of Directors is appropriately determined to help it maintain transparent, fair, timely and decisive decision-making and carry out effective oversight, with one third or more being made up of Independent Directors.
Appointment policy	To ensure decision-making and management oversight are appropriate for MC, which is involved in diverse businesses and industries in a wide range of fields, and from the perspective of ensuring diverse standpoints, several Directors are appointed from both within and outside MC with the depth of experience and high levels of knowledge and expertise needed for fulfilling their duties.
In-house Directors	In addition to the Chairman of the Board and the President and CEO, MC's In-house Directors are elected from Executive Officers (Senior Executive Vice Presidents and Executive Vice Presidents) responsible for companywide management so that they can fully leverage their abundant business experience to ensure appropriate decision-making and robust management supervision by the Board of Directors.
Independent Directors	Independent Directors are appointed from those who possess a practical perspective of highly experienced company officers and those who possess an objective and professional perspective with a deep insight on global dynamics and socio-economic trends. These individuals thus contribute to appropriate decision-making and robust management supervision by the Board of Directors as they bring diverse perspectives into its deliberations.
Appointment process	In line with policies described above, the President and CEO proposes a list of nominated Directors, which is then deliberated at the Governance, Nomination & Compensation Committee and resolved by the Board of Directors before being presented at the Ordinary General Meeting of Shareholders.

Skills Matrix of Directors and Audit & Supervisory Board Members

Directors and Audit & Supervisory Board Members are selected in light of their experience, knowledge, expertise and overall character. At the Board of Directors, these individuals deliberate based on diverse perspectives to ensure appropriate decision making and robust management supervision. The areas of experience, knowledge and expertise that each Director

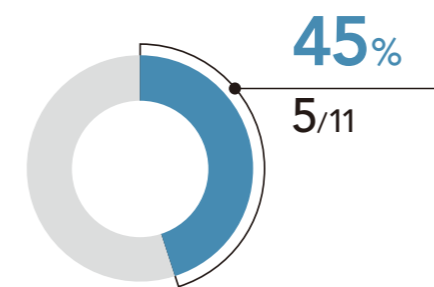
and Audit & Supervisory Board Member possesses are shown below. The matrix on the next page shows the areas in which each Director and Audit & Supervisory Board Member has experience, knowledge or expertise.

Notes:
 *The table below does not represent all the experience, knowledge or expertise of the Directors or Audit & Supervisory Board Members.
 *The applicability of each skill area in the table below is judged based mainly on the individuals' experience in former positions, their current positions and their formal qualifications.

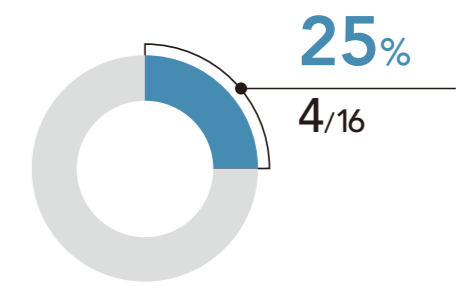
	Skill Areas	Reasons for adoption
Basic Items	Business Management and Organizational Management	The Board of Directors must deliberate and make comprehensive decisions from an organizational management perspective. As such, business management or organizational management that is not skewed toward any individual specialty has been designated as a necessary area of experience.
	Risk Management	In order to make the company grow, it is important to establish and operate internal controls that comply with laws and regulations and the Articles of Incorporation and to enhance corporate value through appropriate and efficient business execution, as well as to manage various risks related to MC's business. Therefore, items that require a wide range of experience, insight and expertise covering all aspects of risk management have been selected. In addition, these items encompass the following elements, which are indicated in parentheses for the appropriate person(s). • (Legal) Management of overall corporate legal affairs • (Financial and Accounting) Management of overall financial affairs and accounting
Management Strategy	Innovation	In the Roadmap to a Carbon-Neutral Society, MC has declared the goal of net zero greenhouse gas (GHG) emissions by 2050, and have set forth "Creating the future through the integrated promotion of EX and DX" as a business promotion theme for the entire company. Accordingly, experience, insight, and other expertise, related to innovation, necessary for monitoring the progress of such transformation, are selected as important items.
	Energy	MC is taking on the challenge of achieving both a stable supply of energy and resources and the lowering of carbon and decarbonization of social and economic activities, and this refers to experience, insight, and expertise in energy-related innovations that are necessary to monitor the progress of these efforts.
	Digital	MC operates globally and reflects aims to create a cross-industry digital ecosystem with optimized business models, and this refers to the experience, insight, and expertise in digital-related innovation necessary to monitor the progress of this initiative.
	Global Intelligence	Since MC operates globally and reflects intelligence on geopolitics, economic conditions, policy trends, etc. in the management strategies in a timely manner, experience, insight and expertise in such matters have been selected as important items.
	Human Resource Strategy	The company's most valuable asset is human resources, and it is essential that MC continues to produce human resources with a management mindset and commitment to increasing the value of business. With a view toward creating MC Shared Value, which is one of the objectives of the Midterm Corporate Strategy, experience, insights and expertise, etc. of "human resource strategy" strives to optimize the value of our human capital have been selected as important factors. This includes strategies related to organizational structure and organization.
	Environment and Society	Since MC defines material issues as important social issues to be solved through business activities and aims to realize a carbon-neutral society and lifestyles that are rich both materially and spiritually; experience, insight, and expertise in environmental and social matters have been selected as important items to be considered.

Position	Name	Responsibilities/Main career experience	Gender	Area of experience, knowledge, expertise, etc.							
				Business management/Organizational management	Risk management	Innovation		Global intelligence	Human resource strategy	Environment and Society	
				Energy	Digital						
Director	In-house	Takehiko Kakiuchi	Chairman of the Board	♂	●	●	●	●	●	●	●
		Katsuya Nakanishi	Director, President and CEO	♂	●	●	●	●	●	●	●
		Norikazu Tanaka	Director, Executive Vice President, Group CEO, Mineral Resources Group, EX Task Force Leader	♂	●	●	●		●		
		Yasuteru Hirai	Director, Executive Vice President, Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters	♂	●	●			●		
		Yutaka Kashiwagi	Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Corporate Communications, Corporate Sustainability & CSR	♂	●	● (Legal)				●	●
	Independent	Yuzo Nouchi	Director, Executive Vice President, Corporate Functional Officer, CFO	♂	●	● (Finance/Accounting)					
		Akitaka Saiki	Former Vice Minister, Ministry of Foreign Affairs of Japan	♂	●	●			●		
		Tsuneyoshi Tatsuoka	Former Vice Minister, Ministry of Economy, Trade and Industry	♂	●	●	●				●
		Shunichi Miyanaga	Chairman of the Board, Mitsubishi Heavy Industries, Ltd.	♂	●	●	●		●		
		Sakie Akiyama	Former CEO, Saki Corporation	♀	●	●		●			
Audit & Supervisory Board Member	In-house (full-time)	Mari Sagiya	Former Senior Vice President, IBM Japan	♀	●	●		●		●	
		Hajime Hirano	Former Executive Vice President, Group CEO, Energy Business Group	♂	●	●	●				
	Independent	Mitsumasa Icho	Former Executive Vice President, Group CEO, Urban Development Group	♂	●	● (Finance/Accounting)					
		Rieko Sato	Partner, ISHII LAW OFFICE	♀	●	● (Legal) Attorney					
		Takeshi Nakao	CEO, PARTNERS HOLDINGS, Co. Ltd.	♂	●	● (Finance/Accounting) Certified public accountant					
Mari Kogiso	CEO, SDG Impact Japan Inc.	♀	●	●				●	●		

Percentage of Independent Directors among Total Directors



Percentage of Women among Total Directors and Audit & Supervisory Board Members



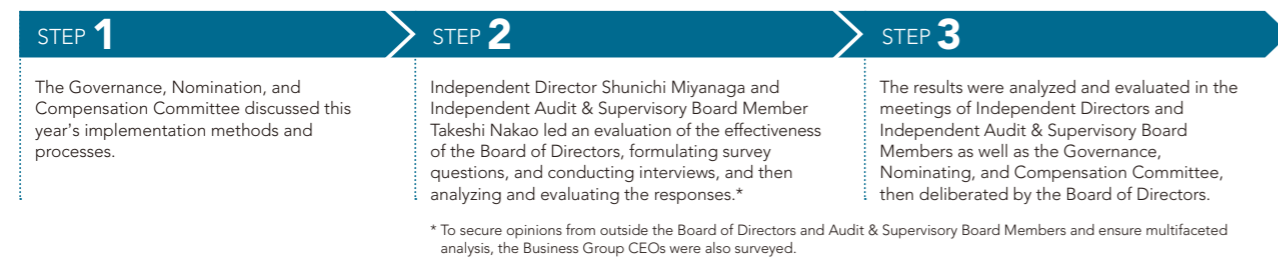
Evaluation of the Effectiveness of the Board of Directors

Through the process below, for the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 31, 2022, it was confirmed that the effectiveness of the Board of Directors is adequately ensured. The evaluation results and policy going forward are shown below.

Specific Process

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 Independent Directors and Independent Audit & Supervisory Board Members would be effective, so the same format as in the previous fiscal year was used for this fiscal year. In addition to Independent Directors and

Independent Audit & Supervisory Board members leading the evaluation, objective advice from external consultants was sought in formulating the questionnaires, gathering the results, and drafting a disclosure proposal, with the aim of ensuring objectiveness and neutrality of the process.



* To secure opinions from outside the Board of Directors and Audit & Supervisory Board Members and ensure multifaceted analysis, the Business Group CEOs were also surveyed.

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

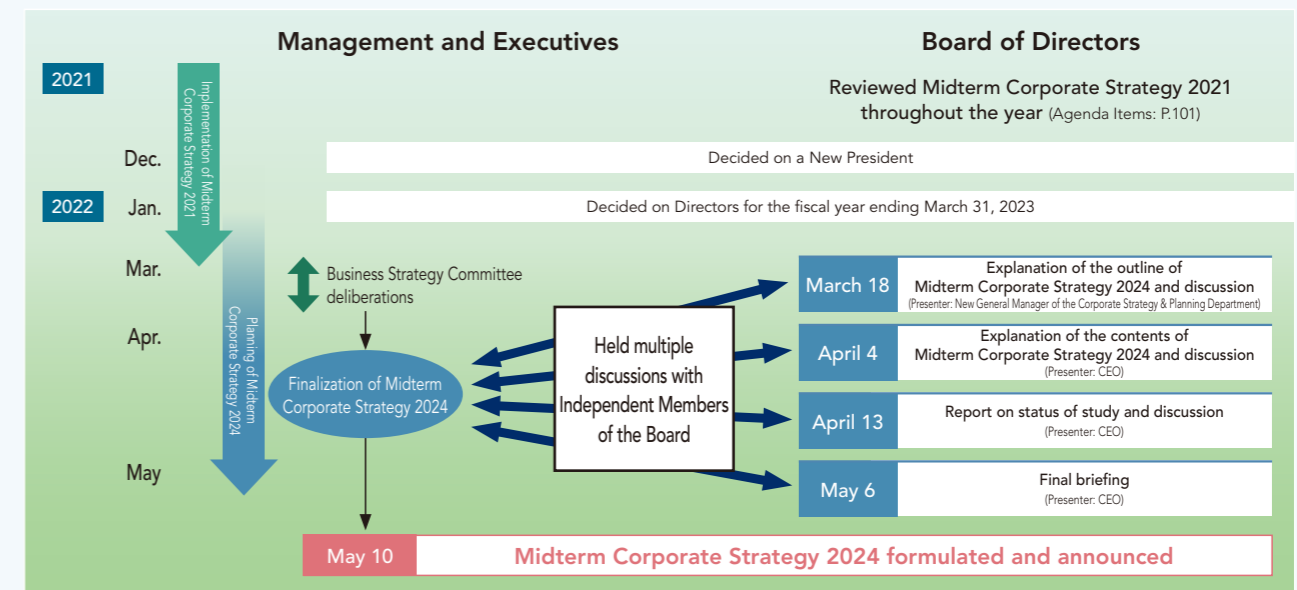
Evaluation Results and Policy for the Fiscal Year Ending March 31, 2023

		Fiscal Year Ended March 31, 2022		Fiscal Year Ending March 31, 2023	
		Issues Considered and Policy	Major Initiatives	Evaluation Results and Issues to Consider	Policy
Board of Directors	Size/Composition	Continue to consider in light of changes in the internal and external environment	Created and disclosed a skills matrix for Directors and Audit & Supervisory Board Members	The current size and composition are appropriate, and the Company's Audit & Supervisory Board Member system is extremely mature, but continued deliberation will be needed	Continue to deliberate the size and composition of the Board of Directors with an eye to continuously increasing corporate value
	Agenda Items	<ul style="list-style-type: none"> Review Midterm Corporate Strategy 2021 / Confirm the formulation process for Midterm Corporate Strategy 2024 Further enhance deliberations of items of companywide importance (business strategy oriented toward a low-carbon society, the business portfolio, etc.) 	<ul style="list-style-type: none"> Reviewed Midterm Corporate Strategy 2021 throughout the year Discussed and disclosed the Roadmap to a Carbon Neutral Society Enhanced reporting on financial risk management (including investment management systems and the conditions of individual companies) and non-financial risk management Enhanced sharing of information about shareholder and investor engagement Held dialogues between multiple Business Group CEOs and Independent Members of the Board about EX strategy 	<ul style="list-style-type: none"> Midterm Corporate Strategy 2021 was carefully reviewed based on appropriate analysis (FOCUS) Appropriate reports were made from a Companywide perspective regarding support systems for matters of Companywide importance and risk-taking Under Midterm Corporate Strategy 2024 we keep enhancing the monitoring further in light of executives' awareness of the issues 	<ul style="list-style-type: none"> Continuously exchange views from the planning stage of Midterm Corporate Strategy 2024 onward and monitor important matters at the Board of Directors (FOCUS) Continue to monitor and report on the following matters at the Board of Directors: <ul style="list-style-type: none"> ✓ Financial/non-financial risk management ✓ Human resource strategy ✓ Regional strategy ✓ Domestic development ✓ Shareholder and investor engagement
	Discussion Outside of Board of Directors Meeting	Enhance the efficacy of investment management systems and the monitoring of business subsidiaries and affiliates	<ul style="list-style-type: none"> Enhanced opportunities for dialogue between top management and Independent Members of the Board Enhanced provision of information regarding succession planning and successor selection to Independent Board members and deliberated them several times at Governance, Nominating & Compensation Committee. Also held individual dialogues and discussions between the Chairman and President and the Independent Board Members (see P. 105 for details) 	<ul style="list-style-type: none"> Support systems are in place to help enliven the discussions of the Board of Directors Continued dialogues between the Independent Board Directors and officers and employees on Companywide topics will be desirable 	Utilize opportunities for discussion outside the Board (see P.106-107) on a supplementary basis, enhance dialogue, and exchange views on corporate strategy and other major corporate policy matters
	Governance, Nominating & Compensation Committee	Continue to provide timely and appropriate opportunities for discussion and information to contribute to the effectiveness of the Board of Director	Confirm specific processes, including the continued appropriate provision of information on succession planning		<ul style="list-style-type: none"> Succession planning and the successor selection process were handled with great care, with appropriate information provided (FOCUS)

Review Midterm Corporate Strategy 2021 / Formulation for Midterm Corporate Strategy 2024

In the fiscal year ended March 31, 2022, Members of the Board reviewed Midterm Corporate Strategy 2021 throughout the year, using the Board of Directors' meetings and making supplementary use of other occasions. Subsequently, a new president was appointed in December 2021, and directors for the fiscal year ending 31 March, 2023, were decided on in January of this year. Under the

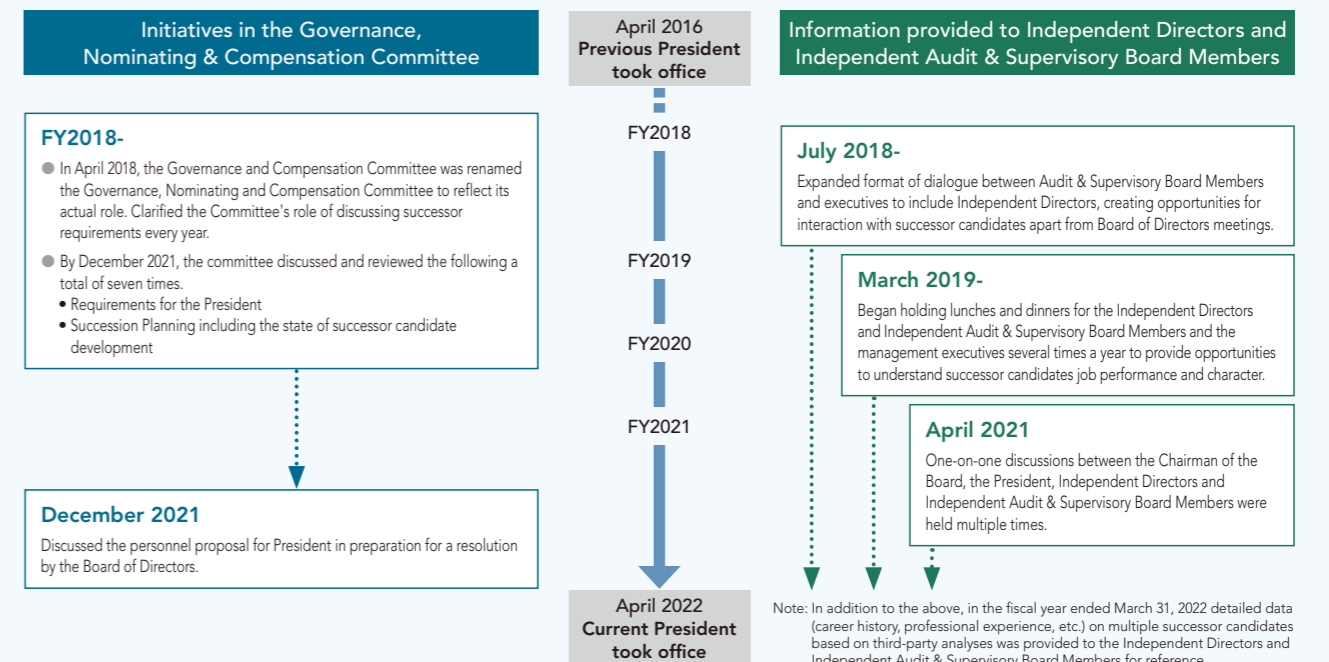
new upper management, business strategy meetings were held with companywide management and each Business Group to formulate business strategies. Based on this, the framework of Midterm Corporate Strategy 2024 was established, and after several exchanges of opinions with Independent Directors, it was resolved at the Board of Directors meeting in May, leading to its announcement.



Successor Selection Process

Since Former President Kakiuchi took office in April 2016, the Governance, Nomination & Compensation Committee, an advisory committee to the Board of Directors, carefully implemented a successor selection process, including the discussion of the requirements for

the President. In addition, Independent Directors and Independent Audit & Supervisory Board Members and successor candidates engaged in thoroughgoing dialogue and discussion outside of committee meetings. This process led to the selection of President Nakanishi.



2 Board of Directors' Advisory Bodies

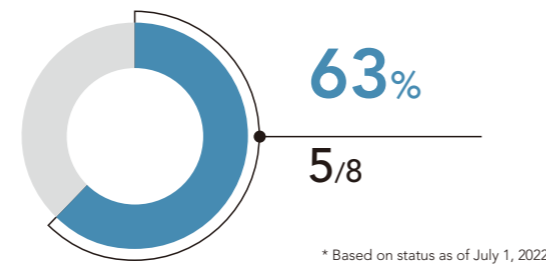
Governance, Nomination & Compensation Committee Convenes 3 times or more per year

The Committee, of which the majority is composed of Independent Directors, deliberates on matters related to governance, nominations, and compensation.

Composition of the Committee (*Committee Chairman) (As of July 1, 2022)

Independent Members (5)	Independent Director	Akitaka Saiki
	Independent Director	Tsuneyoshi Tatsuoka
	Independent Director	Shunichi Miyanaga
	Independent Director	Sakie Akiyama
	Independent Director	Mari Sagiya
In-house Members (3)	Chairman of the Board	Takehiko Kakiuchi*
	Director, President and CEO	Katsuya Nakanishi
	Full-time Audit & Supervisory Board Member	Hajime Hirano

Number and Percentage of Independent Directors*



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

Main Discussion Themes

- Policies on securing conformity with the Revised Corporate Governance Code
- Requirements to be President and CEO, a succession plan, and personnel proposals for the President and CEO
- Review of the remuneration package including the policy for setting remuneration and appropriateness of remuneration levels as well as composition
- Evaluation of the effectiveness of the Board of Directors

President's Performance Evaluation Committee

The President's Performance Evaluation Committee has been established as a subcommittee to the Governance, Nomination & Compensation Committee, comprising the same Chairman and Independent Directors as the parent committee to deliberate the assessment of the President's performance. The President is not a member.

International Advisory Committee

The committee comprises overseas experts of various backgrounds, including politics, business, government and academia, and provides recommendations and advice from an international perspective.

International Advisory Committee (6) (As of June 30, 2022)

	Member	Nationality	Title	Principal area of specialization and background
	Ambassador Richard Armitage	United States of America	Former United States Deputy Secretary of State	Ambassador Armitage previously served as Special Emissary to Jordan and United States Deputy Secretary of State. He is widely experienced in foreign diplomacy, is a leading expert on Asia and Japan within the US and is acknowledged as an authority on the Middle East.
	Professor Joseph S. Nye	United States of America	Harvard University Distinguished Service Professor	Professor Nye is a globally renowned scholar in the field of geopolitics. He has extensive networks not only in academia, but also in political and economic circles. Within the International Advisory Committee, he provides an annual overview of the international situation and makes valuable suggestions regarding industry trends.
	Mr. Ratan N. Tata	India	Chairman, Tata Trusts	Mr. Tata has expanded his business presence to over 100 countries worldwide and has particularly deep knowledge of industrial as well as political and economic developments in India.
	Mr. George Yeo	Singapore	Former Chairman, Kerry Logistics Network	Mr. Yeo has previously served as Singapore's Minister for Information and the Arts, Minister for Health, Minister for Trade and Industry, and Minister for Foreign Affairs. His background brings a wealth of knowledge in the geopolitical situation in ASEAN and China to the committee.
	Mr. Niall FitzGerald, KBE	Ireland	Former CEO and Chairman, Unilever	Mr. FitzGerald, KBE has served as Chairman of several major companies such as Reuters and Unilever, as well as the British Museum. He has an outstanding knowledge of both geopolitics and industry, and his consideration of the impacts of geopolitical changes on business provides valuable advice for the International Advisory Committee.
	Mr. Jaime Augusto Zobel de Ayala II	The Philippines	Chairman, Ayala Corporation	Mr. Zobel has experience in growing a global business launched from the ASEAN region, and therefore has a thorough knowledge of various geopolitical and industry trends in Asia, particularly in the ASEAN region.

Japanese Members (5) (*Committee Chairman) (As of June 30, 2022)

Takehiko Kakiuchi * Chairman of the Board	Katsuya Nakanishi Director, President and CEO	Yasuteru Hirai Director, Executive Vice President	Akitaka Saiki Independent Director	Tsuneyoshi Tatsuoka Independent Director
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Main Topics

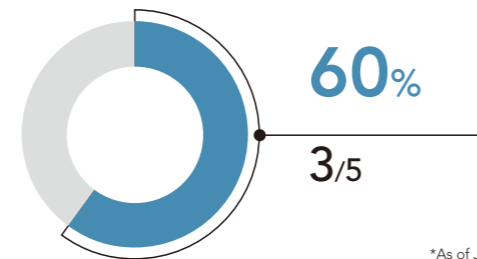
Impact of the COVID-19 pandemic on the situation in various countries	Europe, U.S., China, emerging countries
Geopolitical trends due to U.S.-China relations	Supply chain reorganization, the Taiwan issue
Global issues and trends	Climate change, digital currencies



3 Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board comprises all of the Audit & Supervisory Board Members responsible for auditing the decision-making processes and management performance of Directors in compliance with the Companies Act and other laws and regulations as well as MC's Articles of Incorporation and internal rules and regulations. Full-time Audit & Supervisory Board Members and Independent Audit & Supervisory Board Members ensure the soundness of management by executing audits informed by abundant working experience at MC and by experience in their particular fields as well as a neutral and objective perspective, respectively. In addition to making resolutions on matters required by law and other important issues, the Audit & Supervisory Board strives to enhance information-sharing among the Members through briefings on key matters and reporting on the status of the auditing activities of each of the Members.

Percentage of Independent Audit & Supervisory Board Members*



*As of July 1, 2022

Audit Plans

Prior to each fiscal year, the Audit & Supervisory Board formulates audit plans with key areas. In the fiscal year ended March 31, 2022, the following four key audit areas were selected for the monitoring of specific progress in management and execution.

1 Reviewing Midterm Corporate Strategy 2021:

- Business model evolution through digital transformation (DX)
- Current status of business portfolio optimization
- Progress of asset optimization based on the Value-Added Cyclical Growth Model
- Implementation of the new HR system and efforts to develop management professionals

2 Enhancing MC Group Management:

- Division of roles between the Head Office and MC offices, subsidiaries, and Group companies, and their appropriate status
- Status of delegation of authority and development and implementation of management systems in accordance with actual conditions of Group companies

3 Energy Transformation (EX) and Sustainability Initiatives:

- Initiatives for EX
- Implementation of Mitsubishi Corporation Group decarbonization initiatives

4 Initiatives to Strengthen Corporate Governance:

- Enhancement of deliberations at the Board of Directors
- Ensuring the effectiveness of auditing and internal controls in light of new post-pandemic work styles

The first year of Midterm Corporate Strategy 2024 “Creation of MC Shared Value”

In the fiscal year ended March 31, 2022, the activities of Audit & Supervisory Board Members continued to be affected by the COVID-19 pandemic as in the previous fiscal year, but we had dialogues with executives using remote tools, if necessary, and made efforts to understand the situation appropriately. In addition, we reviewed the process of the new president and Midterm Corporate Strategy 2021. With respect to the process of formulating a new Midterm Corporate Strategy 2024 we paid special attention to strengthening cooperation with Independent Audit & Supervisory Board Members and Independent Directors.

In the fiscal year ending March 31, 2023, the first year of Midterm Corporate Strategy 2024, one of the priority audit items will be to monitor the progress of the strategy, which aims to create MC Shared Value, and we will continue to closely monitor the status of management execution in cooperation with the Independent Audit & Supervisory Board Members. In addition, we will enhance the effectiveness of the Audit & Supervisory Board through constant review.



Hajime Hirano
Full-time Audit & Supervisory Board Member



Mitsumasa Icho
Full-time Audit & Supervisory Board Member

Main Activities of the Audit & Supervisory Board Members (Audit & Supervisory Board)

1 Dialogue with Executive Officers

Opportunities are created for all Audit & Supervisory Board Members, including the Independent Audit & Supervisory Board Members, to engage in dialogues with the Chairman of the Board, President and CEO, Corporate Functional Officers, Business Group CEOs, Business Division COOs, General Managers of Administrative Department, General Manager of Audit Department, General Manager of the Corporate Strategy & Planning Department and General Managers of the Corporate Staff Section.

Number of dialogues with CEOs and other Executive Officers*1

65

2 Attendance at Important Meetings

Besides the Audit & Supervisory Board, Full-time Audit & Supervisory Board Members attend meetings of major internal management bodies, including Board of Directors, Governance, Nomination and Compensation Committee, Executive Committee, and Business Strategy Committee, and provide opinions as necessary. Besides the Audit & Supervisory Board, the Independent Audit & Supervisory Board Members attend meetings of the Board of Directors after being briefed on discussions in the Executive Committee and lower conference bodies, and provide opinions as necessary.

Number of important meetings attended*1

130

3 Onsite Audits and Observations

Amid ongoing restrictions on movement due to the COVID-19 pandemic, the Audit & Supervisory Board fulfilled its duties while adapting to the situation by enhancing onsite audits and observations in Japan, and introducing remote audits using a variety of tools. In the fiscal year ended March 31, 2022, the Audit & Supervisory Board Members met with the CEOs and executive officers of three MC Group companies in three locations overseas and 15 domestic MC Group companies, as well as the regional chiefs of 11 overseas and domestic offices. The Audit & Supervisory Board Members reported on the results of their onsite audits to the Chairman of the Board, the President and CEO, and the relevant executive officers.

Number of onsite audits and observations*1

29 companies/
locations

*1 Number for the fiscal year ended March 31, 2022



Onsite audit of Fukuoka International Airport Co., Ltd



Onsite audit of the MC Tohoku Office

4 Reinforcement of Group Corporate Governance

In addition to dialogues with the CEOs and other executive officers of the MC Group companies, opportunities were arranged for the exchange of information every quarter with the Audit & Supervisory Board Members of 39 major Group companies in Japan. The Audit & Supervisory Board Members of the MC Group companies also arranged subcommittees to share information and exchange opinions. We also provided assistance in training for those who will be assigned to the MC Group companies as Full-time Audit & Supervisory Board Members. We will continue working to strengthen the Group Corporate Governance through regular monitoring.

5 Enhancing the Effectiveness of the Audit & Supervisory Board and its Members

To increase the effectiveness of the audits performed by Audit & Supervisory Board Members, in the year ended March 31, 2022, we further enhanced the reviews of the activities of the Audit & Supervisory Board conducted in previous years. Specifically, the secretariat held mid-year and year-end hearings with the Audit & Supervisory Board Members to identify insights about overall auditing activities and things to improve in the coming year. The results were shared and discussed at the Audit & Supervisory Board. At these hearings, the participants also discussed the progress of auditing in the key audit areas designated at the start of the fiscal year, and insights from these discussions were then fed back to executives. Through such new processes and other means, we sought to improve auditing methods.

Enhancement of Tripartite Audits

Audit & Supervisory Board Members strive to further strengthen cooperation with Independent Auditors and the Internal Audit Department in order to assess the Company's situation with the aim of improving the effectiveness of audits.

Collaboration with Independent Auditors and Evaluation of Independent Auditors

We work with Independent Auditors through their outline briefings on accounting audit plans, audit reports for quarterly results, and monthly meetings. During on-site audits and visits, we also exchange opinions with the Independent Auditors of MC Group companies in Japan and overseas.

With regard to performance evaluations of Independent Auditors, we keep track of evaluation data during the fiscal year from regular audit reports and other sources, and hold an Independent Auditor evaluation conference at the end of the fiscal year. As a result, we have concluded that the current Independent Auditors performed appropriate audits in a professional manner, and accordingly, the Audit & Supervisory Board resolved to reappoint the Independent Auditors.

Collaboration with the Internal Audit Department

The Internal Audit Department and Full-time Audit & Supervisory Board Members hold monthly meetings where exchanges of opinions are made concerning reports on internal audit results. Also at Audit & Supervisory Board meetings, the Internal Audit Department reports their quarterly audit results that are also reported to the President and CEO.

In addition, Audit & Supervisory Board Members attend the internal auditor liaison meetings of 49 major MC Group companies in Japan held by the Internal Audit Department, while the General Manager of the Internal Audit Department attends liaison meetings held by MC's Audit & Supervisory Board Members with the Audit & Supervisory Board Members of the MC Group companies mentioned above, and all parties collect audit information and exchange opinions.

4 Independent Directors and Independent Audit & Supervisory Board Members

Independent Directors and Independent Audit & Supervisory Board Members are as follows (as of July 1, 2022).

- Member of the Governance, Nomination & Compensation Committee
- Member of the International Advisory Committee

Independent Directors



Akitaka Saiki

Main career Former Vice-Minister for Foreign Affairs, Ministry of Foreign Affairs of Japan

Number of years on Board of Directors: 5 years

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Mr. Saiki worked with Japan's Ministry of Foreign Affairs and this has given him sensitive insight into geopolitics. He also possesses keen expertise in country risk and a broad network of contacts in that area.



Tsuneyoshi Tatsuoka

Main career Former Vice-Minister of Economy, Trade and Industry, Ministry of Economy, Trade and Industry of Japan

Number of years on Board of Directors: 4 years

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Having worked at Japan's Ministry of Economy, Trade and Industry, where he has long engaged in the field of public policies regarding economy and industry, Mr. Tatsuoka brings to MC's Board keen knowledge about the country's industrial sector as a whole along with contributing his deep insight into sustainability issues, including those related to environmental and energy policies.



Shunichi Miyanaga

Main career Chairman of the Board, Mitsubishi Heavy Industries, Ltd.

Number of years on Board of Directors: 3 years

B 13/13 G 5/5

Mr. Miyanaga has spent many years at the helm of a listed manufacturing conglomerate that is engaged in businesses all over the world. He brings to MC's Board global management experience as well as his keen insight into such technologies as decarbonization-related technologies.

- B Attendance at Board of Directors' meetings in the fiscal year ended March 31, 2022
- G Attendance at Governance, Nomination & Compensation Committee meetings in the fiscal year ended March 31, 2022
- A Attendance at Audit & Supervisory Board meetings in the fiscal year ended March 31, 2022



Sakie Akiyama

Main career Founder and Former CEO, Saki Corporation

Number of years on Board of Directors: 2 years

B 12/13 G 5/5

After working as an international business consultant, Ms. Akiyama founded a firm specializing in robotic inspection systems for the electronics assembly markets and developed it into a global enterprise. Ms. Akiyama brings to MC's board of directors her in-depth insight into the digital and IT spaces that was accumulated over the course of the above endeavors in addition to contributing a wealth of know-how in innovation.



Mari Sagiya

Main career Former Senior Vice President, IBM Japan

Appointed June 2022

B - G -

Ms. Sagiya has worked in top management at multiple global IT companies and has extensive expertise in leading corporate transformations. She brings to MC's Board of Directors a wealth of know-how in digital transformation (DX).

Meetings of Independent Directors and Independent Audit & Supervisory Board Members

MC facilitates the exchange of information and sharing of ideas from an independent and objective standpoint in order to sustain growth and enhance corporate value over the medium and long term. These discussions are reported to the Board of Directors as necessary.

Main Discussion Themes (Fiscal Year Ended March 31, 2022)

- Approach to dialogue with management
- Midterm Corporate Strategy 2024
- Future issues and initiatives based on evaluation of the effectiveness of the Board of Directors

Independent Audit & Supervisory Board Members



Rieko Sato

Main career Partner, ISHII LAW OFFICE

Number of years on Audit & Supervisory Board: 2 years

B 13/13 A 12/12

Ms. Sato possesses profound knowledge of corporate law practice (Companies Act, Financial Instruments & Exchange Act, compliance, etc.) based on her extensive experience as an attorney, as well as a management perspectives gained through extensive experience as an Independent Director and Independent Audit & Supervisory Board Member.



Takeshi Nakao

Main career CEO, PARTNERS HOLDINGS, Co. Ltd.

Number of years on Audit & Supervisory Board: 2 years

B 13/13 A 12/12

Mr. Nakao possesses profound knowledge of finance and accounting as a certified public accountant, as well as extensive insight gained through many years of experience in advisory work regarding M&A activity, corporate revitalization, and internal control.



Mari Kogiso

Main career CEO, SDG Impact Japan Inc.

Appointed June 2022

B - A -

Ms. Kogiso has long accumulated business experience in the financial industry, including operations at an international organization, while taking on diversity promotion and other sustainability-related initiatives at global companies and public interest incorporated foundations. She has handled the establishment and management of the ESG Impact Fund. Through these endeavors, she acquired in-depth insight into ESG and finance.

Comments from Newly Appointed Independent Members of the Board

Mari Sagiya Independent Director

Amid a rapidly changing external environment, in order to improve corporate value over the medium to long term, I believe that it will be even more important to continuously review and evolve governance, as seen in MC's initiatives to date. I have worked for several global IT companies, mainly in the areas of human resource development, marketing and digital transformation support to help solve business challenges facing clients across a wide range of industries. I will utilize this experience to contribute to MC's sustainable growth going forward.

Mari Kogiso Independent Audit & Supervisory Board Member

Companies are currently being called on to meet a wide range of demands from society—such as those related to climate change and other environmental issues, diversity, and respect for human rights—and then connecting action on those fronts to the enhancement of corporate value. Leveraging the knowledge and experience I cultivated at international institutions and in the social sector, I will offer various perspectives in an effort to contribute to the MC Group's governance and enhancement of its corporate value.

Overview of Remuneration Package

Basic Approach

Remuneration levels	<ul style="list-style-type: none"> Remuneration levels are set based on the functions and roles of the Directors and Audit & Supervisory Board Members, and the Company's level of performance and others. Remuneration levels are globally competitive and based on performance targets to motivate career growth in human resources who will be responsible for the next generation of management and to further raise organizational vitality.
Remuneration composition	<ul style="list-style-type: none"> Remuneration for Directors is designed for greater focus on increasing medium- and long-term corporate value by more closely linking remuneration to medium- to long-term corporate value and fiscal year earnings, as well as the creation of stock remuneration with stronger ties to shareholder value, in addition to cash compensation. From this perspective, consolidated net income (single year and medium- to long-term), the share price and growth rates in shares (medium- to long-term) are adopted as key performance indicators. To ensure the independence of the Chairman of the Board and Independent Directors, who undertake functions of management oversight, and Audit & Supervisory Board Members, who undertake audits, the Company only pays them fixed monthly remuneration.
Governance of remuneration	<ul style="list-style-type: none"> The Governance, Nomination & Compensation Committee, where a majority of the members are Independent Directors and Independent Audit & Supervisory Board Members, continuously deliberates and monitors methods for deciding remuneration packages, the fairness of remuneration levels and compositions, and the status of implementation.

Remuneration Package for Directors and Audit & Supervisory Board Members

Remuneration item/Composition	Key performance indicator (KPI)	Form of payment	Remuneration details	Executive Directors	Chairman of the Board	Independent Directors	Audit & Supervisory Board Members
Base salary	Fixed: about 20-50%	Cash	<ul style="list-style-type: none"> An amount determined by the Board of Directors according to position, paid monthly. 	①	①	①	⑤
Annual deferral for retirement remuneration			<ul style="list-style-type: none"> Fixed amount of annual deferral for retirement remuneration set aside each year, to be paid in full on retirement, with Board of Directors' approval of payment amounts. By resolution of the Board of Directors, non-payment or reduction of the amount is possible in the event of a serious violation of a delegation agreement, etc. 	①	—	—	—
Individual performance bonus*	Variable (single year): about 25-35%		<ul style="list-style-type: none"> Payment amount determined for each Director and Executive Officer is based on performance assessments by the President, with the authority delegated by the Board of Directors. The assessment on the President's performance is determined by the President's Performance Evaluation Committee. Performance assessment results are reported to the Board of Directors and Governance, Nomination & Compensation Committee. 	①	—	—	—
Performance-linked bonus (short term)*	Consolidated net income (single year)		<ul style="list-style-type: none"> The amount paid is determined in line with consolidated net income in the relevant fiscal year [average of three fiscal years in the case of medium- to long-term], based on formulas resolved by the Board of Directors following deliberation by the Governance, Nomination & Compensation Committee. The amount is adjusted in line with performance if consolidated net income [average over the relevant fiscal year and subsequent two fiscal years in the case of medium to long-term] exceeds the level of earnings that leads to enhanced corporate value (consolidated capital cost) [average over the three years in the case of medium- to long-term]. No bonus is paid if the amount is below consolidated capital cost [average of three fiscal years in the case of medium- to long-term] for the relevant business year. The total amount to be paid is capped. 	②	—	—	—
Performance-linked bonus (medium- to long-term)*	Consolidated net income (medium- to long-term)		<ul style="list-style-type: none"> The amount paid is determined in line with consolidated net income in the relevant fiscal year [average of three fiscal years in the case of medium- to long-term], based on formulas resolved by the Board of Directors following deliberation by the Governance, Nomination & Compensation Committee. The amount is adjusted in line with performance if consolidated net income [average over the relevant fiscal year and subsequent two fiscal years in the case of medium to long-term] exceeds the level of earnings that leads to enhanced corporate value (consolidated capital cost) [average over the three years in the case of medium- to long-term]. No bonus is paid if the amount is below consolidated capital cost [average of three fiscal years in the case of medium- to long-term] for the relevant business year. The total amount to be paid is capped. 	③	—	—	—
Stock-based remuneration linked to medium- to long-term share performances	Share price/growth rate in shares (medium- to long-term)	Shares (stock acquisition rights)	<ul style="list-style-type: none"> Stock options as remuneration are granted from the perspective of aligning Directors' interests with those of shareholders and providing incentives to enhance corporate value and to increase the Company's share price over the medium- to long-term. The Board of Directors determines the number of shares allocated to each person. No allocated stock options can be exercised for a three-year performance period. Based on a formula decided by the Board of Directors following deliberation by the Governance, Nomination & Compensation Committee, the number of stock options that can be exercised at the end of this period varies according to the share growth rate (calculated as Total Shareholder Return (TSR) divided by the TOPIX benchmark growth rate over the same period). The basic policy is that Directors are obliged to hold any shares while in office. Sales of such shares are restricted until their aggregate market value exceeds approximately 300% of the base salary of each position. 	④	—	—	—

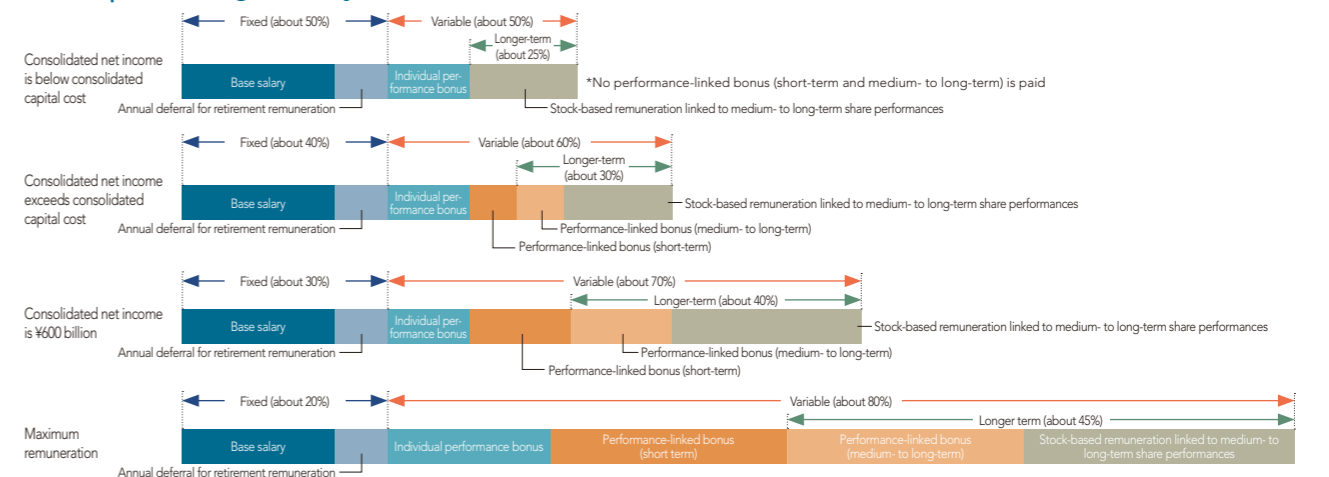
(Note 1) 1 to 5 in the table indicate the numbers of limits on remuneration that correspond to each remuneration item. See the next table for details.
 (Note 2) Remuneration items with an asterisk are subject to the clawback policy. See page 118 for details.

(Figures rounded down to nearest million yen)

Item type	Item details	Total remuneration** (fiscal year ended March 2022)
①	Base salary, annual deferral for retirement remuneration, and individual performance bonuses totaling up to ¥1.5 billion annually (for Independent Directors, base salary totaling up to ¥180 million per year)	¥1,021 million (of which, ¥150 million for Independent Directors)
②	Performance-linked bonus (short term) up to 0.06% of consolidated net income (attributable to owners of the Company) for the relevant fiscal year (annual amount)	¥350 million
③	Performance-linked bonus (medium to long term) up to 0.06% of the average of consolidated net income (attributable to owners of the Company) for the relevant fiscal year and subsequent two fiscal years (annual amount)	¥350 million
④	Stock-based remuneration linked to medium- to long-term share performances up to ¥600 million annually (up to 400,000 shares annually)	¥353 million (197,450 shares)
⑤	Base salary for Audit & Supervisory Board Members totaling up to ¥250 million annually	¥237 million (of which, ¥63 million for Independent Audit & Supervisory Board Members)
Total		¥2,314 billion

*1 Approved at the Ordinary General Meeting of Shareholders held on June 21, 2019. The number of directors to whom the above amounts of director remuneration (excluding stock-based remuneration linked to medium- to long-term share performances) applied was 13 (including 5 Independent Directors); the number of directors to whom the above amount of stock-based remuneration linked to medium- to long-term share performance applied was 7; and the number of Audit & Supervisory Board Members to whom the above amount of Audit & Supervisory Board Member remuneration applied was 5 (including 3 independent members).
 *2 Please see the last section on this page for details on remuneration of Directors and Audit & Supervisory Board Members.

Conceptual Image of Payment Mix for Remuneration of Executive Directors



Note: The proportions shown above are based on certain values for consolidated earnings and the share price, and are for illustrative purposes only. The actual mix will vary depending on changes in Mitsubishi Corporation's consolidated financial results and stock market conditions.

Directors' and Audit & Supervisory Board Members' Remuneration: Total Amounts and Number of Eligible Persons in the Fiscal Year Ended March 31, 2022 (Unit: millions of yen)

Title	Total remuneration	Base salary		Annual deferral for retirement remuneration		Individual performance bonus		Performance-linked bonus (short term)		Performance-linked bonus (medium to long term)		Stock-based remuneration linked to medium- to long-term share performances	
		Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total
In-house Directors	1,926	8	689	5	73	5	109	5	350	5	350	5	353
Independent Directors	150	5	150	—	—	—	—	—	—	—	—	—	—
Full-time Audit & Supervisory Board Members	174	2	174	—	—	—	—	—	—	—	—	—	—
Independent Audit & Supervisory Board Members	63	3	63	—	—	—	—	—	—	—	—	—	—

(Figures rounded down to nearest million yen)

Notes:
 1. The above figures include 1 Director who retired and 1 Director who resigned during the fiscal year ended March 31, 2022. Furthermore, there were 11 Directors (including 5 Independent Directors) and 5 Audit & Supervisory Board Members (including 3 Independent Audit & Supervisory Board Members) as of March 31, 2022.
 2. The above figures of individual performance bonus represent the amounts recorded as provisions granted for the fiscal year ended March 31, 2022.
 3. The above figures for performance-linked bonus (short-term) are determined based on consolidated net income of 937.5 billion yen for the fiscal year ended March 31, 2022, based on a formula confirmed in advance by the Governance, Nomination & Compensation Committee and resolved by the Board of Directors.
 4. The above amounts for performance-linked bonuses (medium- to long-term) are paid on an average of the consolidated net income for the fiscal years ended March 31, 2022 to 2024, but as this cannot be decided currently, the amounts shown are provisions for such bonuses as of the fiscal year ended March 31, 2022. The actual amounts paid for the fiscal year ended March 31, 2022 will be based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors, and the amount for the fiscal year ended March 31, 2022 will be disclosed in the FY2023 Business Report. The actual amount paid for the fiscal year ended March 31, 2020 was based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors. The amount was paid on the

average of 548.5 billion yen in consolidated net income for the fiscal years ended March 31, 2020 to 2022, totaling 173 million yen for 7 Directors in the fiscal year ended March 31, 2020. The actual amount paid for the fiscal year ended March 31, 2021 will be paid on an average of the consolidated net income for the fiscal years ended March 31, 2021 to 2023, but as this cannot be decided currently, a total of 210 million yen for 5 Directors in the fiscal year ended March 31, 2021 was recorded as provisions in the fiscal year ended March 31, 2022 but was not included in the table. The actual amount paid for the fiscal year ended March 31, 2021 will be disclosed in the FY2022 Business Report.
 5. The above figures for stock-based remuneration linked to medium- and long-term share performances (stock options with market conditions) is the amount recorded as an expense granted for the fiscal year ended March 31, 2022. In regard to stock-based remuneration linked to medium- and long-term share performances, the number of exercisable shares will be determined according to the growth rate in MC's shares over three years from being granted, based on a formula confirmed in advance by the Governance, Nomination & Compensation Committee and resolved by the Board of Directors.
 6. In addition to the above, MC paid executive pensions to retired Directors and Audit & Supervisory Board Members. The amounts paid in the fiscal year ended March 31, 2022 were as follows: The retirement bonus system, including executive pensions for Directors and Audit & Supervisory Board Members, was abolished at the close of the Ordinary General Meeting of Shareholders held on June 26, 2007.
 MC paid 87 million yen to 53 Directors (Independent Directors were ineligible for payment). MC paid 3 million yen to 4 Audit & Supervisory Board Members (Independent Audit & Supervisory Board Members were ineligible for payment).

Calculation Method for Performance-Linked Remuneration (Fiscal Year Ending March 31, 2023)

Performance-linked bonus (short-term)

(1) Upper limit on total payment

The upper limit is the lower of i) ¥600 million or ii) the maximum total of individual payment amounts prescribed in (2) below

(2) Individual payments

President and CEO	(consolidated net income [attributable to owners of MC] in the fiscal year ending March 31, 2023 - ¥440 billion) × 0.025% + 0.35 (¥100 million)
Executive Vice President	(consolidated net income [attributable to owners of MC] in the fiscal year ending March 31, 2023 - ¥440 billion) × 0.0075% + 0.105 (¥100 million)

Note: The payment amount will be zero if consolidated net income is lower than the consolidated capital cost. Consolidated capital cost for the fiscal year ending March 31, 2023 is ¥520 billion.

Maximum Payment and Total for Each Position

Position	Maximum payment amount	Number of persons	Total
President and CEO	¥175 million	1	¥175 million
Executive Vice President	¥52.5 million	4	¥210 million
Total		5	¥385 million

Performance-linked bonus (medium- to long-term)

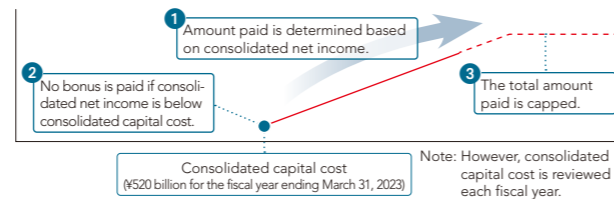
(1) Upper limit on total payment

Same as performance-linked bonus (short-term)

(2) Individual payments

President and CEO	(Average consolidated net income [attributable to owners of MC] for the three fiscal years ending March 31, 2023, March 31, 2024, and March 31, 2025 - ¥440 billion) × 0.025% + 0.35 (¥100 million)
Executive Vice President	(Average consolidated net income [attributable to owners of MC] for the three fiscal years ending March 31, 2023, March 31, 2024, and March 31, 2025 - ¥440 billion) × 0.0075% + 0.105 (¥100 million)

Note: The payment amount will be zero if the average of consolidated net income falls below the average consolidated capital cost for the three fiscal years.



Stock-Based Remuneration Linked to Medium- to Long-Term Share Performances

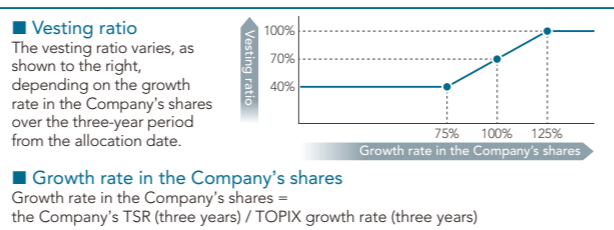
(1) Upper limit on total payment

The upper limit is ¥600 million. However, the upper limit on total number of shares per year is 400,000 shares (4,000 stock options).

(2) Conditions for exercise of stock options

Some or all stock options may be exercised depending on the stock growth rate (market conditions*).

Position	Number of stock options initially allocated for the position (based on positions as of April 1, 2022) × vesting ratio	Stock options initially allocated by position
President and CEO	54,800 shares (548 options)	54,800 shares (548 options)
Executive Vice President	16,900 shares (169 options)	16,900 shares (169 options)



Governance of Remuneration

The Governance, Nomination & Compensation Committee deliberates and the Board of Directors decides the policy for setting Directors' remuneration and the remuneration amount (actual payment amount).

The total remuneration amount (actual payment amount) and individual payment amounts for Directors, excluding individual performance bonuses, are determined by a resolution of the Board of Directors within the upper limits for each type of remuneration decided by resolution of the Ordinary General Meeting of Shareholders held on June 21, 2019. Base salary and annual deferral for retirement remuneration, forms of fixed remuneration, are paid in amounts determined by the Board of Directors. As for variable remuneration, payments of performance-linked bonuses (short-term), performance-linked bonuses (medium- to long-term) and stock-based remuneration linked to medium- to long-term share performances are determined, while reflecting key performance indicators (KPIs), based on a formula set by the Board of Directors following deliberation by the Governance, Nomination & Compensation Committee.

MC has adopted a clawback policy*, applicable to the individual performance bonus, performance-linked bonus (short-term) and performance-linked bonus (medium- to long-term) of Executive Directors, revising the regulations for executive officers by resolution at the

Board of Directors' Meeting held on February 18, 2022.

* In the event that an executive officer causes any loss or damage to the company from willful misconduct or negligence, a serious violation of a delegation agreement, or a serious accounting error/ex-post revision of a financial report due to misconduct resolved by the Board of Directors, non-payment or reduction of the amount/reclaiming of the paid amount is possible by resolution of the Board of Directors.

The payment amounts of individual performance bonuses paid to Directors based on their individual performance assessment, including qualitative assessment, are determined and paid on an individual basis, reflecting the President's yearly performance assessment of each Director for the relevant fiscal year (the Board of Directors delegates authority to the President for deciding the individual payment amounts).

Performance evaluations of Executive Directors comprehensively take into account their contributions to the organizations and businesses they oversee; their contributions to management of the entire Company, Corporate Staff Section, Business Groups and offices; the achievement of triple-value growth and the state of sustainability initiatives from an ESG perspective.

The annual assessment on the President's performance is decided by the President's Performance Evaluation Committee, which is delegated this authority by the Board of Directors (and is a subcommittee of the Governance, Nomination & Compensation Committee). The subcommittee is comprised of the Chairman of the

Board, who also serves as the chair of the Governance, Nomination & Compensation Committee, and Independent Directors sitting on the committee (see page 106). Results of the performance assessment are reported to the Board of Directors and the Governance, Nomination & Compensation Committee to ensure objectivity, fairness and transparency.

Based on the policy for determining remuneration packages (including methods for calculating performance-linked remuneration) that was approved at the ordinary meeting of the Board of Directors held on May 17, 2019, and the extraordinary meeting of the Board of Directors held on June 21, 2019, each year, the Governance, Nomination & Compensation Committee deliberates and the Board of Directors makes a

resolution determining that the total amount of director remuneration packages and methods for deciding payments to individual directors are consistent with said policy for determining remuneration packages.

Each year, the Governance, Nomination & Compensation Committee deliberates and evaluates the fairness of remuneration levels and composition based on compensation data provided by an external consulting firm, WTW (Willis Towers Watson).

Total and individual amounts of remuneration paid to Audit & Supervisory Board Members are determined following deliberations by the Audit & Supervisory Board within the scope of remuneration for Audit & Supervisory Board Members approved at the Ordinary General Meeting of Shareholders held on June 21, 2019.

Stance on Acquisition, Holding and Reduction in Listed Stocks/Reduction in Holdings of Listed Stocks

Stance on acquisition, holding and reduction in listed stocks

MC may acquire and hold shares acquired for other than pure investment as a means of creating business opportunities and building, maintaining and strengthening business and partner relationships. When acquiring these shares, MC confirms the necessity of its

acquisition based on the significance and economic rationale of the purchase in accordance with internal company rules. Also, MC periodically reviews the rationality of continuing to hold the shares and promotes reducing holdings of stocks with decreased significance.

Verification policy for holding individual shares

The Board of Directors verifies all of the listed shares (excluding pure investment) held by MC from the perspectives of both economic rationale and qualitative significance of holding them every year.

The economic rationale is confirmed by whether or not the related earnings from each stock, such as

dividends and related business profits on transactions, exceed MC's target capital cost (weighted average cost of capital) for the market price of each individual share. The qualitative significance is confirmed by the achievement or status of progress of the expected purpose for holding the stock, etc.

Reduction in holdings of listed stocks

Based on the results of the verification process described above, in the fiscal year ended March 31, 2022, shareholdings were reduced by just over 10% compared to the previous fiscal year as a result of selling shares with a market value of 57.9 billion yen. As of the fiscal year ended March 31, 2022, the total market value

was 437.4 billion yen (excluding deemed shareholdings). Past reduction results are as follows.

3/2020	3/2021	3/2022
¥73.0 billion	¥68.7 billion	¥57.9 billion

(Excluding market value basis and deemed shareholdings)

Matters verified by the Board of Directors

Verification was conducted by the Board of Directors for all listed shares held by MC as of March 31, 2022. As a result of verification from the perspectives of both economic rationale and qualitative significance of

holding them, numerous shares were identified as candidates for reduction due to a decreased importance of the expected purpose and significance for holding them, etc.