

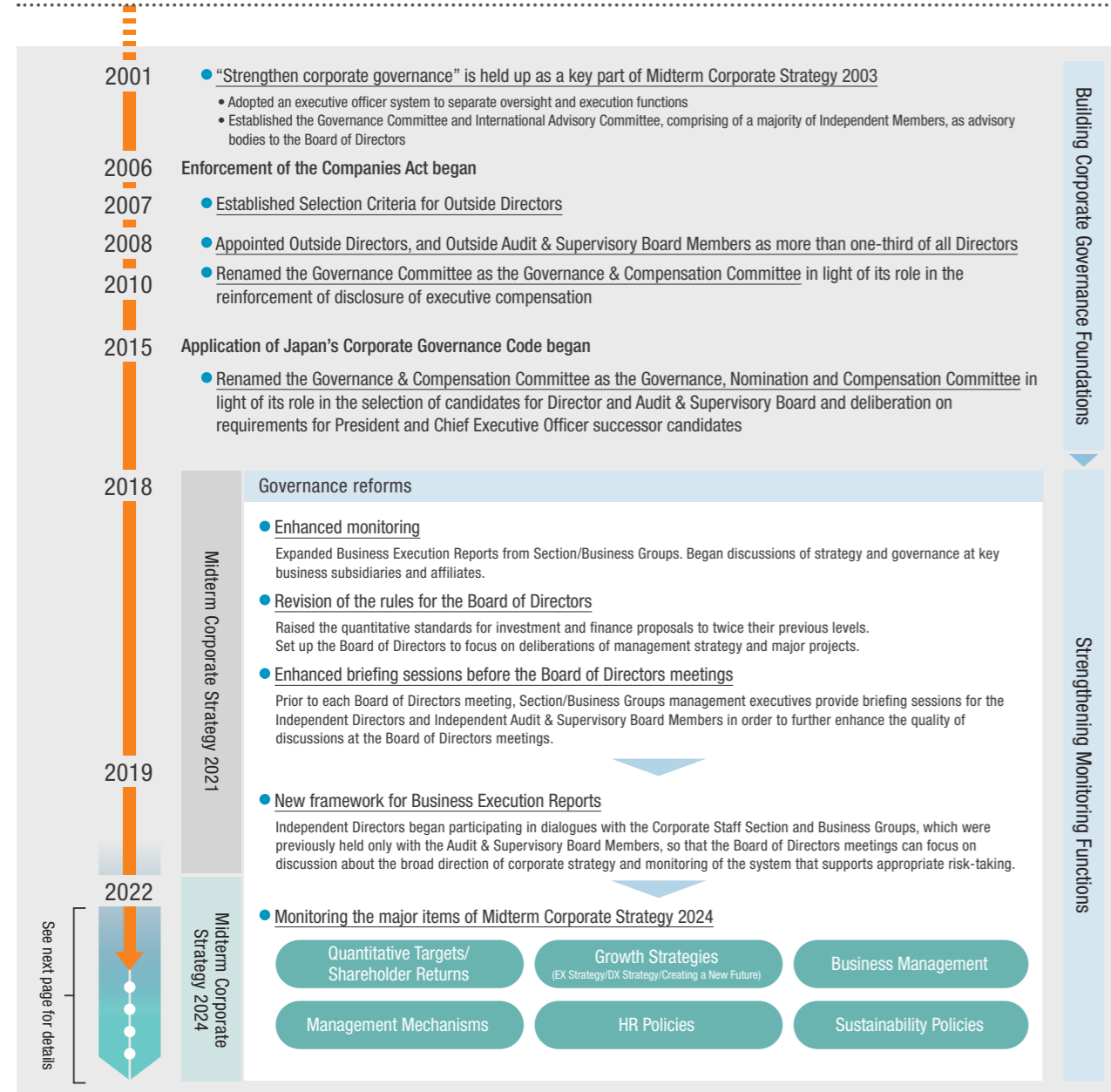


As Chairman of the Board of Directors, I will serve as a bridge between the Independent Members of the Board and the executive side of management to achieve sustained enhancement of MC's corporate value through effective corporate governance, which functions as the foundation of the Company.

Takehiko Kakiuchi
Chairman of the Board

The Evolution of MC's Corporate Governance

Since the 2000s, MC has engaged in building the foundations of its corporate governance. In recent years, MC has been steadily advancing measures to strengthen the monitoring functions of the Board of Directors, incorporating the results of annual evaluations of the effectiveness of the Board of Directors.



Record of Meetings Held in FY2022

● Meetings of the Board of Directors ■ Meetings of the Governance, Nomination and Compensation Committee ◆ Meetings of Independent Directors and Independent Audit & Supervisory Board Members



Approaches to Corporate Governance

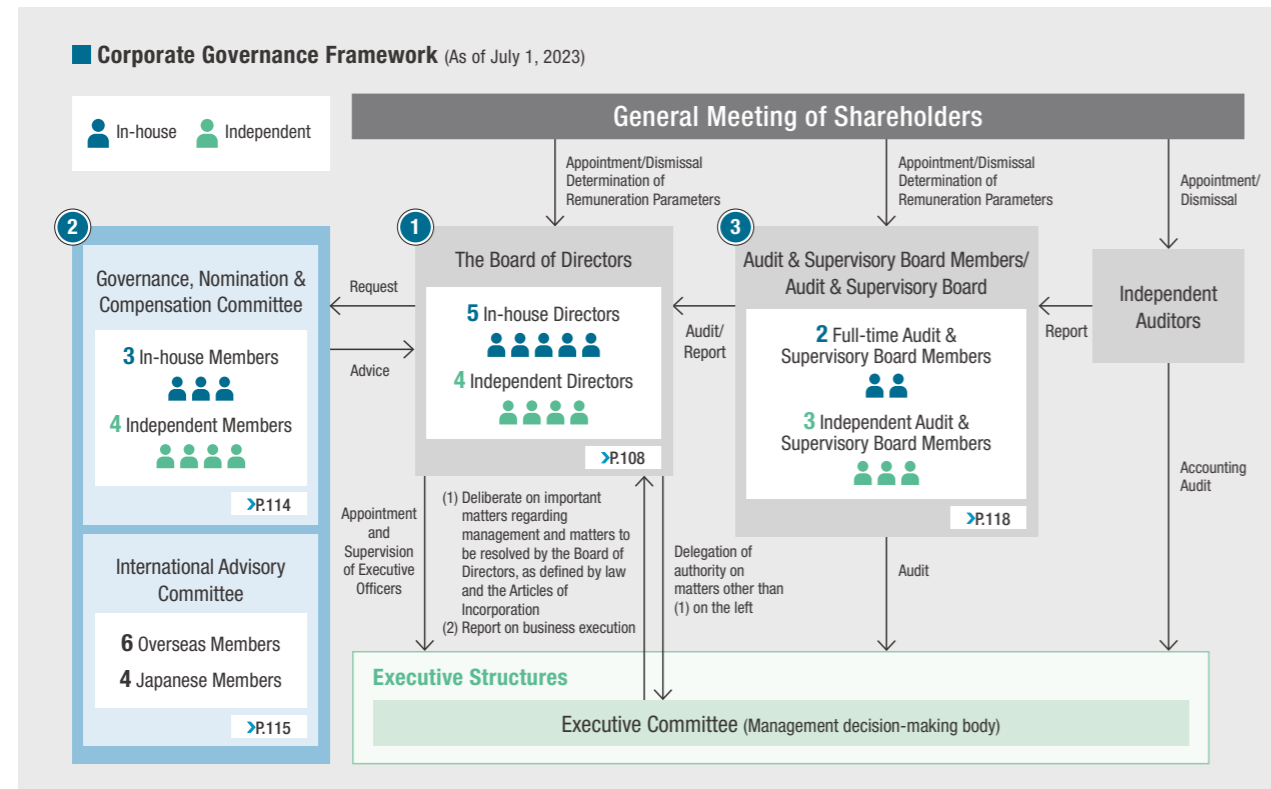
—MC’s Corporate Governance System Supporting Sustainable Growth

Basic Policy

MC strives to continuously raise corporate value through corporate activities rooted in the principles of fairness and integrity with the Three Corporate Principles for a corporate philosophy. MC believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of its shareholders, customers, and all other stakeholders.

In order to achieve these goals, MC recognizes 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 Outside Directors and Outside 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, this also includes implementation of MC’s prompt and efficient decision-making and business execution through enhancing the monitoring function of the Board of Directors.



1 Board of Directors

The Board of Directors deliberates on important management issues, and supervises business execution through reports on major items of the current 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 the quantitative standards set by MC are deliberated and resolved with an emphasis on not only 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 those matters for resolution by the Board of Directors, is entrusted to the 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.

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 level of knowledge and expertise needed for fulfilling their duties.
In-house Directors	In addition to the Chairman of the Board and the president & Chief Executive Officer, MC’s in-house Directors are elected from Executive Officers (Senior Executive Vice Presidents & 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 the policies described above, the President & Chief Executive Officer proposes a list of nominated Directors, which is then deliberated at the Governance, Nomination and 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 judged to be important for MC’s Board of Directors and the reasons for their adoption 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.

Skill Area	Reasons for Adoption
Business Management and Organizational Management	The Board of Directors must deliberate and make comprehensive decisions from an organizational management perspective. As such, experience in business management or organizational management that is not skewed toward any individual specialty, as well as knowledge of corporate governance based on such experience, have been designated as necessary skill areas.
Risk Management	In order to make the Company to 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). <ul style="list-style-type: none"> • (Legal) Management of overall corporate legal affairs • (Finance and Accounting) Management of overall financial affairs and accounting
Innovation	In the Roadmap to a Carbon-Neutral Society, MC has declared the goal of net zero GHG emissions by 2050, and has 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 carbon and decarbonization of social and economic activities, and this refers to the 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 Midterm Corporate Strategy 2024, experience, insights, and expertise, etc., of “human resource strategy” that 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 societal 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.

Directors and Audit & Supervisory Board Members (As of July 1, 2023)

Skills Matrix of Directors and Audit & Supervisory Board Members		Director						Audit & Supervisory Board Member								
		Takehiko Kakiuchi Chairman of the Board	Katsuya Nakanishi Representative Director, President and CEO	Norikazu Tanaka Representative Director	Yutaka Kashiwagi Representative Director	Yuzo Nouchi Representative Director	Tsuneyoshi Tatsuoka Independent Director*1	Shunichi Miyanaga Independent Director*1	Sakie Akiyama Independent Director*1	Mari Sagiya Independent Director*1	Mitsumasa Icho Full-time Audit & Supervisory Board Member	Akira Murakoshi Full-time Audit & Supervisory Board Member	Rieko Sato Independent Audit & Supervisory Board Member*2	Takeshi Nakao Independent Audit & Supervisory Board Member*2	Mari Kogiso Independent Audit & Supervisory Board Member*2	Total (persons)
Responsibilities/ Main career	Experience, knowledge, and expertise			Senior Executive Vice President, Energy Transformation	Executive Vice President, Corporate Functional Officer, IT, CAO, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters	Executive Vice President, Corporate Functional Officer, CFO	Former Vice Minister, Ministry of Economy, Trade and Industry	Chairman of the Board, Mitsubishi Heavy Industries, Ltd.	Founder, Saki Corporation	Former Senior Vice President, IBM Japan, Ltd.	Former Executive Vice President, Group CEO, Urban Development Group	Former Executive Vice President, Corporate Functional Officer, CDO, CAO, Corporate Communications, Corporate Sustainability & CSR	Partner, ISHII LAW OFFICE	CEO, PARTNERS HOLDINGS, Co. Ltd.	CEO, SDG Impact Japan Inc.	
	Business management/Organizational management	●	●	●	●	●	●	●	●	●	●	●	●	●	●	14
	Risk Management	●	●	●	● (Legal)	● (Finance/Accounting)	●	●	●	●	●	●	● Attorney (Legal)	● Certified public accountant (Finance/Accounting)	●	14
	Innovation						●	●	●							5
	Energy	●	●	●			●									5
	Digital	●	●						●	●						4
	Global Intelligence	●	●	●				●								4
	Human Resource Strategy	●	●		●					●		●			●	6
Environment and Society	●	●		●		●								●	5	

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

Reasons for the Appointment as Independent Directors

Tsuneyoshi Tatsuoka

Number of years on Board of Directors: 5 years

B 13/14 G 5/5

Having worked at Japan's Ministry of Economy, Trade and Industry, Mr. Tatsuoka brings to MC's Board extensive know-how with respect to strategies in resources, energy, manufacturing, and other industries, as well as sustainability insight through his knowledge on environmental and energy policies.

Main career

1980 Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry [METI])
2015 Retired from METI
2018 Director, MC (present position)

Sakie Akiyama

Number of years on Board of Directors: 3 years

B 12/14 G 5/5

Backed by her far-reaching expertise in the digital and tech spaces, Ms. Akiyama has worked as an international business consultant and is the founder of Saki Corporation, a firm that specializes in robotic inspection systems for the electronics assembly markets. She brings to MC's board a wealth of know-how in digital technologies and IT, as well as innovation and its role in growing global enterprises.

Main career

1987 Joined Arthur Andersen & Co. (currently Accenture PLC) (resigned in April 1991)
1994 Founder and CEO, Saki Corporation
2018 Founder (advisor), Saki Corporation (present position)
2020 Director, MC (present position)

Shunichi Miyanaga

Number of years on Board of Directors: 4 years

B 14/14 G 4/5

Mr. Miyanaga has spent many years at the helm of a listed manufacturing conglomerate that is engaged in business all over the world. In addition to his global management experience and practical insight, he brings to MC's Board extensive know-how in the tech sector, including a keen understanding of the latest trends in net-zero, clean technologies.

Main career

1972 Joined Mitsubishi Heavy Industries, Ltd. (MHI)
2013 Director, President, MHI
2014 Director, President and CEO, MHI
2019 Chairman of the Board, MHI (present position), Director, MC (present position)

Mari Sagiya

Number of years on Board of Directors: 1 year

B 10/10* G 4/4*

Ms. Sagiya has served on the boards of several globally active tech companies and is highly experienced in corporate reforms. Her vast knowledge of DX, as well as HR strategies including diversity, promises to be of great benefit to MC's Board.

Main career

1985 Joined IBM Japan, Ltd.
2005 Senior Vice President, IBM Japan, Ltd. (resigned in July 2014)
2014 Executive Vice President, SAP Japan Co., Ltd. (resigned in December 2015)
2016 Executive Vice President, Salesforce.com Co., Ltd. (currently Salesforce Japan Co., Ltd.) (resigned in August 2019)
2022 Director, MC (present position)

Reasons for Appointment as Independent Audit & Supervisory Board Members

Rieko Sato

Number of years on Audit & Supervisory Board: 3 years

B 14/14 A 12/12

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

Main career

1984 Admitted to the Bar of Japan
1990 Shearman & Sterling LLP (resigned in July 1990)
1998 Partner, ISHII LAW OFFICE (present position)
2020 Audit & Supervisory Board Member, MC (present position)

Takeshi Nakao

Number of years on Audit & Supervisory Board: 3 years

B 14/14 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.

Main career

1989 Joined KPMG Minato Audit Corporation (currently KPMG AZSA LLC) (resigned in March 1996)
1993 Admitted to Certified Public Accountant of Japan
2006 CEO, PARTNERS HOLDINGS, Co. Ltd. (present position)
2020 Audit & Supervisory Board Member, MC (present position)

Mari Kogiso

Number of years on Audit & Supervisory Board: 1 year

B 10/10* A 9/9*

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.

Main career

1990 Joined The Long-Term Credit Bank of Japan, Ltd.
1998 Joined World Bank (resigned in 2010)
2019 General Manager, CEO Office, FAST RETAILING CO., LTD. (resigned in December 2020)
2021 Founder and CEO, SDG Impact Japan Inc. (present position)
2022 Audit & Supervisory Board Member, MC (present position)



*B Attendance at Board of Directors meetings in FY2022

*G Attendance at Governance, Nomination and Compensation Committee meetings in FY2022

*A Attendance at Audit & Supervisory Board meetings in FY2022

Note: Indicating attendance after appointment as Director/Audit & Supervisory Board Member on June 24, 2022

Member of the Governance, Nomination and Compensation Committee

Member of the International Advisory Committee

*1 Indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 15 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc. as well as Selection Criteria for Independent Directors specified by Mitsubishi Corporation.

*2 Indicates the fulfillment of the conditions for Outside Audit & Supervisory Board Member as provided for in Article 2, Item 16 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc. as well as Selection Criteria for Independent Audit & Supervisory Board Members specified by Mitsubishi Corporation.

Special Feature Deliberations at the Board of Directors for Realizing Effective Corporate Governance

The Board of Directors deliberates important management issues, and supervises business execution through reports on major items of Midterm Corporate Strategy 2024, each Business Group's business strategy, etc. The results of the deliberations in FY2022 are as follows.

Agenda of the Board of Directors in FY2022

Themes	Main Discussion Themes
Management Strategy and Sustainability-Related Items	<ul style="list-style-type: none"> Formulation of Midterm Corporate Strategy 2024 FOCUS ▶P113 Business Strategy Committee report Management Strategy Meeting report EX progress report FOCUS ▶P113 <ul style="list-style-type: none"> Business Execution reports (non-financial and financial risk management, HR strategy, regional strategy, and sustainability-related measures [including regarding shareholder proposals])
Governance- and Corporate-Related Items	<ul style="list-style-type: none"> Governance, Nomination and Compensation Committee report International Advisory Committee report Evaluation of the effectiveness of the Board of Directors FOCUS ▶P116 Remuneration for Directors and Audit & Supervisory Board Members Organizational structure Rules and regulations Financial statements <ul style="list-style-type: none"> Fund procurement policy Verification of holding policy for listed shares FOCUS ▶P112 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, etc.
Investment and Finance Proposals	<ul style="list-style-type: none"> Donations for the establishment of incubation program with Kyoto University HERE Technologies EX funds Sakhalin 2 project <ul style="list-style-type: none"> Onahama Petroleum Co., Ltd. Distribution Terminal Chiyoda Corporation N.V. Eneco offshore wind power generation business Mitsubishi Auto Leasing Corporation, etc.

FOCUS

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. Also, MC periodically reviews the rationality of continuing to hold the shares and promotes reducing holdings of stocks with decreased significance.

Reduction in holdings of listed stock

Based on the results of the above verification, in FY2022, MC sold approximately 39.6 billion yen of its shareholdings (including 13.8 billion yen in deemed holding shares), a decrease of approximately 10% from the previous fiscal year. As of March 31, 2023, the total market value was approximately 0.5 trillion yen (including deemed holding shares). Past reduction in holdings are shown below.

FY2020	FY2021	FY2022
¥91.5 billion	¥85.2 billion	¥39.6 billion

(Market value basis and including deemed holding shares)

Verification policy for holding individual shares

The Board of Directors verifies all of the listed shares 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.

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, 2023 (market value was approximately 0.5 trillion yen).

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 factors such as a decreased importance of the expected purpose and significance for holding them.

MC's Board of Directors from the Perspective of Independent Directors

In order to realize effective corporate governance, MC utilizes the practical, objective, and professional perspectives of Independent Directors and the neutral perspectives based on the extensive knowledge and experience of Independent Audit & Supervisory Board Members to deliberate at meetings of the Board of Directors and in other opportunities for discussion.

FOCUS

Monitoring of "Midterm Corporate Strategy 2024"

In May 2022, we formulated and announced "Midterm Corporate Strategy 2024." Independent Directors and Independent Audit & Supervisory Board Members shared the opinion, which was gathered in advance through meetings of the Board and the Evaluation of the Effectiveness of the Board of Directors, that we should be firmly involved in the process of formulating the midterm strategy, in accordance with the Corporate Governance Code. This opinion was reflected in the formulation process. Specifically, we reviewed the previous midterm strategy, and Independent Directors and Audit & Supervisory Board Members voiced objective criticisms from an external viewpoint, including comments that may have been difficult to voice internally. In the process of formulating Midterm Corporate Strategy 2024, we had direct discussions with President Nakanishi on several occasions, and the opinions of Independent Directors and Independent Audit & Supervisory Board Members are reflected in it.

In this way, as involvement of Independent Directors and Independent Audit & Supervisory Board Members starts from the process of formulating the midterm strategy, I feel we are able to perform our monitoring function at a very high level of effectiveness by not just listening to reports and remarking on points that catch your attention, but considering the deliberations behind the strategy, the assumptions upon which it was created, and the progress toward implementing the strategy.

We also spend enough time outside of regular Board meetings talking with top executives and other members of management in offices. I feel like MC's emphasis on building ties of trust is very much apparent on these occasions.



Sakie Akiyama
Independent Director

FOCUS

EX Strategy Discussion

As part of our efforts toward a Carbon-Neutral Society, MC disclosed its GHG emissions-related indicators and data on avoided emissions in February 2023 (see page 53 for details). We engaged in extensive deliberations with the executive side of management about how and to what extent we should handle Scope 3 emissions and the topic of internal carbon pricing, as I felt it was a valuable step in the sense of understanding where MC stands on this.

In addition to these discussions, I would like to highlight two points in particular on the Board's EX-related deliberations.

The first is to how to consider carbon neutrality as a *sogo shosha* (trading company), which in many ways is an entirely unique business entity. MC is developing a remarkable range of operations and creating diverse business models. Since it is involved in supplying energy, which is indispensable for human activities, I would like MC to have a presence that fulfills its role in providing solutions to Japan and the rest of the world by utilizing all of the various means at our disposal. And by extension, I believe it will also contribute to MC's sustainability in global markets.

The second point is management during the transition period. Currently, MC has selected EX-related potential projects to a point

where we will not regret working on them, regardless of what changes there are in the external environment, and I think this is a reasonable approach. Moving forward, amid times of great uncertainty, the key question is to determine when the timing is right and what moves to make for advancing projects. The catalyst for sparking change in the business environment will be geopolitical risk, technological innovation (or some sudden, unforeseen development), and reforms of government regulations and regulatory systems. We need to be able to detect and understand these developments while also showing foresight. At the same time, we must look to stay a half step ahead of the curve in this respect. In FY2022, efforts have begun to develop a framework for acquiring, organizing, sharing, and utilizing internal intelligence. As a Board of Directors, we will closely monitor and support if the information produced under this framework leads to concrete actions in the area of our EX Strategy and if it functions as an approach for addressing societal challenges, that is, if it leads to the creation of MCSV, and will support it.



Tsuneyoshi Tatsuoka
Independent Director

2 Board of Directors' Advisory Bodies

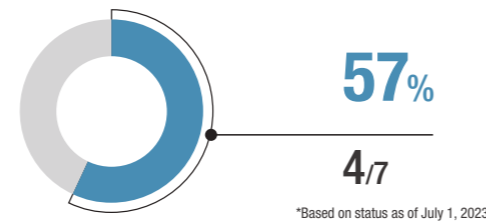
Governance, Nomination and Compensation Committee

The majority of the Committee's members are Independent Directors. It deliberates on matters related to governance, nomination, and compensation.

Composition of Committee (*Committee Chairman) (As of July 1, 2023)

Independent members (4)		In-house members (3)	
Independent Director	Tsuneyoshi Tatsuoka	Chairman of the Board	Takehiko Kakiuchi*
Independent Director	Shunichi Miyanaga	Director, President and CEO	Katsuya Nakanishi
Independent Director	Sakie Akiyama	Full-time Audit & Supervisory Board Member	Mitsumasa Icho
Independent Director	Mari Sagiya		

Number and Percentage of Independent Members*



Main discussion themes

- The corporate governance system (roles, functions, and selection methods of the Directors and Audit & Supervisory Board Members, etc.)
- Evaluation of the effectiveness of the Board of Directors
- Successor requirements and basic policies concerning the appointment and dismissal of the President and Chief Executive Officer
- Review of the remuneration package including the policy for setting remuneration, appropriateness of remuneration levels and composition, and linkage to sustainability factors

President's Performance Evaluation Committee

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

Special Feature Efforts to Improve the Effectiveness of the Governance, Nomination and Compensation Committee

Since the establishment of the Governance Committee in 2001, MC has deepened the structure and content of deliberations of the committee in response to changes in the internal and external environments. Since 2015, the Governance, Nomination and Compensation Committee, has the structure where the three issues, that is governance, nomination, and compensation, are discussed together to enhance the effectiveness of management supervision.

The majority of the committee members in charge of deliberation are Independent Members with various expertise and experience, thereby ensuring objectivity and transparency. The Chairman of the Board chairs the committee and leads deliberations in an impartial manner, taking into account the realities of the executive side, allowing for a more thorough deliberation.

In recent years, each of the governance, nomination, and compensation issues has been deliberated more carefully, with time allocated for deliberation extended. The content of the deliberations includes, in terms of governance, various issues

such as confirmation of the roles and functions of the Board of Directors and Directors (in-house and independent), and the Selection Criteria. In terms of nomination, requirements for the President are deliberated on an ongoing basis to realize a careful selection process for the position. With respect to compensation, appropriate remuneration packages for Directors and Audit & Supervisory Board Members are deliberated on an ongoing basis. Most recently, in June 2023, following deliberations by the committee, new sustainability factors were added as performance-linked indicators to the KPIs used to calculate performance-linked bonus (medium to long term). A newly established evaluation subcommittee of the Governance, Nomination and Compensation Committee comprehensively evaluates initiatives related to maximizing the Value of Human Capital and Contributing to Decarbonized Societies. The members of the subcommittee are the Chairman of the Board and Independent Directors, to whom this form of remuneration does not apply, and the committee is chaired by an Independent Director.



International Advisory Committee

Comprises overseas experts from various backgrounds, including industry, government, and academia, and provides recommendations and advice from an international perspective through exchange of opinions and discussions on the external environment with a focus on world affairs.

International Advisory Committee (6) (As of July 1, 2023)

	Member	Nationality	Title	Principal area of specialization and background
	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 thorough knowledge of various geopolitical and industry trends in Asia, particularly in the ASEAN region.
	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 held important positions in multiple presidential administrations, including Chairman of the National Intelligence Council of the United States. He is well known for proposing and establishing "Soft Power" as the foundation of a stable world order.
	Mr. Niall FitzGerald, KBE	Ireland	Former CEO and Chairman, Unilever plc	Mr. FitzGerald, KBE has served as Chairman of several major companies such as Unilever plc, as well as the British Museum. He has outstanding knowledge and expertise at the intersection of both industry and geopolitics in both emerging and developed countries.
	Mr. Natarajan Chandrasekaran	India	Chairman, Tata Sons. Pvt. Ltd.	Mr. Chandrasekaran brings immense knowledge of myriad industries around the world in addition to his many years of management experience within the Tata Group, India's largest conglomerate.
	Sir Rod Eddington	Australia	Former CEO, British Airways	As CEO, Sir Rod Eddington successfully steered Cathay Pacific Airways Limited and British Airways through reformative and challenging periods. He has a wealth of experience in this and other infrastructure industries, having led major shift projects.
	Ambassador Bilahari Kausikan	Singapore	Former Permanent Secretary, Ministry of Foreign Affairs Singapore	Ambassador Kausikan has a wealth of diplomatic experience, having held senior positions such as Ambassador to the Russian Federation, Permanent Representative to the United Nations, Ambassador-at-Large etc., for geopolitically sensitive Singapore.

Japanese Members (4) (*Committee Chairman) (As of July 1, 2023)

Takehiko Kakiuchi* Chairman of the Board	Katsuya Nakanishi Director, President and CEO	Norikazu Tanaka Director, Senior Executive Vice President	Tsuneyoshi Tatsuoka Independent Director
---	--	--	---

Main discussion themes

- U.S.-China intensified competition/decoupling crisis: Future of the Chinese economy
- Conflict in Europe: Russia-Ukraine situation and its impact on decarbonization
- Emerging economies: Weathering a global downturn and the impact of ideology and demography



FOCUS

Evaluation of the Effectiveness of the Board of Directors

Since 2015, MC has evaluated the effectiveness of the Board of Directors every year. Since FY2018, MC has carried out a self-evaluation led by Independent Directors and Independent Audit & Supervisory Board Members. The results of the evaluation for FY2022 and policy going forward are as follows.

Evaluation Approach	In FY2022, to verify the appropriateness of the evaluation process and further enhance its usefulness, MC arranged for an outside consultant to review the methods and processes of the evaluations for FY2019 through FY2021. The review confirmed that the self-evaluation process led by Independent Directors and Independent Audit & Supervisory Board Members was effective. As a result of the review, the questionnaires and interviews were improved to focus more on reflection on the roles and functions of Directors and Audit & Supervisory Board Members, the degree to which these roles were accomplished, and the quality and quantity of their deliberations.
Evaluation Process	<p>STEP 1 The Governance, Nomination and Compensation Committee discussed the evaluation's implementation methods and processes.</p> <p>STEP 2 Independent Director Sakie Akiyama and Independent Audit & Supervisory Board Member Rieko Sato led the evaluation, formulating survey questions, surveying all Directors and Audit & Supervisory Board Members, and analyzing and evaluating the responses. In addition, the opinions from the Business Group CEOs, which are opinions from outside the Board of Directors and Audit & Supervisory Board Members, were also surveyed to make a multifaceted analysis possible and to ensure objectivity and independence.</p> <p>STEP 3 The results were analyzed and evaluated in the meetings of Independent Directors and Independent Audit & Supervisory Board Members as well as the Governance, Nomination and Compensation Committee, then deliberated by the Board of Directors.</p>
Questionnaire	The questionnaire covered the size, composition, and agenda items of the Board of Directors; the roles and functions of the Directors and Audit & Supervisory Board Members (including the quality of their contributions); the operations and practical tasks of the Board of Directors; the composition and operation of the Governance, Nomination and Compensation Committee; the operation of meetings of Independent Directors and Independent Audit & Supervisory Board Members; and measures and operations of dialogues with Executive Officers.
Evaluation Results and Policy Going Forward	The evaluation, carried out through the abovementioned processes, confirmed that the effectiveness of the Board of Directors remained adequately secure through sufficient information disclosure and open communication based on relationships of trust under the Company's new administration following the change of Chairman of the Board and President and CEO. The results of the evaluation and policy going forward are as follows.

	FY2022 Consideration and Policy	Major Initiatives in FY2022	FY2022 Consideration and Policy	FY2023 Policy
Composition of the Board of Directors	<ul style="list-style-type: none"> The functions, size, and composition of the Board of Directors, beyond succession planning and the successor selection process, shall be continuously deliberated leveraging the Governance, Nomination and Compensation Committee with the aim of ongoing corporate value enhancement. 	<ul style="list-style-type: none"> Reconfirmed the roles and functions of the Board of Directors, Directors, and Audit & Supervisory Board Members. A self-evaluation, in light of the functions of Directors and Audit & Supervisory Board Members, was conducted through the process of evaluating the effectiveness of the Board of Directors. 	<ul style="list-style-type: none"> The evaluation praised the Board's active discussions and deliberations based on diverse perspectives, including those of the Independent Directors and Independent Audit & Supervisory Board Members. The evaluation confirmed the importance of continuing to provide sufficient information to the Independent Directors and Independent Audit & Supervisory Board Members and of the use of such information by the Independent members to deepen their understanding of business activities and contribute to deliberations to enhance discussions at the Board of Directors. 	<ul style="list-style-type: none"> Continue to consider the optimal governance system and the ideal roles and functions of the Board of Directors, Directors themselves, and Audit & Supervisory Board Members in light of changes in the internal and external environment.
Agenda Items	<ul style="list-style-type: none"> Continuously exchanging views from the planning stage of Midterm Corporate Strategy 2024 onward and monitoring major items at the Board of Directors. 	<ul style="list-style-type: none"> The President and CEO, Independent Directors, and Independent Audit & Supervisory Board Members actively discussed Midterm Corporate Strategy 2024, leading to its final formulation and publication. The Board of Directors carefully monitored major items of Midterm Corporate Strategy 2024. 	<ul style="list-style-type: none"> Both management and supervision sides highly praised in the evaluation for the close exchange of views with the Independent Directors and Independent Audit & Supervisory Board Members from the planning stage of Midterm Corporate Strategy 2024 onward. The first year of Midterm Corporate Strategy 2024 was appropriately monitored. The evaluation confirmed the need to continue ongoing monitoring of Midterm Corporate Strategy 2024, as underlying assumptions vary in light of major changes in the external environment. 	<ul style="list-style-type: none"> Continue to monitor progress of the major items of Midterm Corporate Strategy 2024, centered on the creation of MC Shared Value through reporting to the Board of Directors. Carefully monitor the progress of growth strategies, including the progress of investment plans, while grasping changes of its initial assumptions.
	<ul style="list-style-type: none"> Supplementing Board of Directors discussions with other opportunities for discussion to enhance dialogue and exchange views on major Company policy, such as corporate strategy. 	<ul style="list-style-type: none"> Further increased dialogues with Executive Officers, expanding opportunities for discussion of broad Company direction, such as corporate strategy. 	<ul style="list-style-type: none"> The evaluation found that the effective interplay between the content of discussions at the Board of Directors and elsewhere led to a wealth of opportunities for discussion and information provision. 	<ul style="list-style-type: none"> Continue to effectively utilize opportunities both inside and outside Board of Directors meetings to discuss broad Company direction. Management continues to provide various information to facilitate such discussions.

Comments from Independent Members of the Board and Officers Responsible for Evaluating Board Effectiveness



Sakie Akiyama
Independent Director

Having evaluated a wide range of agenda items, from the review of FY2022 to the consideration of medium- to long-term issues, it is confirmed that the effectiveness of the Board of Directors remained secure. I believe that the many opportunities for dialogue with the executive side, which are provided on multiple levels throughout the year, serve as the foundation for ensuring Board effectiveness. MC has an environment in which we can gain a three-dimensional awareness of the realities of management through dialogue and conducting open discussions based on mutual understanding between the executive and monitoring sides of management. As this was the first evaluation since the change in President and CEO, I would like to strive for even further governance improvements under this environment.

In FY2022, the Board of Directors was under the Company's new administration following the change of Chairman of the Board and President and CEO. Nevertheless, it is confirmed that Board effectiveness remained properly secured. I believe that only through providing information and enhancing two-way communication would the Board of Directors be able to fulfill its role and expectations. In MC, I am seeing more opportunities than ever for information provision, dialogue with executives, and various forms of communication. As a result, I feel that an appropriate relationship of trust has been fostered as well as a healthy level of tension with the executive side. I will continue to work on improving governance based on this relationship.



Rieko Sato
Independent Audit & Supervisory Board Member

Dialogues with and Site Visits to Business Subsidiaries and Affiliates

For further understanding of MC's wide-ranging businesses, every year the Independent Directors and Independent Audit & Supervisory Board Members visit business sites of subsidiaries and affiliates and hold dialogues with their management and executives. In FY2022, overseas site visits were resumed after a three-year suspension. In October 2022, Independent Members of the Board visited Australia to observe a currently operating metallurgical coal mine owned by BMA and a silica sand mine owned by Cape Flattery Silica Mines, among other sites. Through dialogue with top management of those companies, the visitors learned more about the status of operational digitalization, environmental considerations, and initiatives aimed at harmony with local communities. In November 2022, they visited automotive-related business sites in Thailand and Indonesia. In addition to observing the status of efforts to promote DX in the value chain by leveraging the customer base built up through sales activities over the years, they discussed the future of the automotive business with local top management.



BMA Metallurgical Coal Mining Site
(October 2022)



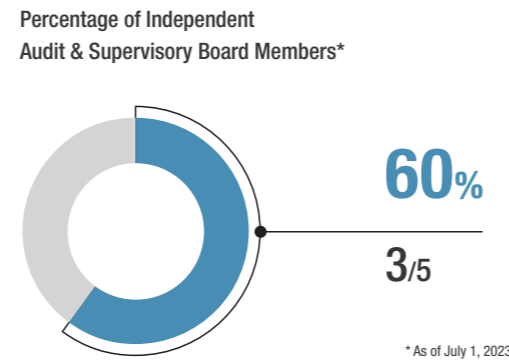
Tri Petch Isuzu Sales Co., Ltd (Thailand)
(November 2022)

FY2022 Visits

October 2022	Metallurgical coal mines and silica mines in Australia
November 2022	Dialogue with management executives of Automotive-related business companies in Thailand and Indonesia
March 2023	Shonan Health Innovation Park (Shonan iPark)

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 having neutral and objective perspectives, 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.



Audit Plans

Prior to each fiscal year, the Audit & Supervisory Board formulates audit plans of key areas.

In FY2022, the following three key audit areas were selected for the monitoring of specific progress in management and execution.

<p>1</p> <p>Following-Up Midterm Corporate Strategy 2024</p> <ul style="list-style-type: none"> Progress of major items in Midterm Corporate Strategy 2024 	<p>2</p> <p>Enhancing MC Group Management</p> <ul style="list-style-type: none"> Establishment of self-sustaining governance at MC Group companies Risk management and compliance framework on a consolidated basis 	<p>3</p> <p>Initiatives to Strengthen Corporate Governance</p> <ul style="list-style-type: none"> Further enhancement of deliberations at Board of Directors Ensuring the effectiveness of remote audits/internal controls
--	--	---

Toward Sustainable Growth on a Consolidated Basis

In FY2022, the first year of Midterm Corporate Strategy 2024, one of the key audit areas was to follow up on Midterm Corporate Strategy 2024 to confirm the initiatives for Creating MC Shared Value, such as progress on the growth strategies (EX, DX, and Creating a New Future) and the reallocation of managerial resources by accelerating the Value-Added Cyclical Growth Model. Having taken into consideration the ongoing impact of the COVID-19 pandemic and the easing of travel restrictions, we conducted face-to-face dialogues, onsite audits and observations, including overseas, to actively gather information and assess conditions in a rapidly changing business environment.

We will continue to strengthen collaboration with Independent Auditors and the Internal Audit Department to enhance corporate governance, as well as closely monitor its sustainable growth under appropriate risk management on a consolidated basis.



Mitsumasa Icho
Full-time Audit & Supervisory Board Member



Akira Murakoshi
Full-time Audit & Supervisory Board Member

Main Activities of 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 Heads/CEOs, Business Division COOs, General Managers of Administrative Departments, General Manager of Internal 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
67

2 Attendance at Important Meetings

Besides the Audit & Supervisory Board, Full-time Audit & Supervisory Board Members attend meetings of major internal management bodies—including the 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
132

3 Onsite Audits and Observations

In light of the relaxation of restrictions on overseas travel, the Audit & Supervisory Board resumed overseas onsite audits and observations, which they worked to enhance while striving to prevent the spread of COVID-19. In FY2022, the Audit & Supervisory Board Members met with the CEOs and Executive Officers of 24 MC Group companies in seven locations overseas and 19 domestic MC Group companies, as well as the regional chiefs of 10 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 relevant executive officers.

Number of onsite audits and observations*1

53 companies/locations
Seven locations overseas/24 companies
19 domestic companies
Regional chiefs of 10 offices



Onsite audit of MC Data Plus, Inc.



Onsite audit of Mitsubishi Company (Thailand) Ltd./Thai-MC Company Limited

*1 Number for FY2022

4 Reinforcement of Group Corporate Governance

In addition to dialogues with the CEOs and other Executive Officers of the MC Group companies, opportunities are arranged for the exchange of information every quarter with the Audit & Supervisory Board Members of 37 major Group companies in Japan, and Audit & Supervisory Board Members of the MC Group companies also convene subcommittees to provide opportunities to share information and exchange opinions. MC also provides 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 FY2022, continuing initiatives implemented in FY2021, we further enhanced the reviews of the activities of the Audit & Supervisory Board. Specifically, as in previous years, the Audit & Supervisory Board held mid-year and year-end reviews of audit progress, focusing mainly on key audit areas. In addition, the Audit & Supervisory Board carried out an evaluation of its effectiveness, mainly through a survey of its members and hearings about the survey results. The Audit & Supervisory Board discussed the findings of this evaluation in order to review its auditing methods and reflect the results in the audit plan for the coming fiscal year. The evaluation found that the audits performed by the Audit & Supervisory Board functioned adequately, that ongoing efforts are being made to enhance the Audit & Supervisory Board's effectiveness, and that it will continue to bolster its effectiveness going forward by working to enhance operations in such areas as efficiently setting up dialogues.

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 45 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.

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 Directors and Audit & Supervisory Board Members and the Company's level of performance, etc. 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, profit (single year and medium to long term), sustainability factors (medium to long term), and the share price, and share growth rates (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 and 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 (including components of remuneration subject to clawback policy), and the status of implementation.

Remuneration Package for Directors and Audit & Supervisory Board Members

Remuneration Type/ Portion of Total	Payment Form	KPI	Performance Period	Remuneration Details	Limit			
					Executive Directors	Chairman of the Board	Outside Directors	Audit & Supervisory Board Members
Base salary	Fixed; About 20-50%			<ul style="list-style-type: none"> An amount determined by the Board of Directors according to position, paid monthly. 	①			⑤
Annual deferral for retirement remuneration	Cash			<ul style="list-style-type: none"> Fixed amount of annual deferral for retirement remuneration set aside each year; to be paid in full 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. 				
Individual performance-linked remuneration*	Variable (single year); About 25-30%	Individual performance (single year)	Year 1	<ul style="list-style-type: none"> Payment amount determined for each Director and Executive Officer based on assessments of performance in both financial and non-financial terms 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 and Compensation Committee. 				
Performance-linked bonus (short term)*	Cash	Profit for the year (single year)	Year 1	<ul style="list-style-type: none"> The amount paid is determined in line with profit for the relevant fiscal year based on formula resolved by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee. No bonus is paid if profit for the year is below the profit threshold resolved ahead of time by the Board of Directors based on consolidated capital cost. 	②			
Performance-linked bonus (medium to long term)*	Variable (medium to long term); About 25-50%	Profit for the year (medium to long term)	Year 1 Year 2 Year 3	<ul style="list-style-type: none"> The amount paid is determined in line with the average profit for the relevant three fiscal years based on formula resolved by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee. No bonus is paid if the average for the relevant three fiscal years is below the average profit threshold resolved ahead of time by the Board of Directors based on consolidated capital cost. In addition, the amount varies in accordance with the results of evaluations of initiatives related to optimizing the Value of Human Capital and Contributing to Decarbonized Societies. These evaluations are carried out by the Governance, Nomination and Compensation Committee, which comprehensively examines initiatives over the relevant three fiscal years while also considering longer-term impact in both quantitative and qualitative terms. The evaluation results are reported to the Board of Directors and disclosed to the public. 			③	
Stock-based remuneration linked to medium- to long-term share performances	Shares (stock options)	Share price/ Growth rate in shares (medium to long term)	Year 1 Year 2 Year 3	<ul style="list-style-type: none"> 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 remuneration formula decided by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee, the number of stock options that can be exercised at the end of this period varies between 40% and 100% 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	

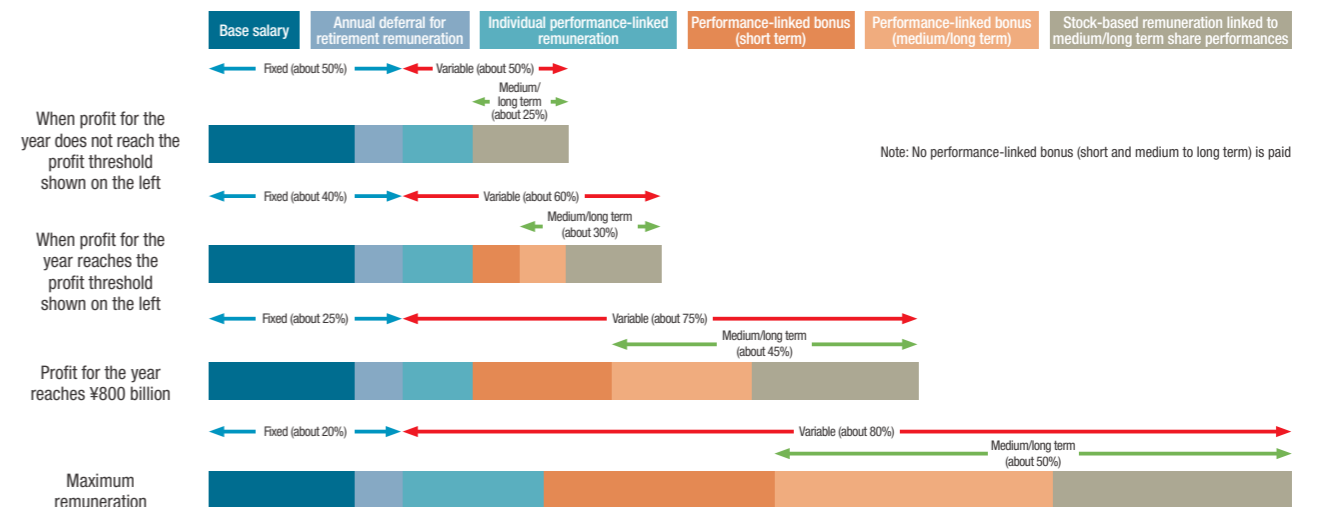
Note 1: 1 to 5 in the table indicate the number of limits on remuneration that correspond to each remuneration item. See the next page for details.
 Note 2: Remuneration items with an asterisk are subject to the clawback policy. See page 123 for details.

(Figures rounded down to nearest million yen)

Item Type	Item Details	Total Remuneration*2 (FY2022)
①	Base salary, annual deferral for retirement remuneration, and individual performance bonus totaling up to ¥1.5 billion annually (for Independent Directors, base salary totaling up to ¥180 million)	¥986 million (of which, ¥150 million for Independent Directors)
②	Performance-linked bonus (short term) up to 0.06% of profit (attributable to owners of the Parent) for the relevant fiscal year (annual amount)	¥385 million
③	Performance-linked bonus (medium to long term) up to 0.06% of the average of profit (attributable to owners of the parent) for the relevant fiscal year and subsequent two fiscal years (annual amount)	¥385 million
④	Stock-based remuneration linked to medium- to long-term share performances up to ¥600 million annually (up to 400,000 shares annually)	¥199 million (100,250 shares)
⑤	Audit & Supervisory Board Member remuneration*1	¥237 million (of which, ¥63 million for Independent Audit & Supervisory Board Members)
	Total	¥2,192 billion

*1 Approved at the 2019 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 performance) applied was 13 (including five 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 seven; and the number of Audit & Supervisory Board Members to whom the above amount of Audit & Supervisory Board Member remuneration applied was five (including three Independent members).
 *2 Please see the bottom of the page for details on remuneration of Directors and Audit & Supervisory Board Members.

Remuneration Payment Mix (Conceptual Image)



The above diagram shows a remuneration mix calculated based on certain values for consolidated earnings and the share price for illustrative purposes only. The actual mix will vary depending on changes in the Company's consolidated performance, stock market conditions, and other factors.

Total Amounts of Remuneration for Directors and Audit & Supervisory Board Members and Number of Eligible People in FY2022

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	1,805	9	554	5	61	5	220	5	385	5	385	5	199
Independent Directors	150	6	150	—	—	—	—	—	—	—	—	—	—

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
Full-time Audit & Supervisory Board Members	174	3	174	—	—	—	—	—	—	—	—	—	—
Independent Audit & Supervisory Board Members	63	4	63	—	—	—	—	—	—	—	—	—	—

(Figures less than one million yen are rounded down.)

- Notes:
- The above figures include four Directors and one Audit & Supervisory Board Member who retired, and one Audit & Supervisory Board Member who resigned during FY2022. Furthermore, there were 11 Directors (including five Independent Directors) and five Audit & Supervisory Board Members (including three Independent Audit & Supervisory Board Members) as of March 31, 2023.
 - The above figures of individual performance bonus represent the amounts recorded as provisions granted for FY2022.
 - The above figures for performance-linked bonus (short term) are determined based on profit for the year of 1,180.7 billion yen for FY2022 based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors.
 - The above amounts for performance-linked bonus (medium to long term) are paid on an average of the profit for the year over FY2022 to FY2024, but as this cannot be decided currently, the amount shown is provisions for such bonuses as of FY2022. The actual amount paid for FY2022 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 FY2022 will be disclosed in the Fiscal 2024 Business Report. The actual amount paid for FY2020 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 763.6 billion yen in

profit for FY2020 to FY2022, totaling 254 million yen for five Directors in FY2020. The actual amount paid for FY2021 will be paid on an average of the profit for the year over FY2021 to FY2023 but as this cannot be decided currently, a total of 385 million yen for five Directors in FY2021 was recorded as provisions in FY2022 but was not included in the table. The actual amount paid for FY2021 will be disclosed in the Fiscal 2023 Business Report.

- The above figures for stock-based remuneration linked to medium- to long-term share performance (stock-linked compensation plan with market conditions) is the amount recorded as an expense granted for FY2022. In regard to stock-based remuneration linked to medium- to long-term share performance, 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 and Compensation Committee and resolved by the Board of Directors.
- In addition to the above, MC paid executive pensions to retired Directors and Audit & Supervisory Board Members. The amounts paid in FY2022 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 80 million yen to 49 Directors (Independent Directors were ineligible for payment). MC paid 3 million yen to four Audit & Supervisory Board Members (Independent Audit & Supervisory Board Members were ineligible for payment).

Calculation Method for Performance-Linked Remuneration (FY2023)

Performance-linked bonus (short term)

(1) Upper limit on total payment

The upper limit is the lower of i) ¥648 million or ii) the maximum total of individual payment amounts prescribed in (2) below

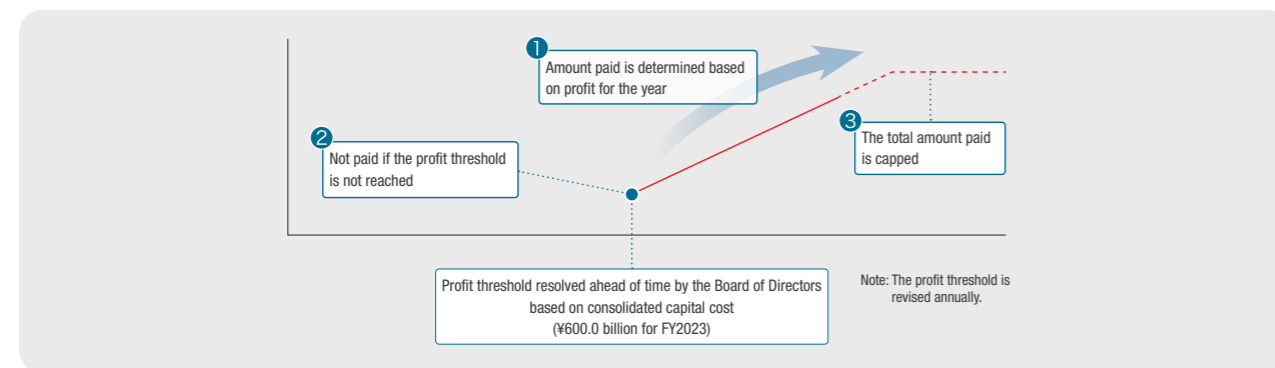
(2) Individual payments

President and CEO	(Consolidated net income [attributable to owners of MC] in FY2023 - ¥520 billion) x 0.025% + 0.35 (¥100 million)
Senior Executive Vice President	(Consolidated net income [attributable to owners of MC] in FY2023 - ¥520 billion) x 0.01% + 0.14 (100 million)
Executive Vice President	(Consolidated net income [attributable to owners of MC] in FY2023 - ¥520 billion) x 0.0075% + 0.105 (100 million)

Note: If below the profit threshold resolved ahead of time by the Board of Directors based on consolidated capital cost, the payment amount is zero. For FY2023, the threshold was 600.0 billion yen.

Maximum Payment and Total for Each Position

Position	Maximum payment amount	Number of persons	Total
President and CEO	¥175 million	1	¥175 million
Senior Executive Vice President	¥70 million	1	¥70 million
Executive Vice President	¥52.5 million	2	¥105 million
Total		4	¥350 million



Performance-linked bonus (medium to long term)

(1) Upper limit on total payment

The upper limit is the lower of i) 648 million yen or ii) the maximum total of individual payment amounts prescribed in (2) below

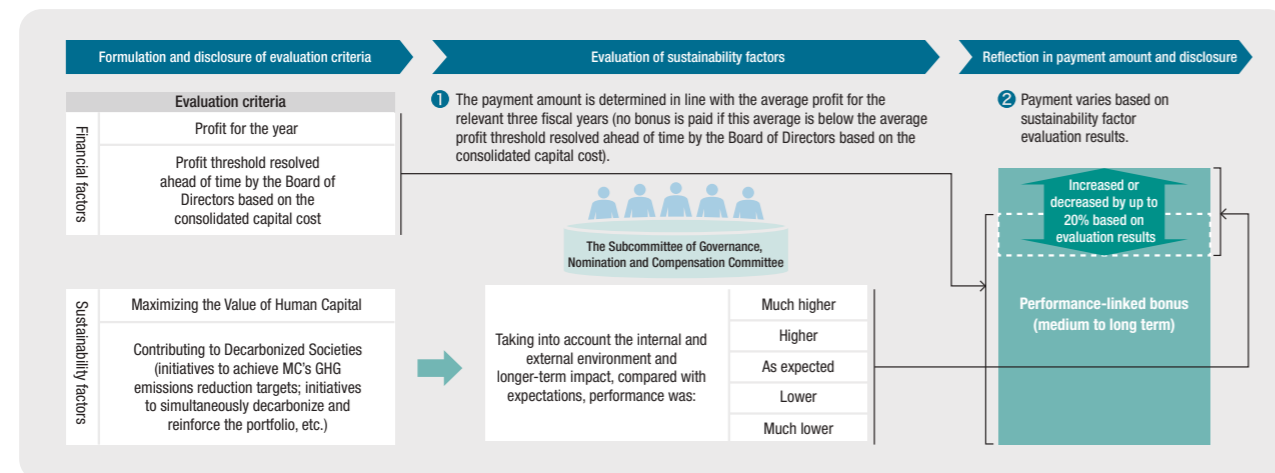
(2) Individual payments

President and CEO	[(Average profit for the relevant three fiscal years from consolidated net income [attributable to owners of MC] in FY2023 to FY2025 - ¥520 billion) x 0.025 + 0.35] x sustainability factor initiative evaluation results (80~120%) (100 million)
Senior Executive Vice President	[(Average profit for the relevant three fiscal years from consolidated net income [attributable to owners of MC] in FY2023 to FY2025 - ¥520 billion) x 0.01 + 0.14] x sustainability factor initiative evaluation results (80~120%) (100 million)
Executive Vice President	[(Average profit for the relevant three fiscal years from consolidated net income [attributable to owners of MC] in FY2023 to FY2025 - ¥520 billion) x 0.0075 + 0.105] x sustainability factor initiative evaluation results (80~120%) (100 million)

Note: If below the average profit threshold for the three fiscal years, the payment amount is zero.

Maximum Payment and Total for Each Position

Position	Maximum payment amount	Number of persons	Total
President and CEO	¥210 million	1	¥210 million
Senior Executive Vice President	¥84 million	1	¥84 million
Executive Vice President	¥63 million	2	¥126 million
Total		4	¥420 million



Stock-Based Remuneration Linked to Medium- to Long-Term Performance

(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*)

Number of stock options that can be exercised by each position
Number of stock options initially allocated for each position (based on positions as of April 1, 2023) x vesting ratio

Stock options initially allocated by position

President and CEO	42,900 shares	(429 options)
Senior Executive Vice President	18,600 shares	(186 options)
Executive Vice President	13,200 shares	(132 options)

Vesting ratio
The vesting ratio varies, as shown on the right, depending on the growth rate in the Company's shares over the three-year period from the allocation date.

Growth rate in the Company's shares
Growth rate in the Company's shares = Company's TSR (three years)/ TOPIX growth rate (three years)

Governance of Remuneration

In deciding the policy for the remuneration package and the total remuneration amount (actual payment amount), the Governance, Nomination and Compensation Committee deliberates the matter, and then the Board of Directors goes through the process of making a decision.

The total remuneration amount (actual payment amount) and individual payment amounts for Directors, excluding individual performance-linked remuneration, are determined by a resolution of the Board of Directors within the upper limits for each type of remuneration decided by the 2019 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 performance are determined, while reflecting KPIs, based on a formula set by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee.

MC has adopted a clawback policy*, applicable to the individual performance-linked remuneration, performance-linked bonuses (short term), and performance-linked bonuses (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-linked remuneration 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 assessment of performance in both financial and non-financial terms 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; and the state of initiatives related to value creation that leads to sustainability.

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 and Compensation Committee). The subcommittee is comprised of the Chairman of the Board, who also serves as the chair of the Governance, Nomination and 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 and Compensation Committee to ensure objectivity, fairness, and transparency.

Based on the policy for determining remuneration packages (including methods for calculating performance-linked bonuses) 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 and 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 and Compensation Committee deliberates and monitors the fairness of remuneration levels and composition (including components of remuneration subject to the clawback policy) as well as the operational status of remuneration systems. This is done with reference to data on remuneration levels and composition ratios provided by an external consulting firm (Willis Towers Watson Public Limited Company).

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 2019 Ordinary General Meeting of Shareholders held on June 21, 2019.