Since Mitsubishi Corporation (MC) was founded more than 60 years ago, the company has adapted its structure in response to global changes and developments. Nowadays, in addition to the extremely complex social and economic circumstances we face, innovations in such areas as Artificial Intelligence (AI) and the Internet of Things (IoT) are leading us towards the so-called Fourth Industrial Revolution. We must again adapt appropriately to these new challenges.

To do so, we established Midterm Corporate Strategy 2018 – Evolving Our Business Model from Investing to Managing – which sets forth MC’s corporate vision and management approach over the next three years. We continue to pursue a policy of simultaneously generating three kinds of value through our businesses: economic value, environmental value and societal value. This Report details both our corporate vision for the future as well as our current business activities.

In 2014, we began issuing a comprehensive Integrated Report, combining non-financial information, including environmental, social and governance (ESG) components, with information on our financial performance. The 2016 edition of this report draws upon the perspective of various stakeholders to describe MC’s vision to leverage its ingenuity to create new business models and generate value for societies in order to further achieve sustainable growth. In doing so, we will look to the Three Corporate Principles, which constitute our corporate philosophy, as the source of inspiration for our business activities. We welcome the opinions of our stakeholders about this report in order to improve both the content and clarity of message.
Since its founding years, Mitsubishi Corporation has embraced the spirit of the Three Corporate Principles as its corporate philosophy.

The Three Corporate Principles were formulated in 1934, as the action guidelines of Mitsubishi Trading Company (Mitsubishi Shoji Kaisha), based on the teachings of Koyata Iwasaki, the fourth president of Mitsubishi. We look to the Three Corporate Principles as the source of inspiration for our business activities and also for our initiatives to fulfill our responsibilities toward the global environment and society.

Corporate Philosophy–The Three Corporate Principles

Corporate Responsibility to Society
“Shoki Hoko”
Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

Integrity and Fairness
“Shoji Komei”
Maintain principles of transparency and openness, conducting business with integrity and fairness.

Global Understanding Through Business
“Ritsugyo Boeki”
Expand business, based on an all-encompassing global perspective.

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

Corporate Standards of Conduct

1 **Aim of Corporate Business Activities**
Through its business activities, Mitsubishi Corporation will endeavor to increase its value. At the same time, the company will strive to enrich society in all ways, developing and offering its customers the best services and products, with the highest regard for safety.

2 **Fairness and Integrity in Corporate Business Activities**
Mitsubishi Corporation will continue to develop its business activities in compliance with all relevant laws, international regulations and internal rules. The company will act responsibly and will respect the highest social standards.

3 **Respect for Human Rights and Employees**
Mitsubishi Corporation will respect human rights and will not engage in any discrimination. The company will preserve and improve its corporate strengths through the development of its employees, all the while respecting the character and individuality of each employee.

4 **Information Security and Disclosure**
While Mitsubishi Corporation will continue to develop, implement and improve the effectiveness of its information security management system, at the same time the company will disclose information accurately and in a timely fashion, so as to maintain transparency and be correctly understood by both its stakeholders and the general public.

5 **Consideration for Environmental Issues**
Mitsubishi Corporation understands that an enterprise cannot continue to prosper without consideration for its environmental performance, and will strive to protect and improve the global environment and pursue sustainable development through all aspects of its business activities.

6 **Contribution to Society**
As a responsible member of society, Mitsubishi Corporation will actively carry out philanthropic programs in an effort to promote the enrichment of society. Moreover, the company will support efforts of its employees to contribute to society.
Corporate History

- **Foundation to 1970s**
  
  In 1954 the new Mitsubishi Shoji was founded, and that same year was listed on both the Tokyo and Osaka stock exchanges. In 1967, the company announced its first management plan. In 1968, the company committed to a large project in Brunei to develop LNG (liquefied natural gas). This was its first large-scale investment. Not content with mere trade-based activities, the company began expanding its development and investment-based businesses on a global scale, as evidenced by iron ore and metallurgical coal projects in Australia and Canada, and salt field business in Mexico. In 1971, the company made “Mitsubishi Corporation” its official English name.

- **The 1980s**
  
  MC needed to construct new systems to generate profits. The company began streamlining its established businesses and developing more efficient operations. In 1986 the company firmly entrenched a new policy, shifting its focus from operating transactions to profits. That same year a new management plan was drawn up.

- **The 1990s**
  
  In 1992, MC announced a new management policy, namely to reinvent the company as a “Sound, Global Enterprise.” MC began placing greater focus on its consolidated operations and increasing the value of its assets. More efforts were made to globalize the company’s operations and its people. In 1998, MC established “MC2000,” which introduced a “Select & Focus” approach to business, strengthened strategic fields and emphasized customer-oriented policies. The new plan was instrumental in shoring up the company’s foundations and paving the way to a prosperous future.

- **The 2000s**
  

- **2010s**
  
  In April 2010, MC reorganized and enhanced this section through the establishment of two new Groups, the Global Environment Business Development Group and Business Service Group. In July 2010, MC announced its first management plan. “Midterm Corporate Strategy 2012,” which sought to strengthen our management platform based on the diversification of business models. “New Strategic Direction – Charting a new path toward sustainable growth” was released in May 2013 and outlined an image of the MC Group circa 2020, in which we reinforce our portfolio by increasing earnings from non-resources businesses. Midterm Corporate Strategy 2018 was released in May 2016.
Number of countries with global sites (As of July 1, 2016)
Including offices in Japan, MC has more than 200 offices and subsidiaries and develops business in collaboration with group companies in some 90 countries around the world.
⇒ For details, please see pages 110 to 111.

890 billion
Investments made in the year ended March 2016
MC made investments that totaled ¥890 billion in the year ended March 2016.
⇒ For details, please see page 25.

1,242
Number of consolidated subsidiaries and equity-method affiliates (As of March 31, 2016)
MC has 1,242 consolidated subsidiaries and equity-method affiliates.
We have 815 consolidated subsidiaries and 427 equity-method affiliates.
⇒ For details, please see page 111.

OUR NUMBERS

5/11
Number of Outside Directors/Number of Directors (As of July 1, 2016)
MC appoints Outside Directors to strengthen management supervision. The total number of Directors as of July 1, 2016 was 11. Five of them are Outside Directors.
⇒ For details, please see pages 32 to 33, pages 94 to 95, pages 100 to 101.

68,247
Number of consolidated employees (As of March 31, 2016)
MC has 1,242 consolidated subsidiaries and affiliates and 68,247 consolidated employees.
MC’s diverse human resources play active roles regardless of gender, nationality and other aspects.
⇒ For details, please see page 46.

1,258,946
Cumulative number of trees planted (As of July 1, 2016)
MC has been conducting the Tropical Forest Regeneration Experimental Project since 1990 as one aspect of its environmental preservation and improvement activities. To date we have planted a cumulative total of 1,258,946 trees.
⇒ For details, please see pages 35, 41.
Our Vision

MC Management

This section provides explanations of MC’s management strategy and structure.

Message from the President and CEO

Midterm Corporate Strategy 2018
Evolving Our Business Model from Investing to Managing

Explanations of the Midterm Corporate Strategy 2018.
01 What is your corporate vision?
02 How will you rebalance MC’s Resources and Non-resources portfolios?
03 What can you tell us about the new approach to capital allocation?
04 What does it mean specifically to shift from an investing model to a managing model?
05 What does it mean specifically to accelerate a lifecycle-based portfolio re-profiling?
06 What can you tell us about your approach to shareholder returns?

Message from the CFO

Rebalancing Investments in Resources and Non-resources
While Aggressively Practicing Cash Flow-Based Management

Explanations of MC’s financial results and financial strategy.
07 What can you tell us about the company’s medium- and long-term targets?

Financial/ESG Highlights

ESG Initiatives

Message from Executive Vice President

Environmental, Social and Governance (ESG) Serves as a Fundamental Aspect of MC’s Sustainable Growth – Pursuing Businesses that Generate Value for Societies through Initiatives to Address Key Sustainability Issues

Executive Vice President, Chief Compliance Officer explains MC’s initiatives for sustainability.

Corporate Governance at MC

Key Sustainability Issues (Materiality)

Themes of Key Importance for MC’s Sustainable Growth

Policies and Systems to Facilitate Sustainable Growth for MC

MC’s Corporate Philanthropy Activities

MC’s Approach to Human Resources Policy

Senior Executive Vice President introduces business globalization initiatives.

Business Globalization Initiatives

Message from Senior Executive Vice President

Deepening Collaboration between Facilities, Portfolio Investments and Regional Stakeholders to Help Improve the MC Group’s Business Value on a Consolidated Basis

Our Outside Directors and members of the CSR & Environmental Affairs Advisory Committee discuss the direction of MC’s initiatives in the areas of social responsibility, the natural environment and corporate governance.

[Attendance]
Hidehiro Konno (Outside Director)
Akihiko Nishiyama (Outside Director)
Eiichiro Adachi (Member of the CSR & Environmental Affairs Advisory Committee)
Kaori Kuroda (Member of the CSR & Environmental Affairs Advisory Committee)

Roundtable Discussion:
Efforts toward Achieving Sustainable Growth

Taking the Initiative in Seeking to Generate Value for Societies through Business: Efforts toward Achieving Sustainable Growth for MC
Our Vision  Part 1

MC Management

This section provides an explanation of the Midterm Corporate Strategy 2018, MC’s financial results and financial strategy as well as ESG (Environmental, Social and Governance) initiatives that underpin the sustainable growth of the company.
Message from the President and CEO
Explanation of Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing, which was announced in May 2016

Message from the CFO
Explanation of MC’s financial results during the year ended March 2016 and financial strategy

ESG Initiatives
Explanation of the ESG initiatives that underpin the sustainable growth of the company, including corporate governance and key issues for MC’s sustainable growth
Q1 What is your corporate vision?

Q2 How will you rebalance MC’s Resources and Non-resources portfolios?

Q3 What can you tell us about the new approach to capital allocation?

Q4 What does it mean specifically to shift from an investing model to a managing model?

Q5 What does it mean specifically to accelerate a lifecycle-based portfolio re-profiling?

Q6 What can you tell us about your approach to shareholder returns?

Takehiko Kakiuchi
President and CEO

What is your corporate vision?
MC aims to leverage its ingenuity to create new business models and generate value for societies, thereby developing the highest level of management expertise.

Over the course of more than 60 years since its founding, MC has evolved its business model to accommodate global changes and progress. In recent years, social and economic conditions have become increasingly complex and difficult to forecast, for example, the heightening of global geopolitical risk and the slowing of growth in developing nations. Amidst these challenges, we are also seeing the seeds of innovation growing out of trends such as Artificial Intelligence (AI) and the Internet of Things (IoT), which comprise what can be called the Fourth Industrial Revolution. In this way, the times increasingly demand an approach to corporate management that has the ability to respond to change.

It is for precisely this reason that we are seeking to further strengthen our ability to respond to change by adopting as our corporate vision the goal of leveraging MC’s ingenuity to create new business models that generate value for societies, thereby developing the highest level of management expertise.

Our people are everything at MC, and I am confident that the growth of our employees will underpin the development of the company. I want to transform MC into a company that can create sustained business value through ingenuity while also fostering the development of employees who combine a strong sense of ethics, including with regard to compliance, with the foresight and execution skills to deal with change and overcome adversity.

Our goal is to enable this unity between personal and corporate growth in order to drive the evolution of MC. We can achieve this by fostering a virtuous cycle in which employees create value through ingenuity in a way that spurs business innovation.

In addition, we have identified a series of Key Sustainability Issues (Materiality). We plan to pursue businesses which address each of these issues in order to generate value for societies.

⇒For details about our Key Sustainability Issues, please refer to pages 38 to 41.
How will you rebalance MC’s Resources and Non-resources portfolios?
We will strive to ensure sound growth by addressing the pressing need to review and rebalance our Resources and Non-resources portfolios in an appropriate manner so that we can achieve stable management even if current resources prices continue.

Specifically, we will work to strengthen downside resilience in the Resources field so that MC can secure a certain level of profitability even during market downturns by focusing our management resources on the three areas of metallurgical coal, copper and natural gas, and by actively re-profiling our holdings to emphasize prime assets while maintaining a certain level of investment and lending.

In the Non-resources field, we will undertake growth investments in areas where MC can proactively exert our strengths and functions, particularly in fields that can be expected to drive growth, for example, raw food materials, life sciences, consumer goods manufacturing, retail, motor vehicles, power generation, real estate development and asset management, while simultaneously pursuing a re-profiling of our portfolio.

To ensure steady progress in the rebalancing of our Resources and Non-resources portfolios from the standpoint of risk and return, we will work to improve quality in the Resources field by re-profiling assets while maintaining portfolio sizes. In the Non-resources field, we will make growth investments in businesses where we can proactively demonstrate our strengths and functions.

For more information about strategies for individual business groups, see pages 62 to 91.
What can you tell us about the new approach to capital allocation?
Corporate Departments and Business Groups will focus on managing cash flow to maintain business stability and remain flexible amidst economic uncertainty. Over the next three years, we will manage investments and shareholder returns within our total cash flow.

We will move ahead with a management approach that emphasizes cash flow in order to build the structures that will enable us to continue our businesses in a stable manner in the face of a fast-changing business environment. Specifically, we will manage investment and return to shareholders within our total cash flow over the next three years. We follow a policy of managing investments in a flexible manner with a focus on cash flow.

We have also brought the same perspective used in company-wide management to bear on the management of individual business groups by formulating investment plans based on each group’s ability to create cash flow. This approach will allow us to control cash flow in an agile manner in response to changes in the business environment.

Through this approach to capital allocation, we will maintain financial soundness by controlling the level of interest-bearing debt.

⇒ For more information about shareholder returns, please see Question 6 (pages 20 to 21). For more information about medium- and long-term targets, please see Message from the CFO (pages 22 to 23).
What does it mean specifically to shift from an investing model to a managing model?
Our goal is to create a foundation that will propel us into the next generation by promoting the further evolution of growth drivers, from “investing” in businesses to “managing” them and generating continuous value.

The “investing” model that we have followed until now has given us voting rights and veto power in proportion to our investment ratio in each company or project, and we have participated proactively in the management of the businesses in which we invest. Under the “managing” model, we will leverage MC’s strengths to become more deeply involved in management with the goal of creating new value through innovation in business operations; reforming business structures through alliances, partnerships, coalitions and other means; and raising corporate value through the revitalization of businesses.

I believe that the key to implementing this “managing” model lies in fostering the development of more professionals with the highest level of management expertise. I envision professionals who have the foresight to deal with changes in the business environment in a flexible manner, as well as the ability to proactively manage the businesses in which we have invested. There are currently more than 1,000 companies affiliated with the MC Group, so I think it is fair to say that there are a sufficient number of places in which to foster the development of these professionals. Going forward, we will foster a virtuous cycle in which training more professionals with even greater management expertise and empowering them to create new businesses will lead to the creation of even more places where growth can occur. I believe that this approach will create a foundation that will propel us into the next generation and thereby increase the entire group’s corporate value.

⇒For more information about fostering the development of management professionals, please see the section on MC’s Approach to Human Resources Policy (page 46) and other pages detailing associated policies and initiatives (pages 79, 83, 87 and 91).
What does it mean specifically to accelerate a lifecycle-based portfolio re-profiling?
No matter the product, function or business model, it is not possible to remain competitive forever. Rather, businesses always have a lifecycle, and we must remember that the businesses in which MC is involved are subject to a life expectancy. The positioning of these businesses with regard to lifecycle varies over time, and we must emphasize the perspective of asking whether we are carrying out our functions and roles so as to facilitate additional growth of the investee through the evolution of our business models and other means. I believe that by taking responsibility for transforming our own businesses we can return them to a stage at which value can be increased anew.

Based on this approach, we will visualize the positioning of our businesses along the twin axes of the business lifecycle and MC’s functional engagement and pursue a re-profiling by considering the direction in which we should transform those businesses, being aware of each one’s positioning.

I am confident that by accelerating a “lifecycle-based” portfolio re-profiling as MC’s company-wide portfolio manager, we will be able to cultivate a corporate culture in which employees continually strive to maximize corporate value, and that this culture will serve as a driving force for new innovation.
What can you tell us about your approach to shareholder returns?
We have made dividends the centerpiece of our approach to shareholder returns over the next three years. Under this approach, we plan to progressively increase the amount of dividends since we expect to be able to create stable cash flow. In other words, we have introduced a plan to avoid reducing dividends.

We will adopt a flexible approach to determining the specific amounts of those dividend increases based on MC’s profitability and the business environment at the time. We are planning an annual dividend of ¥60 per share for the fiscal year ending March 2017.

In addition, we will buy back our stock in a flexible manner, only when necessary.

The fiscal year ending March 2017 is the first year of the Midterm Corporate Strategy 2018. I will lead the company in steadily implementing that strategy by achieving sustainable economic, environmental and societal value through our businesses in an effort to meet the expectations of all stakeholders in line with our corporate philosophy, the Three Corporate Principles.
MC posted a consolidated net loss of ¥149.4 billion for the fiscal year ended March 2016. A careful investigation into the valuation of all company assets in response to recently volatile conditions in the resource market indicated that a total loss of ¥426.0 billion, including ¥41.0 billion in the Non-resources field, was mainly attributable to a ¥550.0 billion decline in profits from the fiscal year ended March 2015.

Nonetheless, I believe that the company’s net debt-to-equity ratio of 0.9, which is under 1.0, indicates that MC remains financially sound.

In the fiscal year ending March 2017, the business environment in the Resources field is expected to remain challenging. However, the MC Group will strive to achieve the full-year forecast for consolidated net income of ¥250.0 billion as previously forecast in anticipation of stable profits in the Non-resources field. With regard to shareholder returns, we plan to pay the annual dividend of ¥60 per share.

Over the next three years, we will focus on rebuilding our business base in keeping with the policies outlined in Midterm Corporate Strategy 2018. In response to increasing volatility in the Resources business, we will work to build a solid income base that will not be affected by the price of resources by rebalancing Resources and Non-resources investments. We will also control the level of interest-bearing liabilities and aggressively practice cash flow-based management so that we can maintain stable business operations while responding to sudden economic changes. Specifically, we will manage investments and shareholder returns within total cash flow, consisting of underlying operating cash flows and revenue from asset sales. To that end, we have put in place mechanisms to enable each business group to acquire new assets and make investments to upgrade existing assets within its total cash flow.

Concerning cash flow over the next three years, we expect underlying operating revenue to provide cash flow of about ¥1 trillion. We expect to return approximately ¥300 billion of that figure to shareholders in the form of dividends, and plan to manage net investments, defined as the difference between growth investments and revenue from asset sales, so as not to exceed the remaining balance of approximately ¥700 billion. We expect to allocate any surplus funds to additional growth investments and additional shareholder returns, or the repayment of debt.

⇒For more information about our approach to capital allocation, please see Message from the President and CEO Question 3 (pages 14 to 15). For more information about shareholder returns, please see Message from the President and CEO Question 6 (pages 20 to 21).
What can you tell us about the company’s medium- and long-term targets?

In formulating targets for Midterm Corporate Strategy 2018, we have assumed that the level of resources prices at the beginning of the fiscal year ending March 2017 will continue for three years (crude oil at US$37 per barrel in Dubai and copper ingots at US$2.10 per pound). Although we have not factored any rise in resources prices during the period of time covered by the strategy into our management policies, the general consensus is that these prices will recover over the medium and long term. In addition to anticipating around ¥350.0 billion in profits in the Non-resources field thanks to expansion of our businesses, our expectations concerning performance in around 2020 include a double-digit return on equity (ROE), which we intend to accomplish through efforts to increase the quality of assets in the Resources field and through increased profits stemming from a recovery in resources prices.

In addition, we have set the goal of achieving a high-ranked A credit rating by emphasizing efficiency and financial soundness over expansion of operational scale in the allocation of management resources.

We will strive to achieve a double-digit ROE around 2020 through additional growth in the Non-resources field and an active re-profiling of our Resources investments.
Results by Segment (Net Income (Loss))

Breakdown of Resources and Non-resources Fields for the Year Ended March 2016

Note: The Resources field is defined as earnings related to natural gas and E&P in the Energy Business and mineral resources in Metals. Figures for the Global Environmental & Infrastructure Business represent those of the Global Environmental & Infrastructure Business Group’s infrastructure-related businesses.

<table>
<thead>
<tr>
<th>Resources</th>
<th>Amount of major loss Reason for major losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Business - Resources</td>
<td>Decrease of dividends from investments caused by lower market prices as well as impairment losses on assets</td>
</tr>
<tr>
<td>Metals - Resources</td>
<td>Impairment losses on assets</td>
</tr>
<tr>
<td>Global Environmental &amp; Infrastructure Business</td>
<td>Reversal of provision for losses on guarantee obligations for the North Sea oil project</td>
</tr>
<tr>
<td>Industrial Finance, Logistics &amp; Development</td>
<td>—</td>
</tr>
<tr>
<td>Machinery</td>
<td>-32% Slowdown of the motor vehicle business in Asia and deteriorating shipping market</td>
</tr>
<tr>
<td>Chemicals</td>
<td>—</td>
</tr>
<tr>
<td>Living Essentials</td>
<td>-39% Absence of a gain on reversal of impairment losses recognized in the prior fiscal year</td>
</tr>
<tr>
<td>Energy Business – Non-resources</td>
<td>+158% Rebound from a decrease in earnings in the LPG business recognized in the prior fiscal year</td>
</tr>
<tr>
<td>Metals – Non-resources</td>
<td>Decreased earnings in the steel business and mineral resources trading</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-resources</th>
<th>Amount of major loss Reason for major losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources (Metals)</td>
<td>Chile - Copper (AAS) -271.0 Revision of copper price assumptions</td>
</tr>
<tr>
<td></td>
<td>Australia - Iron ore -29.0 Decline in iron ore prices</td>
</tr>
<tr>
<td></td>
<td>South Africa - Ferrochrome -17.0 Decline in ferrochrome prices</td>
</tr>
<tr>
<td></td>
<td>Sub-total -317.0</td>
</tr>
<tr>
<td>Resources (Energy business)</td>
<td>Australia - Browse LNG -40.0 Postponement of development plan</td>
</tr>
<tr>
<td></td>
<td>E&amp;P Business -8.0 Revision of oil &amp; gas price assumptions</td>
</tr>
<tr>
<td></td>
<td>Asia -8.0 Delay of development plan</td>
</tr>
<tr>
<td></td>
<td>Papua New Guinea -8.0 Revision of decommissioning costs</td>
</tr>
<tr>
<td></td>
<td>North Sea (decommissioning costs) -4.0</td>
</tr>
<tr>
<td></td>
<td>North America -4.0</td>
</tr>
<tr>
<td></td>
<td>Shale gas -4.0 Revaluation of idle assets</td>
</tr>
<tr>
<td></td>
<td>Sub-total -68.0</td>
</tr>
<tr>
<td>Non-resources</td>
<td>-41.0 Ship business, overseas power generation business, etc.</td>
</tr>
<tr>
<td>Total</td>
<td>-426.0</td>
</tr>
</tbody>
</table>

Major Losses

The decline in profit in the Resources field during the fiscal year ended March 2016 reflects a reduction in equity method earnings due to market declines, as well as major losses totaling ¥385.0 billion, including impairment losses.

The year-on-year decline in profit of ¥74.7 billion in the Non-resources field primarily reflects the absence of a gain on reversal of impairment losses for Lawson shares recognized in the prior fiscal year, while other factors included the economic slowdown in Asia and the decline in shipping and other markets.

Major Losses in the Year Ended March 2016

(¥ billion)
Investment and Cash Flow Analysis

Net cash provided by operating activities during the fiscal year ended March 2016 totaled ¥700.1 billion due to factors including accumulation of operating income and dividend income, as well as a decrease in working capital.

Net cash used in investing activities totaled ¥503.9 billion as investments made to increase business value in various fields exceeded collection of loans and income from sources such as listed shares and asset sales.

As a result, free cash flows totaled ¥196.2 billion despite a consolidated net loss resulting from the major losses described above.

### Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>643.4 (¥ billion)</td>
<td>196.2 (¥ billion)</td>
</tr>
<tr>
<td>Underlying operating cash flows*1</td>
<td>601.1</td>
<td>431.2</td>
</tr>
<tr>
<td>Operating cash flows</td>
<td>798.3</td>
<td>700.1</td>
</tr>
<tr>
<td>Investing cash flows</td>
<td>-154.9</td>
<td>-503.9</td>
</tr>
</tbody>
</table>

*1 Underlying operating cash flows:
Operating cash flows excluding changes in assets and liabilities.

### Breakdown of Investing Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 2015</th>
<th>Year ended March 2016</th>
<th>Main investment / divestment areas in year ended March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources</td>
<td>-220.0</td>
<td>-280.0</td>
<td>LNG business Coal business in Australia</td>
</tr>
<tr>
<td>New Investments</td>
<td></td>
<td></td>
<td>Agricultural production-related business Fund-related business</td>
</tr>
<tr>
<td>Non-resources</td>
<td>-540.0</td>
<td>-610.0</td>
<td>Infrastructure business</td>
</tr>
<tr>
<td>Total</td>
<td>-760.0</td>
<td>-890.0</td>
<td></td>
</tr>
<tr>
<td>Sales and Collection</td>
<td>580.0</td>
<td>370.0</td>
<td>Collection of loans receivable Aircraft leasing business Ship business</td>
</tr>
<tr>
<td>Others*2</td>
<td>25.1</td>
<td>16.1</td>
<td></td>
</tr>
</tbody>
</table>

*2 Others include activities in the corporate departments, etc.

---

### Equity and Interest-Bearing Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing liabilities (net)</td>
<td>4,420.1</td>
<td>4,517.1</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>4,601.1</td>
<td>5,067.7</td>
</tr>
<tr>
<td>Debt-to-equity ratio (net)</td>
<td>4,467.7</td>
<td>5,507.5</td>
</tr>
<tr>
<td>Interest-bearing liabilities (net)</td>
<td>4,315.5</td>
<td>4,592.5</td>
</tr>
</tbody>
</table>

### Main Factors of the Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>Change (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net income (loss)</td>
<td>-149.4</td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>-288.4</td>
</tr>
<tr>
<td>Other investments designated as FVTOCI, etc.</td>
<td>-352.0</td>
</tr>
<tr>
<td>Purchase and cancellation of treasury stock</td>
<td>-100.0</td>
</tr>
<tr>
<td>Payments of dividends</td>
<td>-88.2</td>
</tr>
</tbody>
</table>
## Financial / ESG Highlights

Mitsubishi Corporation and Subsidiaries

Years ended March 31

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") from the fiscal year ended March 2014.

### Results of Operations:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (U.S. GAAP)</th>
<th>Gross profit (U.S. GAAP)</th>
<th>Income from investments accounted for using the equity method (U.S. GAAP)</th>
<th>Net income (loss) attributable to owners of the Parent*1 (U.S. GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>¥ 5,068,199</td>
<td>¥ 1,144,982</td>
<td>¥ 153,973</td>
<td>¥ 418,965</td>
</tr>
<tr>
<td>2008.3</td>
<td>¥ 6,050,654</td>
<td>¥ 1,172,665</td>
<td>¥ 155,614</td>
<td>¥ 471,262</td>
</tr>
<tr>
<td>2009.3</td>
<td>¥ 6,156,365</td>
<td>¥ 1,465,027</td>
<td>¥ 163,256</td>
<td>¥ 370,987</td>
</tr>
<tr>
<td>2010.3</td>
<td>¥ 4,540,793</td>
<td>¥ 1,016,027</td>
<td>¥ 117,857</td>
<td>¥ 275,787</td>
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<tr>
<td>2011.3</td>
<td>¥ 5,206,873</td>
<td>¥ 1,149,902</td>
<td>¥ 167,002</td>
<td>¥ 464,543</td>
</tr>
</tbody>
</table>

### Financial Position at Year-End:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets (U.S. GAAP)</th>
<th>Working capital*2 (U.S. GAAP)</th>
<th>Borrowings (less current maturities)*3 (U.S. GAAP)</th>
<th>Equity attributable to owners of the Parent*1 (U.S. GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>¥ 11,350,293</td>
<td>¥ 1,335,452</td>
<td>¥ 2,863,558</td>
<td>¥ 2,882,924</td>
</tr>
<tr>
<td>2008.3</td>
<td>¥ 11,638,265</td>
<td>¥ 1,429,764</td>
<td>¥ 3,096,818</td>
<td>¥ 2,832,293</td>
</tr>
<tr>
<td>2009.3</td>
<td>¥ 10,837,537</td>
<td>¥ 1,613,776</td>
<td>¥ 3,467,766</td>
<td>¥ 2,359,397</td>
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<tr>
<td>2010.3</td>
<td>¥ 10,803,702</td>
<td>¥ 1,780,008</td>
<td>¥ 3,246,029</td>
<td>¥ 2,926,094</td>
</tr>
<tr>
<td>2011.3</td>
<td>¥ 11,272,775</td>
<td>¥ 2,012,098</td>
<td>¥ 3,188,749</td>
<td>¥ 3,233,342</td>
</tr>
</tbody>
</table>

### Interest-Bearing Liabilities:

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross interest-bearing liabilities*3 (U.S. GAAP)</th>
<th>Net interest-bearing liabilities*4 (U.S. GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>¥ 3,829,060</td>
<td>¥ 3,081,050</td>
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<tr>
<td>2008.3</td>
<td>¥ 4,183,592</td>
<td>¥ 3,443,861</td>
</tr>
<tr>
<td>2009.3</td>
<td>¥ 4,879,397</td>
<td>¥ 3,567,633</td>
</tr>
<tr>
<td>2010.3</td>
<td>¥ 4,154,692</td>
<td>¥ 2,968,151</td>
</tr>
<tr>
<td>2011.3</td>
<td>¥ 4,257,563</td>
<td>¥ 2,947,308</td>
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</table>

### Cash Flows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net cash provided by operating activities (U.S. GAAP)</th>
<th>Net cash used in investing activities (U.S. GAAP)</th>
<th>Net cash provided by (used in) financing activities (U.S. GAAP)</th>
<th>Net cash flows (U.S. GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>¥ 448,573</td>
<td>(¥ 303,251)</td>
<td>(¥ 108,363)</td>
<td>¥ 36,959</td>
</tr>
<tr>
<td>2008.3</td>
<td>¥ 327,712</td>
<td>(¥ 353,480)</td>
<td>(¥ 69,700)</td>
<td>¥ 43,932</td>
</tr>
<tr>
<td>2009.3</td>
<td>¥ 558,226</td>
<td>(¥ 693,550)</td>
<td>(¥ 755,347)</td>
<td>¥ 515,284</td>
</tr>
<tr>
<td>2010.3</td>
<td>¥ 761,573</td>
<td>(¥ 138,502)</td>
<td>(¥ 755,347)</td>
<td>¥ 623,071</td>
</tr>
<tr>
<td>2011.3</td>
<td>¥ 331,204</td>
<td>(¥ 262,601)</td>
<td>(¥ 755,347)</td>
<td>¥ 68,603</td>
</tr>
</tbody>
</table>

### Per Share Information:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income (loss) attributable to owners of the Parent per share: Basic (yen, U.S. dollar)</th>
<th>Diluted (yen, U.S. dollar)</th>
<th>Cash dividends per share (yen, U.S. dollar)</th>
<th>Equity per share attributable to owners of the Parent (yen, U.S. dollar)</th>
<th>Payout ratio*5 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>¥ 248.34</td>
<td>¥ 246.99</td>
<td>¥ 46.00</td>
<td>¥ 1,728.22</td>
<td>19</td>
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<tr>
<td>2008.3</td>
<td>¥ 284.06</td>
<td>¥ 282.79</td>
<td>¥ 56.00</td>
<td>¥ 1,725.74</td>
<td>20</td>
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<tr>
<td>2009.3</td>
<td>¥ 225.88</td>
<td>¥ 225.38</td>
<td>¥ 52.00</td>
<td>¥ 1,436.11</td>
<td>23</td>
</tr>
<tr>
<td>2010.3</td>
<td>¥ 167.85</td>
<td>¥ 167.46</td>
<td>¥ 38.00</td>
<td>¥ 1,780.37</td>
<td>23</td>
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<tr>
<td>2011.3</td>
<td>¥ 282.62</td>
<td>¥ 281.87</td>
<td>¥ 65.00</td>
<td>¥ 1,966.66</td>
<td>23</td>
</tr>
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</table>

### Common Stock:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares outstanding at year-end*6 (thousands of shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>1,688,303</td>
</tr>
<tr>
<td>2008.3</td>
<td>1,641,203</td>
</tr>
<tr>
<td>2009.3</td>
<td>1,642,904</td>
</tr>
<tr>
<td>2010.3</td>
<td>1,643,532</td>
</tr>
<tr>
<td>2011.3</td>
<td>1,644,074</td>
</tr>
</tbody>
</table>

### Financial Measures:

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE*7 (%)</th>
<th>ROA*8 (%)</th>
<th>Net DER*9 (times)</th>
<th>DOE*10 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>16.0</td>
<td>3.9</td>
<td>1.1</td>
<td>2.9</td>
</tr>
<tr>
<td>2008.3</td>
<td>16.5</td>
<td>4.1</td>
<td>1.2</td>
<td>3.2</td>
</tr>
<tr>
<td>2009.3</td>
<td>14.3</td>
<td>3.3</td>
<td>1.5</td>
<td>3.3</td>
</tr>
<tr>
<td>2010.3</td>
<td>10.4</td>
<td>2.5</td>
<td>1.0</td>
<td>2.4</td>
</tr>
<tr>
<td>2011.3</td>
<td>15.1</td>
<td>4.2</td>
<td>0.9</td>
<td>3.5</td>
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</tbody>
</table>

### Stock Price Information:

<table>
<thead>
<tr>
<th>Year</th>
<th>Stock price (annual average) (yen, U.S. dollar)</th>
<th>Price Earnings Ratio (PER)*11 (times)</th>
<th>Price Book-value Ratio (PBR)*12 (times)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007.3</td>
<td>¥ 2,371</td>
<td>9.56</td>
<td>1.4</td>
</tr>
<tr>
<td>2008.3</td>
<td>¥ 3,110</td>
<td>11.18</td>
<td>1.9</td>
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<tr>
<td>2009.3</td>
<td>¥ 2,299</td>
<td>10.51</td>
<td>1.7</td>
</tr>
<tr>
<td>2010.3</td>
<td>¥ 1,969</td>
<td>12.11</td>
<td>1.1</td>
</tr>
<tr>
<td>2011.3</td>
<td>¥ 2,102</td>
<td>7.68</td>
<td>1.1</td>
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</tbody>
</table>

Notes:
The U.S. dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥112.0=$1.

*1 Net income (loss) attributable to owners of the Parent corresponds to net income (loss) attributable to Mitsubishi Corporation under U.S. GAAP. Borrowings (less current maturities) correspond to long-term debt, less current maturities under U.S. GAAP. Equity attributable to owners of the Parent corresponds to total Mitsubishi Corporation shareholders' equity under U.S. GAAP.

*2 Working capital consists of all current assets and liabilities, including cash and short-term debt.

*3 Gross interest-bearing liabilities is defined as short-term debt and Borrowings (less current maturities).

*4 Net interest-bearing liabilities is defined as gross interest-bearing liabilities minus cash and cash equivalents and time deposits.

*5 The payout ratio was calculated based on net income attributable to owners of the Parent for the fiscal year before reclassification (this includes the restatement of results for the Financial Years ending March 2013 and March 2014 due to the change from U.S. GAAP to IFRS standards).

*6 Excluding treasury stock held by the Company.
<table>
<thead>
<tr>
<th></th>
<th>2012.3 (U.S. GAAP)</th>
<th>2013.3 (U.S. GAAP)</th>
<th>2014.3 (IFRS)</th>
<th>2015.3 (IFRS)</th>
<th>2016.3 (IFRS)</th>
<th>2016.3 (U.S. GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Millions of Yen</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12,588,320</td>
<td>14,410,665</td>
<td>15,064,738</td>
<td>15,901,125</td>
<td>16,774,366</td>
<td>14,916,256</td>
<td>133,181</td>
</tr>
<tr>
<td>1,709,310</td>
<td>2,098,147</td>
<td>2,076,570</td>
<td>2,417,452</td>
<td>2,629,705</td>
<td>2,123,954</td>
<td>18,964</td>
</tr>
<tr>
<td>3,760,101</td>
<td>4,498,683</td>
<td>4,498,683</td>
<td>4,693,855</td>
<td>4,835,117</td>
<td>4,560,258</td>
<td>40,717</td>
</tr>
<tr>
<td>3,507,818</td>
<td>4,179,698</td>
<td>4,517,107</td>
<td>5,067,666</td>
<td>5,570,477</td>
<td>4,592,516</td>
<td>41,005</td>
</tr>
<tr>
<td>5,016,383</td>
<td>5,805,238</td>
<td>5,889,642</td>
<td>6,075,835</td>
<td>6,348,993</td>
<td>6,042,606</td>
<td>53,952</td>
</tr>
<tr>
<td>3,647,408</td>
<td>4,335,829</td>
<td>4,420,068</td>
<td>4,601,094</td>
<td>4,467,714</td>
<td>4,315,460</td>
<td>38,531</td>
</tr>
<tr>
<td>550,694</td>
<td>403,313</td>
<td>453,327</td>
<td>381,576</td>
<td>798,264</td>
<td>700,105</td>
<td>6,251</td>
</tr>
<tr>
<td>(1,100,913)</td>
<td>(752,477)</td>
<td>(791,026)</td>
<td>(300,502)</td>
<td>(154,852)</td>
<td>(503,854)</td>
<td>(4,499)</td>
</tr>
<tr>
<td>(550,219)</td>
<td>(349,164)</td>
<td>(337,699)</td>
<td>81,074</td>
<td>643,412</td>
<td>196,251</td>
<td>1,752</td>
</tr>
<tr>
<td>599,059</td>
<td>401,687</td>
<td>388,366</td>
<td>(118,845)</td>
<td>(305,334)</td>
<td>(364,528)</td>
<td>(3,255)</td>
</tr>
<tr>
<td>48,840</td>
<td>52,523</td>
<td>50,667</td>
<td>(37,771)</td>
<td>338,078</td>
<td>(168,277)</td>
<td>(1,502)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,588,320</strong></td>
<td><strong>14,410,665</strong></td>
<td><strong>15,064,738</strong></td>
<td><strong>15,901,125</strong></td>
<td><strong>16,774,366</strong></td>
<td><strong>14,916,256</strong></td>
</tr>
<tr>
<td><strong>Millions of U.S. Dollars</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>5,565,832</strong></td>
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<td><strong>7,635,168</strong></td>
<td><strong>7,669,489</strong></td>
<td><strong>6,925,582</strong></td>
<td><strong>61,836</strong></td>
</tr>
<tr>
<td><strong>1,127,860</strong></td>
<td><strong>1,029,657</strong></td>
<td><strong>1,054,933</strong></td>
<td><strong>1,186,005</strong></td>
<td><strong>1,209,894</strong></td>
<td><strong>1,098,877</strong></td>
<td><strong>9,811</strong></td>
</tr>
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<td><strong>1,098,877</strong></td>
<td><strong>9,811</strong></td>
<td><strong>1,054,933</strong></td>
<td><strong>203,818</strong></td>
<td><strong>203,818</strong></td>
<td><strong>(175,389)</strong></td>
<td><strong>(1,566)</strong></td>
</tr>
<tr>
<td><strong>192,418</strong></td>
<td><strong>164,274</strong></td>
<td><strong>167,840</strong></td>
<td><strong>203,818</strong></td>
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<td><strong>(175,389)</strong></td>
<td><strong>(1,566)</strong></td>
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<td><strong>(175,389)</strong></td>
<td><strong>(1,566)</strong></td>
</tr>
<tr>
<td><strong>452,344</strong></td>
<td><strong>360,028</strong></td>
<td><strong>323,457</strong></td>
<td><strong>400,574</strong></td>
<td><strong>400,574</strong></td>
<td><strong>(149,395)</strong></td>
<td><strong>(1,334)</strong></td>
</tr>
<tr>
<td><strong>12,588,320</strong></td>
<td><strong>14,410,665</strong></td>
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<td><strong>1,186,005</strong></td>
<td><strong>1,209,894</strong></td>
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</tr>
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<tr>
<td><strong>452,344</strong></td>
<td><strong>360,028</strong></td>
<td><strong>323,457</strong></td>
<td><strong>400,574</strong></td>
<td><strong>400,574</strong></td>
<td><strong>(149,395)</strong></td>
<td><strong>(1,334)</strong></td>
</tr>
</tbody>
</table>

*7 ROE is calculated by dividing net income (loss) attributable to owners of the Parent by the average of equity attributable to owners of the Parent at the beginning and end of the fiscal year.
*8 ROA is calculated by dividing net income (loss) attributable to owners of the Parent by the average of total assets at the beginning and end of the fiscal year.
*9 Net DER is calculated by dividing net interest-bearing liabilities by equity attributable to owners of the Parent at the end of fiscal year.
*10 DOE is calculated by dividing cash dividends per share by equity per share attributable to owners of the Parent at the beginning and end of the fiscal year.
*11 PER is calculated by dividing market capitalization, as determined by multiplying the average share price during the fiscal year by the number of shares issued at the fiscal year-end, by net income (loss) attributable to owners of the Parent.
*12 PBR is calculated by dividing market capitalization, as determined by multiplying the average share price during the fiscal year by the number of shares issued at the fiscal year-end, by equity attributable to owners of the Parent.
Financial Measures

Net income (loss) attributable to owners of the Parent / ROE ($ billion)

Equity attributable to owners of the Parent / Net interest-bearing liabilities / Net debt-to-equity ratio ($ trillion)

Net income (loss) attributable to owners of the Parent per share (Diluted) ($)

Total assets / ROA ($ billion)

- Net income (loss) attributable [left] ROE [right]
- Equity attributable to owners of the Parent [left] Net interest-bearing liabilities [left] Net debt-to-equity ratio [right]
- Total assets [left] ROA [right]
## ESG Data

### Number of board members

<table>
<thead>
<tr>
<th>Year</th>
<th>Outside Directors</th>
<th>In-house Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/7</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>2015/7</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>2016/7</td>
<td>11</td>
<td>6</td>
</tr>
</tbody>
</table>

### Number of employees (consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>68,383</td>
</tr>
<tr>
<td>2015.3</td>
<td>71,994</td>
</tr>
<tr>
<td>2016.3</td>
<td>68,247</td>
</tr>
</tbody>
</table>

### GHG emissions (consolidated)*1

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG emissions (Unit: Thousand t-CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/7</td>
<td>3,390</td>
</tr>
<tr>
<td>2015/7</td>
<td>3,354</td>
</tr>
<tr>
<td>2016/7</td>
<td>3,634*</td>
</tr>
</tbody>
</table>

### Environmental Performance (non-consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Emissions*1 (Unit: t-CO₂)</th>
<th>Energy Consumption (Unit: GJ)</th>
<th>CO₂ Emissions from Logistics*2 (Unit: t-CO₂)</th>
<th>Waste Production</th>
<th>Paper Consumption*3 (Unit: sheets)</th>
<th>Water Consumption (Unit: m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>14,163</td>
<td>333,290</td>
<td>66,229</td>
<td>73,964,005</td>
<td>43,460</td>
<td>3,390</td>
</tr>
<tr>
<td>2015.3</td>
<td>13,982</td>
<td>332,650</td>
<td>60,058</td>
<td>65,837,377</td>
<td>41,722</td>
<td>1,523</td>
</tr>
<tr>
<td>2016.3</td>
<td>15,843*</td>
<td>373,805*</td>
<td>57,621*</td>
<td>664,178*</td>
<td>40,253*</td>
<td>1,909*</td>
</tr>
</tbody>
</table>

### Employee Data (non-consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees</th>
<th>Gender ratio in management positions*4 (Unit: %)</th>
<th>Average years of service</th>
<th>Number of employees on overseas assignments (including global trainees)*5</th>
<th>Employment rate of persons with Impairments*6 (Unit: %)</th>
<th>Number of employees who took Maternity / Paternity Leave*7</th>
<th>Number of employees who shortened work hours for child care</th>
<th>Number of employees who took Family Care Leave*7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>4,749</td>
<td>Male 92.9</td>
<td>18.7</td>
<td>1,272</td>
<td>2.12</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>4,703</td>
<td>Female 7.1</td>
<td>18.6</td>
<td>1,295</td>
<td>2.06</td>
<td>25</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>2015.3</td>
<td>4,678*</td>
<td>Male 91.3*</td>
<td>18.5*</td>
<td>1,291*</td>
<td>2.19*</td>
<td>25</td>
<td>44</td>
<td>28*</td>
</tr>
<tr>
<td></td>
<td>1,612*</td>
<td>Female 8.7*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes

* ESG Data for the fiscal year ended March 2016 indicated with an asterisk (*) has received independent practitioner’s assurance from Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd. Please see the following link to access the detail on our website: http://www.mitsubishicorp.com/jp/en/csr/management/pfm.html

*1 The following metrics were adopted as the basis for calculating greenhouse gas emissions. Also, please note that emissions from projects with high communality, including power generation and heat generation, as well as joint operations (jointly managed projects) are not included in the calculations.

- Direct CO₂ emissions from fuel consumption
- Emissions of greenhouse gases from business activities other than CO₂ from energy sources
- Indirect CO₂ emissions from electricity consumption, etc.

*2 Data collected in compliance with the Act on the Rational Use of Energy in Japan. Logistics figures cover domestic (Japan) transport where MC is the cargo owner.

*3 3 Copy paper (in terms of A4 size) consumption

*4 As of April 1 of each calendar year

*5 The “Global Trainee System” is an overseas assignment system aimed at young employees in order to handle the global development of MC’s business portfolio and strengthen MC’s global competitiveness in terms of human resources.

*6 As of June 1 of the previous calendar year

*7 The number of employees who began taking that type of leave of absence during each fiscal year
Message from Executive Vice President

Our Vision

Environmental, Social and Governance (ESG) Serves as a Fundamental Aspect of MC’s Sustainable Growth – Pursuing Businesses that Generate Value for Societies through Initiatives to Address Key Sustainability Issues

MC aims to contribute to the sustainable development of society by upholding compliance standards and pursuing global business activities with integrity and fairness in line with our corporate philosophy, the Three Corporate Principles. Midterm Corporate Strategy 2018 reiterates our belief that the creation of sustainable added value through simultaneously generating economic, environmental and societal value is essential to the company’s growth.

In light of recent changes in both our internal and external environment, we have identified a series of key sustainability issues for MC (materiality) for our management to address in order to simultaneously generate these three kinds of value. In addition to achieving sustainable growth for our company by taking on the challenges posed by these key issues, going forward we will also look to scale up our pursuit of businesses that generate value for societies. Furthermore, we will continue to promote working environments and management development programs, which respect the diversity of the professionals who will be responsible for achieving these priorities in order to fully utilize the abilities of each employee.

The rate of change of both our global operating environment, including the expectations of our various stakeholders, and the conditions under which sustainable development can be achieved, is rapidly accelerating. MC is a signatory of the UN Global Compact*, and as we look to effectively respond to the changes to our external environment, we are also working to strengthen dialogue with our stakeholders, starting by disclosing non-financial information related to the company. This includes our environmental and social initiatives, as well as our corporate governance measures, which form the basis for the soundness, transparency and efficiency of our management.

*The UN Global Compact is a United Nations initiative to encourage businesses and other organizations to support 10 universal sustainability principles in the fields of human rights, labor standards, environment and anti-corruption. MC declared its support for this initiative in 2010. In addition, MC has been a member of the World Business Council for Sustainable Development (WBCSD) since the organization was established in 1995, and the Company considers involvement in these kinds of external organizations to be a key part of its stakeholder engagement activities.
The MC Group’s approach to compliance is based on our commitment to Integrity and Fairness, one of the Three Corporate Principles. This compels us to maintain principles of transparency and openness, conducting business with integrity and fairness. This historic principle instills awareness in each and every employee of the importance of carrying out corporate activities in a way that goes beyond simply adhering to applicable laws and regulations to setting a social example of which the company can be proud.

In keeping with the MC Group’s shared values, we have built structures to facilitate compliance on a consolidated, global basis so that we can respond to changes in various countries’ laws and regulations as well as in the social environment. Since we have diverse businesses all over the world, we also provide a variety of employee education programs, both in Japan and overseas. It goes without saying that, insofar as the Group pursues businesses in various regions, both in Japan and abroad, endowing management professionals with a strong sense of ethics and ensuring compliance in day-to-day activities serve to increase the group’s corporate value. Going forward, we will work to practice compliance throughout the group even more proactively in an effort to address changes to both our internal and external environment.

For more information about compliance-related data (including company rules and organizational charts), please refer to page 109.

Pursuing businesses that generate value for societies through dialogue with a diverse range of stakeholders

Actively disclosing not only financial data, but also information related to:

**Environmental (E)**

**Social (S)**

**Governance (G)**

factors as part of our continuous dialogue with stakeholders.

**Message from the Chief Compliance Officer**

**Strengthening Compliance on a Consolidated, Global Basis**

The MC Group’s approach to compliance is based on our commitment to integrity and Fairness, one of the Three Corporate Principles. This compels us to maintain principles of transparency and openness, conducting business with integrity and fairness. This historic principle instills awareness in each and every employee of the importance of carrying out corporate activities in a way that goes beyond simply adhering to applicable laws and regulations to setting a social example of which the company can be proud.

In keeping with the MC Group’s shared values, we have built structures to facilitate compliance on a consolidated, global basis so that we can respond to changes in various countries’ laws and regulations as well as in the social environment. Since we have diverse businesses all over the world, we also provide a variety of employee education programs, both in Japan and overseas. It goes without saying that, insofar as the Group pursues businesses in various regions, both in Japan and abroad, endowing management professionals with a strong sense of ethics and ensuring compliance in day-to-day activities serve to increase the group’s corporate value. Going forward, we will work to practice compliance throughout the group even more proactively in an effort to address changes to both our internal and external environment.

For more information about compliance-related data (including company rules and organizational charts), please refer to page 109.
Corporate Governance at MC

MC’s corporate philosophy is enshrined in the Three Corporate Principles (page 01). Through corporate activities rooted in the principles of fairness and integrity, MC strives to continuously raise corporate value. 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 recognizes strengthening corporate governance on an ongoing basis as its important subject concerning management as it is a foundation for ensuring sound, transparent and efficient management. MC, based on the Audit & Supervisory Board Member System, is thus working to put in place a corporate governance system that is even more effective. This includes strengthening management supervision through such measures as appointing Outside Directors and Outside Audit & Supervisory Board Members who satisfy the conditions for Independent Directors/Auditors, and establishing advisory bodies to the Board of Directors, where the majority of members are Outside Directors, Outside Audit & Supervisory Board Members 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.

Specifically, we have structured the Board of Directors so that more than one-third of its members are made up of Outside Directors, ensuring it can provide effective governance for a sogo shosha involved in diverse business and industries in a wide range of fields. By utilizing In-house Directors’ wealth of experience with MC’s business along with Outside Directors’ practical and professional perspectives, we strive to facilitate appropriate decision-making and management oversight. In addition, we have established the Governance & Compensation Committee as well as the International Advisory Committee to enable Outside Directors and Outside Audit & Supervisory Board Members, and other committee members from outside the company to offer proposals and advice concerning topics such as MC’s corporate governance and global business operations from a variety of perspectives.

⇒For details about MC’s corporate governance system, please see pages 94 to 99.

Corporate Governance Initiatives since 2000

- Appointment of Independent Outside Directors and Outside Audit & Supervisory Board Members
  Appointment of multiple Outside Directors and Outside Audit & Supervisory Board Members in accordance with MC’s selection criteria for Outside Directors and Outside Audit & Supervisory Board Members
  More than one-third of the Board of Directors to consist of Outside Directors

- Establishment of advisory bodies to the Board of Directors with a majority of Outside Directors, Outside Audit & Supervisory Board Members and committee members from outside the company
  (1) Governance & Compensation Committee
  ⇒Review and advice regarding governance, appointment of the Board of Directors and Audit & Supervisory Board Members, remuneration, etc.
  (2) International Advisory Committee
  ⇒Proposals and advice by overseas experts on MC’s management and business strategies from an international standpoint

- Introduction of an Executive Officer System
  Acceleration and enhanced efficiency of decision-making and business execution
Corporate Governance Framework  (As of July 1, 2016)

Executive Structure

6 In-house Directors
5 Outside Directors

Appointment/Dismissal
Determination of Remuneration Parameters

Proposal for discussion of important managerial matters, and report on execution of operations

Audit & Supervisory Board
2 In-house Audit & Supervisory Board Members
3 Outside Audit & Supervisory Board Members

Appointment/Dismissal
Determination of Remuneration Parameters

Accounting audit

General Meeting of Shareholders

Independent Auditors

Governance & Compensation Committee

International Advisory Committee

Appointment and Supervision of Executive Officers

Request
Advice

666
55
5


Reduction in the size of the Board of Directors and increase in the number of Outside Directors

Transition of the status of the Chairman of the Board to a director without representative rights (2003)

Change in the name of the Governance Committee to the Governance & Compensation Committee, enhancement of remuneration reviews for Directors, Audit & Supervisory Board Members and Executive Officers, performance evaluations for the President and CEO, etc. (2010 and subsequent years)

Articulation of requirements concerning independence in the selection criteria for Outside Directors and Outside Audit & Supervisory Board Members (2015)

Designation of Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors/Auditors (2010)

Formulation of selection criteria for Outside Directors and Outside Audit & Supervisory Board Members (2007)

As of end of June
### MC’s Outside Directors and Outside Audit & Supervisory Board Members

MC has appointed multiple Outside Directors and Outside Audit & Supervisory Board Members who satisfy the conditions for Independent Directors/Auditors. Outside Directors are appointed from among those who possess a practical perspective of highly experienced officers and those who possess an objective and professional perspective with a deep insight on global developments and socio-economic trends. Outside Audit & Supervisory Board Members are appointed from among those with rich knowledge and experience across various fields.

⇒ For profiles of Members of the Board of Directors and Audit & Supervisory Board Members, please see pages 100 to 101.

<table>
<thead>
<tr>
<th>Name</th>
<th>Messages from Outside Directors and Outside Audit &amp; Supervisory Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ryuozo Kato</td>
<td>For global companies, one of the important themes they need to address is diversity from a broad perspective spanning age, sex, nationality, culture and different senses of values. MC has taken up this theme, making efforts to access knowledge of the outside through the Governance &amp; Compensation Committee and the International Advisory Committee, each an advisory body to the Board. I will continue to provide my views from the standpoint of an Outside Director and to contribute to in-depth discussions to help the MC Group embrace diversity.</td>
</tr>
<tr>
<td>Hidehiro Konno</td>
<td>MC is a company that has been making continuous efforts to enhance corporate governance on the basis of “The Three Corporate Principles” which are “Corporate Responsibility to Society,” “Integrity and Fairness” and “Global Understanding Through Business.” In order to make further progress, I think it is important to obtain understanding of the principles and sense of values of this thinking among the businesses in which the company invests. To that end, I have travelled extensively to various work places in Japan and abroad, and have held discussions with executives and employees. I will continuously contribute to further growth of MC by providing appropriate advice and supervision based on a close understanding of the operation of each work place.</td>
</tr>
<tr>
<td>Akihiko Nishiyama</td>
<td>Since I was appointed as Outside Director in June 2015, I have had 23 interactive sessions with all business groups and each department at Corporate Staff Section. Meanwhile, I have provided various advice to enhance constructive discussions between outsiders and insiders as well as among outsiders in the light of reflecting perspectives of shareholders and investors into the management. To achieve further growth, I believe it will be important for Outside Directors to share the business strategies and risks the company faces and to move forward consolidated management with a view to increasing longer-term growth. I will support management functions from both proactive and defensive perspectives.</td>
</tr>
<tr>
<td>Hideaki Omiya</td>
<td>For MC to continue to grow as a global company, I believe it must enhance its international competitiveness and its ability to quickly respond to change. Under the leadership of the President &amp; CEO Mr. Kakiuchi, I believe MC will achieve that continuous growth as it sharpens its competitive edge. From the standpoint of an Outside Director, I will offer my views to support MC’s growth based on an insight of the strengths and weaknesses of Japanese companies and of MC obtained through the experience as a corporate manager in the manufacturing sector.</td>
</tr>
<tr>
<td>Toshiko Oka</td>
<td>With the business model of sogo shosha shifting from one centering on trading to one that seeks to expand earnings through managing businesses of affiliates, it becomes more important to raise the value of partner companies and companies in which they have invested. I will offer proposals from an outside perspective about practical approaches that will contribute to raising the value of the MC Group based on the experiences I have obtained in seeking to enhance the value of client companies in my role as a business consultant.</td>
</tr>
<tr>
<td>Tadashi Kunihiro</td>
<td>Risks companies face are becoming more complex and diverse, and compliance requirements have become more demanding. Crisis management is a process of restoring the credibility and sustainability of a corporation, and I have been offering advice and guidance on putting in place structures for crisis management processes even in normal times. I will keep conducting appropriate audits together with both accountant auditors and in-house auditing departments while maintaining close communications with executive management.</td>
</tr>
<tr>
<td>Ikuo Nishikawa</td>
<td>For companies to earn the trust of stakeholders, appropriate financial statements must be prepared by managers with high integrity, and it is important to have structures in place to disclose those statements in a timely and sufficient manner. I aim to provide supervision from objective and professional perspectives applying my experience as a certified public accountant and as Chairman of the Accounting Standards Board of Japan to support MC’s ongoing commitment to enhancing transparent internal control and compliance systems.</td>
</tr>
<tr>
<td>Yasuko Takayama</td>
<td>Through my experience working at a consumer goods manufacturer as head of the CSR department and as Audit &amp; Supervisory Board Member, I have come to believe that establishing transparent and effective governance structures that win the trust of diverse stakeholders—including shareholders and investors, partner companies, consumers, employees and society as a whole—is essential for companies to achieve continuous growth. MC has been making efforts to reinforce structures in this area, and I will play a steadfast role as an Outside Audit &amp; Supervisory Board Member in support of the company’s continuing commitment to obtaining the understanding and support of its stakeholders.</td>
</tr>
<tr>
<td>Years served</td>
<td>Principal area of specialization and background</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Corporate management</td>
</tr>
<tr>
<td>7 years</td>
<td></td>
</tr>
<tr>
<td>6 years</td>
<td></td>
</tr>
<tr>
<td>1 year</td>
<td></td>
</tr>
<tr>
<td>Appointed in June 2016</td>
<td></td>
</tr>
<tr>
<td>Appointed in June 2016</td>
<td></td>
</tr>
<tr>
<td>4 years</td>
<td></td>
</tr>
<tr>
<td>Appointed in June 2016</td>
<td></td>
</tr>
<tr>
<td>Appointed in June 2016</td>
<td></td>
</tr>
</tbody>
</table>
Compliance with Japan’s Corporate Governance Code

MC has long worked to implement corporate governance as the foundation of sound, transparent and efficient management. We have determined that MC is implementing all principles set forth in Japan’s Corporate Governance Code.

⇒For more information, please see the Corporate Governance Report on MC’s website.

Examples of specific initiatives

1. Ensuring Shareholder Rights and Equality

MC is working to put in place an environment in which shareholder rights are substantively ensured so that they can be exercised by shareholders.

— Initiatives at the General Meeting of Shareholders

In addition to sending out the Notice of the General Meeting of Shareholders three weeks in advance of the date on which the Ordinary General Meeting of Shareholders is scheduled to be held, we publish English and Japanese versions of the Notice of the General Meeting of Shareholders on the MC website for reference purposes before it is sent out to shareholders. In addition, we’ve participated in the Electronic Voting Platform since 2008.

Timing of the publication of the convocation of the General Meeting of Shareholders on MC’s website

5 weeks before the date on which the General Meeting of Shareholders is scheduled to be held

2. Appropriate Collaboration with Stakeholders Other Than Shareholders

To continuously enhance corporate value and contribute to the sustainable development of society, MC takes the interests of shareholders, customers and other stakeholders into account as it pursues its business activities. In addition to formulating various internal rules such as the Corporate Standards of Conduct, Code of Conduct, Environmental Charter and Social Charter, we have established the CSR & Environmental Affairs Committee and the CSR & Environmental Affairs Advisory Committee to facilitate an ongoing discussion of our vision for corporate sustainability.

— Working with Shareholders to Create Abundant Forests

In the year ended March 2012, MC launched a global environmental preservation and improvement program in collaboration with shareholders that is designed to create abundant forests. Under this program, for every shareholder who consents to receive communications such as the Notice of the General Meeting of Shareholders and investors’ notes via email rather than by post, MC will plant one tree every six months in Malaysia.

Number of participating shareholders

20,535

(6 months ended March 2016)

Total number of trees planted

238,720

(As of March 31, 2016)
3. Ensuring Appropriate Information Disclosure and Transparency

In addition to legally required disclosure of progress in the implementation of business plans and other information related to MC's management, quantitative financial data and non-financial information about ESG topics, our commitment to the timely and appropriate disclosure of information extends to proactively establishing opportunities to provide a variety of different information.

<Examples of types of information disclosure>

- Notices of convocation of the General Meeting of Shareholders
- Financial results briefing materials
- Financial results
- Integrated Report
- Corporate Governance Report
- Financial section of the Integrated Report and quarterly reports
- Investors' Note
- Company Brochure
- Reference materials for individual investor seminars

4. Responsibilities of the Board of Directors and Other Bodies

To ensure that the Directors and Audit & Supervisory Board Members are able to perform their management supervision and audit functions adequately, the Board of Directors' Office and the Audit & Supervisory Board Members' Office have been established, and have been providing necessary information appropriately and in a timely manner for them to perform their duties.

- Small Meetings for Outside Directors and Outside Audit & Supervisory Board Members
  MC endeavors to enhance close cooperation among Outside Directors and Outside Audit & Supervisory Board Members by providing opportunities for free discussion about a wide range of themes relating to the business management and the corporate governance of MC.

- Observation Tours of Subsidiaries and Affiliates
  For further understanding of the MC Group's wide range of business lines, Outside Directors and Outside Audit & Supervisory Board Members participate in observation tours of the sites of MC Group companies and other sites, which are conducted every year.

5. Dialogue with Shareholders

To enhance corporate value over the medium and long term in a sustained manner through constructive dialogue with shareholders and investors, we undertake initiatives to facilitate dialogue with the President and CEO and other executives involved in the company's management, for example, through the General Shareholders Meeting and other dialogue with institutional investors in Japan and overseas, briefings for individual investors and quarterly financial results briefings.

Ensuring appropriate information disclosure and transparency

Excellence in Corporate Disclosure Award

14 awards
(Presented by the Securities Analysts Association of Japan)

Board of Directors

15 meetings
(Year ended March 2016, including extraordinary meeting)

Number of Outside Directors/Total number of Directors
5/11
(As of July 1, 2016)

Governance & Compensation Committee

4 meetings
(Year ended March 2016)

<Opportunities for communications other than Board of Directors meetings>

Small Meetings for Outside Directors and Outside Audit & Supervisory Board Members
3 meetings
(Year ended March 2016)

Dialogue between executives and Audit & Supervisory Board Members
(also attended by Outside Directors)
9 meetings
(Year ended March 2016)

Dialogue with shareholders

Dialogue with institutional investors
392 times
(Year ended March 2016)
Key Sustainability Issues (Materiality)

Themes of Key Importance for MC’s Sustainable Growth

Approach to Identifying Our Key Sustainability Issues

Responding to global sustainability issues, including meeting or exceeding the rising expectations of our stakeholders, has an increasing impact on MC’s long-term growth year by year. In recognition of this fact, we have stepped up our efforts to simultaneously generate economic value, societal value and environmental value by pursuing businesses that generate value for societies as part of the vision set forth in Midterm Corporate Strategy 2018. We have identified key issues for MC’s sustainable growth as milestones to help us realize the simultaneous generation of these three kinds of value in a proactive, integrated manner based on the nature of our business as a sogo shosha.

Overview of the Identification Process

Creating a list of potential themes

Based on external guidelines including the ISO International Standards and the Sustainable Development Goals (SDGs)*1, MC compiled a comprehensive longlist of potential themes that the entire company should take into account in order to achieve long-term, sustainable growth.

Gauging the importance of each theme based on internal and external perspectives

We assigned a weighting to each theme identified in Step 1 based on the potential scale of impact in terms of both opportunities and risks that will influence MC’s sustainable growth. The perspectives of MC’s groups and business groups (horizontal axis) as well as those of our external stakeholders*2 (vertical axis) were gathered. We then compiled a shortlist of themes that we determined to be highly material from both perspectives.

Determining the Key Sustainability Issues

We reexamined the themes identified as most important in Step 2 while incorporating the views of our external stakeholders, including those of our CSR & Environmental Affairs Advisory Committee. Then, after careful consideration by the Board of Directors, the Key Sustainability Issues were finalized.

*1: The Sustainable Development Goals for 2030 set out by the United Nations General Assembly in 2015
*2: Various stakeholders including institutional investors, NGOs and other outside experts
We identified seven key sustainability issues with the goal of simultaneously generating the three kinds of value, which are essential for MC to achieve sustainable growth. Through initiatives that address each of these themes, MC will strive to create businesses that generate value for societies.
# Key Sustainability Issues (Materiality)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitioning to a Low-carbon Society</td>
<td>Climate change is an issue that has the potential to impact every aspect of our business activities. We are working to anticipate and address these impacts, while at the same time actively pursuing businesses that facilitate the transition to a low-carbon society and reduce greenhouse gas (GHG) emissions.</td>
</tr>
<tr>
<td>Procuring and Supplying in a Sustainable Manner</td>
<td>One of MC’s most important roles is to ensure stable, long-term procurement and supply of resources, raw materials and other inputs that support people’s lifestyles in line with the needs of Japan and every other country and region in which we do business. Going forward, we will continue to implement a sustainable approach to procurement and supply operations while taking into account environmental and social factors not only in our own business but also throughout our supply chains.</td>
</tr>
<tr>
<td>Tackling Evolving Regional Issues</td>
<td>As a company with business operations across the globe, it is important for MC to ascertain the issues faced by various countries and regions in an appropriate and timely manner, as well as to contribute to resolving those issues. MC will continue to take appropriate steps to address geopolitical risk while at the same time contribute to the development of the countries and regions in which we do business by proactively providing solutions to relevant issues.</td>
</tr>
<tr>
<td>Addressing the Needs of Society through Business Innovation</td>
<td>MC has consistently provided added value in line with the needs of the times by evolving our business models. We will continue to work to address the needs of society by creating innovative business solutions while keeping a pulse on major industrial shifts brought about by technological advances.</td>
</tr>
<tr>
<td>Conserving the Natural Environment</td>
<td>Recognizing the Earth as our largest stakeholder, MC works to ensure the continuity of its business by preserving biodiversity, reducing the environmental impact of its operations and conserving the natural environment.</td>
</tr>
<tr>
<td>Growing Together with Local Communities</td>
<td>It is important to engage and grow together with a variety of stakeholders in each region where we undertake business activities. In addition to contributing to regional development through our business, we will continue to work to create bonds with local communities through corporate philanthropy initiatives and other means.</td>
</tr>
<tr>
<td>Fostering Our Employees' Maximum Potential</td>
<td>MC’s employees are a diverse group not only in terms of gender and nationality, but also with respect to their lifestyles and values. In order to continue to create corporate value in a sustainable manner amidst rapid globalization and diversification of our business, we will continue efforts to create working environments where the members of our diverse workforce are able to realize both personal and professional growth as they share values in a spirit of mutual learning.</td>
</tr>
<tr>
<td>Initiative example</td>
<td>For more information</td>
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<tr>
<td>-----------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Offshore wind power project in the Netherlands</td>
<td>P.42, 67, 71</td>
</tr>
<tr>
<td>MC constructed and operates an offshore wind farm with Eneco in the Netherlands.</td>
<td></td>
</tr>
<tr>
<td>Since starting operation in 2015, the project’s 43 turbines have supplied clean</td>
<td></td>
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<tr>
<td>electricity to 150,000 households in the country, contributing to the transition</td>
<td></td>
</tr>
<tr>
<td>to a low-carbon society.</td>
<td></td>
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<tr>
<td>This LNG project is being operated exclusively by Asian companies without the</td>
<td>P.43</td>
</tr>
<tr>
<td>involvement of major resource companies. As the largest shareholder in this</td>
<td></td>
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<tr>
<td>project, MC contributes to the stable supply of energy in Japan as well as</td>
<td></td>
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<tr>
<td>throughout East Asia.</td>
<td></td>
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<tr>
<td>The Donggi-Senoro LNG project in Indonesia contributes to a stable supply of</td>
<td></td>
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<tr>
<td>natural gas.</td>
<td></td>
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<tr>
<td>The Thilawa industrial park development project contributes to economic</td>
<td>P.48 to 49, 71</td>
</tr>
<tr>
<td>development in Myanmar.</td>
<td></td>
</tr>
<tr>
<td>MC is helping to create local employment and facilitate the growth of</td>
<td></td>
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<tr>
<td>industrial infrastructure in Myanmar by developing this industrial park in</td>
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<tr>
<td>Thilawa, located on the outskirts of Yangon. The site opened in September</td>
<td></td>
</tr>
<tr>
<td>2015 as the result of the efforts of partners in both Japan and Myanmar, and it</td>
<td></td>
</tr>
<tr>
<td>is making steady progress.</td>
<td></td>
</tr>
<tr>
<td>Collaborating with Tata to pursue IT businesses</td>
<td>P.63</td>
</tr>
<tr>
<td>Leveraging partnerships between companies including Tata Consultancy Services</td>
<td></td>
</tr>
<tr>
<td>(TCS) and our overseas facilities such as our branch office in Silicon Valley,</td>
<td></td>
</tr>
<tr>
<td>MC gathers information about new technologies and business models. We are also</td>
<td></td>
</tr>
<tr>
<td>developing businesses in industrial sectors where the adoption of digital</td>
<td></td>
</tr>
<tr>
<td>technologies is having a major impact.</td>
<td></td>
</tr>
<tr>
<td>The Tropical Forest Regeneration Experimental Project is conducted in 4 countries.</td>
<td>P.03, 36, 44 to 45, 75</td>
</tr>
<tr>
<td>In 1990, MC launched this experimental project in Malaysia with the goal of</td>
<td></td>
</tr>
<tr>
<td>rapidly regenerating degraded rainforests. Today, the trees planted at the</td>
<td></td>
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<td>Brazil, Kenya and Indonesia.</td>
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<td>Supporting technical education at a center for plastic molding and fabrication</td>
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<td>Expanding employment opportunities for young workers is a key issue in Saudi</td>
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<td>Arabia. MC collaborates with several companies representing local industrial</td>
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<td>organizations as well as partners such as the Technical and Vocational Training</td>
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<td>support operations at a center for plastic molding and fabrication training.</td>
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<td>Jason Stevens, the newly appointed President &amp; CEO of Mitsubishi International</td>
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<td>MC seeks to promote the development and empowerment of its human resources on a</td>
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<td>consolidated, global basis. Through stepwise training programs and experience</td>
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<td>through overseas assignments, our employees worldwide are able to develop</td>
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<td>professionally and realize their potential.</td>
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Policies and Systems to Facilitate Sustainable Growth for MC

Basic Policy

Given the rapid progression of issues facing our global environment and society, companies must pursue sustainable growth for their business from a medium- to long-term perspective, and they must also present this vision for sustainable growth to their stakeholders.

With Midterm Corporate Strategy 2018, MC continues its commitment to simultaneously generate three kinds of value—economic, societal and environmental—through its business operations. In addition, based on an assessment of its internal and external operating environment, MC has also identified key sustainability issues to serve as important themes for management.

MC has adopted this Basic Policy for securing sustainable growth by taking on the challenges posed by these key themes and stepping up its pursuit of businesses that generate value for societies.

Organizational Framework

At MC, we have established the CSR & Environmental Affairs Committee, which is attended by the Senior Executive Vice President and Executive Vice President in charge of CSR & Environmental Affairs, to oversee our basic sustainability policies and also make recommendations to the Executive Committee.

In addition, the CSR & Environmental Affairs Advisory Committee, comprised of external experts, provides MC with recommendations regarding the MC Group’s sustainability initiatives.

⇒For more information about the CSR & Environmental Affairs Advisory Committee, please refer to page 54.

Transitioning to a Low-carbon Society

[Addressing Climate Change]

MC recognizes climate change as being highly material to our business. In anticipation of the transition to a low-carbon society, MC is working to take appropriate action to address increases in business costs and in other constraining factors that are linked not only to complying with climate regulations but also meeting the expectations of our stakeholders. We will also continue to develop businesses that generate value for societies such as investments in renewable energy. Notably, in the year ended March 2016, MC’s renewable energy initiatives contributed to the reduction of approximately 1.5 million tons of greenhouse gas (GHG) emissions when comparing to equivalent generation using conventional fuels (electricity from oil-fired power generation).

— MC’s Policy for Reducing GHG Emissions

Starting from the fiscal year ended March 2016, MC adopted a policy which aims to reduce the intensity of our greenhouse gas (GHG) emissions on a consolidated basis by at least 1% per year (with the fiscal year ended March 2013 as the base year) over a three-year period. We also began initiatives with target subsidiaries to reduce emissions accordingly.

Direct CO₂ emissions from fuel consumption and emissions of GHGs from business activities other than CO₂ from energy sources (Scope 1) and indirect CO₂ emissions from electricity consumption, etc. (Scope 2) on a consolidated basis during the fiscal year ended March 2016 totaled approximately 3.63 million tons of CO₂ equivalent (see page 29 for calculation details).

MC is proud to support the Japanese Ministry of the Environment’s Cool Choice campaign.
Environmental and Social Risk Management Systems

When reviewing and making decisions on loan and investment proposals, MC comprehensively considers not only economic factors, but impacts to the environment and society as well.

By having the Corporate Sustainability Department take part in all Investment Advisory Committee meetings for projects being deliberated by the Board of Directors and the Executive Committee, we have put in place a screening process to ensure that the decisions take into account environmental and social impacts (see figure to the right).

MC's Environmental Management System (EMS)

MC develops a wide range of businesses across the globe, and accordingly, we believe it is important to continually assess how each of these businesses impacts the environment. Our President and CEO is responsible for maintaining environmental management systems (EMS) that are compliant with ISO 14001.

⇒ Please refer to page 29 for our EMS performance data.

<table>
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<tr>
<th>External evaluation</th>
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<tr>
<td>MC ranked first in the Nikkei Environmental Management Survey in the non-manufacturing trading company category. This survey conducted by Nikkei Inc. evaluates initiatives by companies to achieve compatibility between environmental measures and business activities.</td>
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(As of October 1, 2016)

Procuring and Supplying in a Sustainable Manner
[Supply Chain Management]

Recognizing the importance of managing environmental and social impacts in our supply chains, we have established the Mitsubishi Corporation Policy for Sustainable Supply Chain Management. In addition to sharing the policy with business partners, we conduct a regular questionnaire to confirm compliance with this policy.

MC employees also conduct supplier site visits. Recently, our employees visited Mabroc, a tea producer in Sri Lanka that is a business partner of MC subsidiary MC Foods Limited, as well as Kelani Valley, which supplies tea leaves as a raw material to Mabroc. During these visits, we deepened our partners’ understanding of MC’s sustainability approach and underlying principles; toured plantations and other sites to assess how the companies are upholding these principles through their operations; and conducted interviews with employees to gauge their level of understanding of our policies. As a result, we were able to confirm that both companies have made environmental and social initiatives a core part of their management.

In addition to continuing to assess the initiatives of our suppliers, MC is working to promote sustainable procurement by doing business with suppliers that have exceptional track records in environmental and social performance.

MC’s Corporate Philanthropy Activities

In keeping with our belief that MC’s sustainable growth cannot be achieved without realizing a sustainable society, we address the key sustainability issues through both our business and philanthropy activities.

We engage in a variety of corporate philanthropy activities in the fields of Global Environment, Public Welfare, Education, International Exchange & Contributions, Culture and Arts, and Earthquake Recovery Efforts. These focus areas closely correlate to two of the key sustainability issues in particular: Growing Together with Local Communities and Conserving the Natural Environment.

Each of our philanthropy activities is conducted with a focus on long-running initiatives in which our employees can take part and which highlight the unique strengths of our company. These contribute to our overall pursuit of businesses that generate value for societies.

Employee Volunteer Activities

MC places great importance on deepening employee awareness of the importance of giving back to society. We therefore have taken steps to encourage employee participation in volunteer activities, for example, by establishing a volunteer leave system and holding in-house volunteer programs during lunch hours.

In addition, we launched a series of relief activities in the immediate aftermath of the Great East Japan Earthquake in 2011, and to date more than 4,000 employees have participated in those activities as volunteers.

■ Volunteer Token System/Volunteer Leave System

MC makes donations to public welfare, educational and environmental NPOs or foundations based on a virtual token system. Employees earn tokens by participating in volunteer activities, with each token worth a corporate donation of ¥500. Tokens are not only awarded for volunteer work organized by MC, but also for activities undertaken independently by employees during their private time outside work.

Employees can take up to five days of leave each year to participate in volunteer activities.

DREAM AS ONE. Joining Together to Make Dreams Come True

MC launched the DREAM AS ONE. Project in the year ended March 2015 in order to enhance a long-running program aimed at making sports more accessible for people with impairments. During the year ended 2016, various sporting events were conducted on 44 occasions, including sports classes for children with impairments and classes for training volunteers to assist at sporting events for disabled athletes. In addition, three of our employees are active in para-sports (as of July 1, 2016).
Support through Charitable Foundations

Mitsubishi Corporation Disaster Relief Foundation

MC created a ¥10 billion reconstruction fund to provide financial support to reconstruction activities during the first four years following the Great East Japan Earthquake, and has undertaken a variety of activities in line with the local needs and conditions in affected areas. In spring 2012, we established the Mitsubishi Corporation Disaster Relief Foundation, which took over the scholarship program and reconstruction support grants from the original fund while also working to support industrial recovery and job creation in the affected areas. During the fiscal year ended March 2016, MC decided to donate an additional ¥3.5 billion to fund activities over the next five years. Going forward, we will continue our original initiatives and pursue new projects such as our Fukushima Winery Project which offers support for the fruit farming industry in Koriyama City, Fukushima Prefecture, through an innovative, vertically integrated business model.

Recipients of industrial revival support

Working with Koriyama City and local farmers, the Mitsubishi Corporation Disaster Relief Foundation launched the Fukushima Winery Project to support the area’s fruit farming industry through an innovative, vertically integrated business model. The project built the Fukushima Ouse Winery, which shipped its first sparkling wine in March 2016.

Mitsubishi Corporation Foundation for the Americas and The Mitsubishi Corporation Fund for Europe and Africa

Through the Mitsubishi Corporation Foundation for the Americas (MCFA) and the Mitsubishi Corporation Fund for Europe and Africa (MCFEA), MC supports a wide range of initiatives focusing on environmental conservation, education and poverty alleviation.

The MCFA has supported the activities of Root Capital, which offers loans and financial education to small and growing agricultural businesses, since 2009. In the fiscal year ended March 2016, the MCFA expanded its support by offering a 10-year subordinated loan to the organization. A flagship partner of the MCFEA is SolarAid, an organization that provides rural communities with access to clean, affordable solar lights with the aim of eradicating the use of kerosene lamps in Africa by 2020. SolarAid has utilized the MCFEA’s support to improve the lives of more than 10 million people while contributing to the fight against global warming.

⇒For details, please see MC’s website (http://www.mitsubishicorp.com/jp/en/csr/contribution/).
MC’s Approach to Human Resources Policy

As its businesses become increasingly global and diverse, the MC Group seeks to promote the development and empowerment of its human resources on a consolidated, global basis. This is based on MC’s basic HR principle “to maximize the potentials of highly talented and motivated employees regardless of gender, age, nationality, etc.” and “to value results and to reward employees fairly and objectively based on their job functions and performance.”

As we work to implement the “managing” model in our businesses, we will not only work to further enhance the development of management professionals but also will continue efforts to create working environments where the members of our diverse workforce are able to realize both personal and professional growth as they share values in a spirit of mutual learning.

Developing Future MC Group Management Professionals

MC is working to foster future management professionals who have a strong sense of ethics, the foresight to anticipate and adapt to change, and the execution skills to overcome challenges.

We emphasize systematic career path planning and on-the-job-training (OJT) experience so that each employee can maximize his or her performance. We also offer a range of training programs to complement OJT. In particular, with a view to developing future management professionals, we offer stepwise management and leadership development programs, not only for employees at the MC Head Office but also for employees of MC’s offices and subsidiaries and MC Group companies worldwide. Programs are led by overseas business school professors and other instructors and are designed to help participants master and refine the latest business skills. In addition, we also focus on sending employees on short-term programs at major business schools overseas.

As we strive to achieve the “managing” model in our businesses going forward, we will take steps to strengthen our human resources development system so that we can better nurture the development of management professionals who can proactively leverage MC’s strengths and functions to drive future business growth.

The MC Group’s Management and Leadership Development Program

| Joint Programs* | Program for Global Leaders (PGL) (General Manager level / Professors from business school abroad) |
| Program for Leadership Development (PLD) (Manager level / Collaboration with business school abroad) |
| Junior Management Program (JMP) (Assistant Manager level / Professors from business school in Japan) |

*Joint programs: Joint training for employees at the MC Head Office, MC’s offices and subsidiaries and MC Group companies

Planned career path that includes MC’s offices and subsidiaries and MC Group companies worldwide

Experience a diverse array of practical on-site training

For specific measures, please see “MC KEIEJUKU (executive development program)” on page 79 and “Joint Programs” on page 83.
Diversity Management
– A Flexible and Powerful Organization Capable of Adapting to Changing Business Environments –

The MC Group’s global workforce comprises professionals of many nationalities, cultures, lifestyles and values. MC recognizes that diversity management is important in building a strong organization with the flexibility to adapt to changing business environments and is the key ingredient for creating sustainable corporate value.

In sharing the spirit of its guiding philosophy, the Three Corporate Principles, the MC Group aims:
• To recruit and apply its broad professional expertise without discrimination.
• To reap the benefits of workforce diversity by embracing and applying different perspectives and ideas to its management practices, business creations and regional developments.
• To improve organizational performance by ensuring an inclusive professional work environment

“For more specific measures, please see “Transfers across Countries” and “Sharing MC Values” on page 87 as well as “Supporting Women’s Careers at MC” on page 91.”

New Work Styles Befitting MC
– Promoting Well-Balanced Work Styles –

We are making determined attempts to pursue “new work styles befitting MC,” which allow us to enhance work productivity and efficiency while delivering high results and performance. The initiative is aimed to ensure each organization and individual to autonomously practice work styles that best suit respective needs.

While taking in to consideration the uniqueness of each organizational and individual initiative due to diversified business environments, we are encouraging employees to utilize their annual paid leave in a planned manner. Our objective for the year ending March 2017 is for every employee to take a minimum of 70% of their paid leave. In addition, we support organizations with an excessive amount of overtime work to develop and implement their own improvement measures.

Our efforts extend to a work environment that enables diverse employees to thrive professionally while fostering an organizational culture in which performance is evaluated fairly on the basis of results.

Consolidated Global Human Resources Framework
– Spreading the MC Group’s DNA –

At MC, we are strengthening our group-wide human resources functions and framework in order to reinforce human resources practices on a consolidated global basis while enhancing support for MC’s offices and subsidiaries and group companies. Not only the Global Human Resources Department of the Head Office but also the human resources departments of MC’s offices and subsidiaries and group companies work closely together to offer a full array of human resources support on a global consolidated basis.

To help focus the group’s diversity and further spread its DNA, we are introducing the Global HR Policy in the year ending March 2017. We hope to strengthen the MC Group’s HR management foundation by standardizing to a certain extent human resources systems such as our basic HR concept, our approach to evaluation and compensation, and our approach to recruitment and training based on our basic HR principle.

– Strengthening Human Resources Structures in Asia –

In response to the notable increases in the number of businesses investments and the number of employees being assigned in Asia, Human Link Asia Pte., Ltd. (HLA), a subsidiary of MC’s wholly-owned Japanese subsidiary Human Link Corporation (HLC), which aggregates MC’s HR support functions, was established in Singapore. Going forward, we will take advantage of our expertise in supporting the businesses in which we invest that we have developed in Japan to support the businesses of our overseas offices and subsidiaries and group companies.

Specific Initiatives
• Reviewing work styles with an emphasis on work-life balance
• Supporting employees with child care, family care and other family responsibilities
• Engaging expertise of employees regardless of nationalities
• Supporting women’s careers
• Engaging expertise of senior employees
• Engaging expertise of employees with impairments
• Building a corporate culture that embraces diversity
Message from Senior Executive Vice President

Deepening Collaboration between Facilities, Portfolio Investments and Regional Stakeholders to Help Improve the MC Group’s Business Value on a Consolidated Basis

MC pursues its businesses in collaboration with its stakeholders, who include customers and business partners worldwide, while utilizing a global network that consists of more than 200 business sites and some 1,200 consolidated subsidiaries and equity-method affiliates in approximately 90 countries.

As part of our regional strategy, we are strengthening activities on a consolidated, global basis with a focus on business sites in different regions, while placing due priority on compliance and ESG factors.

As the global economy becomes more interconnected and international society more complex, it is becoming extremely difficult to accurately assess global trends. In order to achieve our objective of increasing our business value on a consolidated basis, it is imperative that we be able to immediately grasp changes in the business environment and respond to them in an appropriate manner. To achieve this, it is essential that we make effective use of regional intelligence in the form of the information, experience and exceptional personal relationships and networks that our business sites have forged over many years of experience.

My goal is to significantly strengthen our existing businesses and discover new growth opportunities by having business sites and portfolio investments share the values embodied by our Three Corporate Principles as well as their own regional expertise, as they pursue collaborative projects with capable regional partners. At the same time, collaboration with portfolio investments and regional stakeholders will help us generate value for societies by addressing regional issues and offering solutions, which we have identified as one of our Key Sustainability Issues. This refers to accurately assessing the issues being faced by the countries and regions where we do business and facilitating more effective solutions.

Our Vision

Deepening Collaboration between Facilities, Portfolio Investments and Regional Stakeholders to Help Improve the MC Group’s Business Value on a Consolidated Basis
Business Globalization Initiatives

Going forward, we will work to increase our business value on a consolidated basis while utilizing and developing the knowledge, experience, personal relationships and networks accumulated by MC business sites worldwide and collaborating with business investments and capable partners everywhere we do business. In this way, MC will move steadily forward in step with our stakeholders worldwide.

Business Expansion Initiatives  – Collaboration with Partners –

Myanmar   Message from the Chairman of SPA Group

Since 2011, Myanmar has embarked on a journey of political restructuring and democratization. This has led to a major change in course towards market liberalization and as a result, we are seeing a significant acceleration of economic growth.

For the past two decades, SPA Group and MC have been working closely to advance our businesses together and have built a strong foundation based on trust and mutual understanding. We have established medium- and long-term partnerships and created business opportunities in key sectors of the Myanmar economy where we see tremendous growth potential, particularly the automotive, elevator and the tire industries.

Our latest milestone is the agreement to launch the Landmark Project in July 2016 between two SPA Group affiliates – Yoma Strategic Holdings and First Myanmar Investment – together with Mitsubishi Estate Co., Ltd and MC. The Landmark Project is a large-scale, mixed-use redevelopment project in central Yangon, Myanmar’s largest commercial city, which will transform the landscape of downtown Yangon.

We look forward to deepening the relationship between both companies, and together contribute to Myanmar’s nation building.

Turkey   Message from the Chairman & CEO of Çalık Holding

Çalık Holding and MC have a track record of collaboration with a focus on plant construction projects that dates back to the 1990s. Through our collaborations over many years we have built trust, a legacy that a Çalık Holding construction company and MC extended in 2014 when they secured a joint order for a large fertilizer plant project in Turkmenistan.

In 2015, we agreed to build a strategic partnership including mutual human resources exchanges after MC acquired a stake in Çalık Enerji, an energy and infrastructure company in the group.

We look forward to redoubling our commitment to initiatives in the Middle East, Central Asia and Africa through a strategic partnership with MC.

Business Expansion Initiatives  – Collaboration of MC Business Sites and Business Investments –

Offering Support on a Consolidated Basis for Business Investments

MC business sites company-wide have accumulated an extensive range of regional information, knowledge and expertise. By sharing these resources with our business investments, we offer meaningful support to the management of these businesses in the form of new perspectives and outlooks.

MC business sites communicate on a daily basis or as needed with businesses in which the company has invested, offering a range of corporate services and as much management support as possible.

This support extends over many areas of operations, including human resources, accounting, tax, legal and general affairs. Staff members who combine specialized expertise in various fields with local knowledge offer far-reaching support to business investments at every stage, from initial study in advance of the new business’s establishment through to startup and operations.

In addition, through training programs that target business investments in each region, we also work to share the universal values that are essential for any company that is a member of the MC Group in the form of increased awareness of our corporate philosophy and of the importance of compliance. By facilitating an organic fusion of regional group entities, we strive to take advantage of the group’s overall capabilities to increase value on a consolidated basis.
Taking the Initiative in Seeking to Generate Value for Societies through Business: Efforts toward Achieving Sustainable Growth for MC

Through Midterm Corporate Strategy 2018, MC has set forth its intent to simultaneously generate economic, environmental and societal value by proactively pursuing businesses that generate value for societies. We asked some of our Outside Directors and members of the CSR & Environmental Affairs Advisory Committee, who offer their views and advice to the company from a variety of perspectives on a regular basis, to discuss the direction of MC’s initiatives in the areas of the environment, social responsibility and corporate governance.
Simultaneously Generating Three Kinds of Value through Midterm Corporate Strategy 2018

— MC’s new management plan, Midterm Corporate Strategy 2018, sets forth the goal of simultaneously generating economic, environmental and societal value as the Company strives to achieve sustainable growth.

Konno: As the backdrop against which this approach was adopted, MC considers environmental value and societal value to be management objectives rather than simply costs, and this approach epitomizes MC’s corporate philosophy, the Three Corporate Principles. The principle of pursuing value for public society through business activities is one that has been passed down since the Company's founding, and it has spread widely from top management to the newest of employees. As an Outside Director I have seen a variety of business sites, and in doing so, I have experienced how adherence to, and the practice of, these Principles permeates every aspect of the company’s operations.

Nishiyama: In formulating Midterm Corporate Strategy 2018, MC created opportunities to explain and discuss the Strategy’s underlying concepts with its Outside Directors, and reflected their feedback in the final document. With regard to governance mechanisms that contribute to the simultaneous generation of these three kinds of value, MC reviews individual proposals from an ESG perspective, including at the Board of Directors level. Also, in relation to corporate governance, the Governance & Compensation Committee, an advisory body to the Board of Directors, consists of five outside members and three in-house members, giving outside members a majority.

— What aspects of Midterm Corporate Strategy 2018 stand out to you?

Adachi: One noteworthy aspect is the inclusion of the expression “taking the initiative,” which is frequently used when elaborating on the phrase, “seeking to generate value for societies through business.” I take this wording as a sign of MC’s strong desire to evolve beyond the status quo. It seems to me that efforts to communicate this commitment—this initiative—to external stakeholders will lead to a better understanding of MC’s unique characteristics as a company.

Another significant aspect of the strategy is the further evolution from “investing” to “managing.” I believe that in expanding the scope of MC’s business model from trading to investing in businesses, the scale of its operations has changed dramatically. By taking this one step further to shift from investing to managing, MC can continue to expand upon its existing strengths. These include MC’s such management resources as employees and networks. Seeking to utilize these to secure new business opportunities, MC will be generating value that gives rise to an even greater ripple effect on society and the environment.

Konno: I agree that the idea of “taking the initiative” is an extremely important one. To achieve business growth, companies must proactively seek innovative solutions for how to accommodate the needs of the environment and society. I believe that the ingenuity of companies and individuals will do more than governmental regulations or external pressure to achieve progress in the world.
Kuroda: I believe the concept of “sustainably generating added value that meets the expectations of a diverse range of stakeholders” is noteworthy. In forming their own goals and approaches, companies need to make an even greater effort to consider how to incorporate the expectations of their stakeholders. As the scale of MC’s supply chain continues to expand, the company’s stakeholders are growing more diverse, and the magnitude of their impact and influence is increasing. In addition, there will surely be conflicts of interest among different stakeholder groups. As articulated in MC’s vision, I believe that mechanisms for facilitating active dialogue with a diverse range of stakeholders and incorporating their feedback will only become more important in the future.

Adachi: Director Konno spoke about the pursuit of value for public society, and Committee Member Kuroda spoke about the importance of dialogue with stakeholders. The scope of what constitutes “public society” and “stakeholders” is a key issue that demands an even deeper discussion. For example, are only those with a business relationship counted among stakeholders, or should local residents be included in this group as well? When we think about environmental issues, shouldn’t the next generation be included in the considerations as well? I think that these are issues of great concern not only to MC, but also to many corporations.

Kuroda: Particularly because MC pursues a broad range of businesses worldwide, I think that maintaining awareness of stakeholder needs presents a considerable challenge to the company as it works to achieve growth on a global scale.

Highlighting Key Sustainability Issues and Connecting Them to Targets for the Management Cycle

— MC has defined seven Key Sustainability Issues (Materiality).

Adachi: The process of identifying core business risks and opportunities for individual companies and linking corporate sustainability to environmental and social issues serves to highlight key issues. This is the approach taken in identifying MC’s key sustainability issues. If you consider that corporate management consists of the allocation of limited resources, then it is only natural for companies to allocate those resources to more effective fields of operation. I believe that we can expect the identification of key sustainability issues to yield major benefits, and I welcome MC’s efforts to define and focus on these key areas as a significant step forward.

Kuroda: External stakeholders, including ourselves as members of the CSR & Environmental Affairs Advisory Committee, participated in the issue identification process and related discussions. This process included steps to determine precedence and importance based on opportunities for MC’s sustainable growth and the associated risks from not only a corporate standpoint but also from a stakeholder perspective as well. These discussions gave rise to a clear picture of the issues that are important to both MC and its stakeholders, and laid the groundwork for the company to set targets to address these issues in a prioritized manner.
**Key Sustainability Issues for MC (Materiality)**

**Konno:** As a result of discussing these issues at meetings of the Board of Directors, the key issues that MC needs to address and their relative priority became clear. For example, to address the pressing global issue of transitioning to a low-carbon society, it is important to ensure that the company-wide commitment is reflected in the targets and results of each group and business group, and all the way down to individual actions at the employee level. To achieve this, it is necessary to work toward identifying key issues and translating them into targets in the management cycle. The Key Sustainability Issues are an effective mechanism to encourage this process. I also expect that the Board of Directors will be able to use them as a tool for discussing and monitoring key issues for the company as well.

**Nishiyama:** I think the aspect of fostering employees’ maximum potential is noteworthy. Employees are important stakeholders for companies. It is vital to create a win-win relationship with employees by boosting each individual employee’s job satisfaction so that they can grow and generate results. Those results in turn will contribute to the growth and development of both the company and society.

Looking at this from a university perspective, talented students who possess the ability to both think and act go on to work for MC. They are able to make a contribution to big projects from their earliest years of employment, and they grow quickly as a result. I have high expectations that by identifying this topic as a key sustainability issue, MC will be able to foster the potential of its employees even further.

**Consistently Addressing ESG Issues and Creating Business Value That Generates Value for Societies**

— Which issues would you like to see MC address as it strives to achieve sustainable growth?

**Kuroda:** It goes without saying, but there is a gap between the company’s perspective and stakeholders’ perspective. I think the question stakeholders are asking is what MC will do to help resolve global issues such as global warming and scarcity of food and water resources. In that regard, dialogue with stakeholders is important.
Konno: I have heard that overseas institutional investors see Japanese companies as having a strong sense of ethics but low transparency. It seems to me that more than just being transparent, MC needs to dedicate more resources to explaining its operations and engaging in an open dialogue with society. We heard earlier how dialogue with stakeholders is important, and I think that this is an area where we need to focus even greater energy as the company strives to achieve sustainable growth.

Nishiyama: I believe that the entire MC Group will need to dedicate more resources to internal controls and compliance as the regions in which it does business continue to expand, along with the business fields and domains in which the Group is active. People prefer companies that address ESG issues over the long-term, so it is necessary for MC to strengthen both its mechanisms for sustainability and their implementation, and to actively communicate with stakeholders as well.

For example, consider Olam International Limited, the agricultural commodities company in Singapore with which MC entered into a capital alliance and operational partnership last year. Olam has created a sustainability- and traceability-focused value chain that encompasses agricultural production, collection and manufacturing processes, and is actively promoting its approach. It seems to me that MC could even more effectively promote its own stance by working with Olam to achieve sustainable growth.

Adachi: Through today’s conversation, I have gained a new appreciation for how MC’s Board of Directors not only gives a voice to shareholders’ interests but also carefully considers other stakeholders as well. Today, multinational companies are increasingly embracing the idea that the board of directors must address ESG issues. This is based on the belief that ignoring the interests of a company’s diverse stakeholders is tantamount to harming the interests of its own shareholders. I think MC’s Board of Directors can do more to actively promote that it is working to meet the expectations of a diverse range of stakeholders. This would be meaningful both for MC and for Japanese companies in general.
**Kuroda:** An increasing number of western companies are effectively implementing a Plan-Do-Check-Act (PDCA) cycle by identifying environmental, human rights and other risks in their supply chains, including latent risks, and then by assessing them and taking preventive measures. In addition, they often cooperate with nongovernmental organizations (NGOs) and other groups with specialized knowledge and networks. Even though companies may view such organizations as critical of their activities, shared goals present an opportunity for collaboration. In recent years we are starting to see more and more examples of companies and NGOs working together, including collaborations related to the identification and resolution of risks which have already come to the surface. However, these cases are still rare in Japan. I look forward to seeing MC take the initiative to show industry the benefits of engagement with stakeholders as it takes on a leading role in developing a vision for how companies can engage with their stakeholders.

**Konno:** It is impossible to define a point at which ESG initiatives are sufficient. As the scope of companies’ business activities diversifies to the extent of MC’s, I believe those companies must address a variety of needs in ways that will challenge their ability to simultaneously pursue their businesses while also making progress on those issues. I think what is demanded of MC here is to identify and provide solutions through as rational an approach as possible. As Outside Directors, I think that we too must aid in MC’s efforts to create business value that contributes to societies. I trust that the members of the CSR & Environmental Affairs Advisory Committee will also continue to offer advice from their respective areas of specialization.
Our Vision  Part 2

Business Groups

This section introduces the respective business groups’ visions and initiatives.
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Organizational Structure

(As of October 1, 2016)

*Organizational Structure of the head office
**Business Groups Overview**

### Global Environmental & Infrastructure Business Group*5

- **Gross Profit and Income from Equity Method Investment**
  - Gross Profit: ¥36.1 billion
  - Income from Equity Method Investment: ¥29.5 billion
- **Net Income*1, Total Assets and ROA*2**
  - Net Income: ¥32.5 billion
  - Total Assets: ¥1.0 trillion
  - ROA: 3.2%

- **No. of employees**
  - Consolidated: 1,568
  - Parent company: 436
  - Consolidated subsidiaries and equity-method affiliates: 184

### Industrial Finance, Logistics & Development Group

- **Gross Profit and Income from Equity Method Investment**
  - Gross Profit: ¥61.8 billion
  - Income from Equity Method Investment: ¥17.5 billion
- **Net Income*1, Total Assets and ROA*2**
  - Net Income: ¥40.3 billion
  - Total Assets: ¥0.9 trillion
  - ROA: 4.6%

- **No. of employees**
  - Consolidated: 1,620
  - Parent company: 373
  - Consolidated subsidiaries and equity-method affiliates: 223

### Energy Business Group

- **Gross Profit and Income from Equity Method Investment**
  - Gross Profit: ¥139.1 billion
  - Income from Equity Method Investment: ¥278.9 billion
- **Net Income (Loss)*1, Total Assets and ROA*2**
  - Net Income (Loss): ¥360.7 billion
  - Total Assets: ¥3.6 trillion
  - ROA: -8.6%

- **No. of employees**
  - Consolidated: 11,620
  - Parent company: 287
  - Consolidated subsidiaries and equity-method affiliates: 192

### Metals Group

- **Gross Profit and Income from Equity Method Investment**
  - Gross Profit: ¥199.3 billion
  - Income from Equity Method Investment: ¥139.1 billion
- **Net Income (Loss)*1, Total Assets and ROA*2**
  - Net Income (Loss): ¥360.7 billion
  - Total Assets: ¥3.6 trillion
  - ROA: -8.6%

- **No. of employees**
  - Consolidated: 11,620
  - Parent company: 287
  - Consolidated subsidiaries and equity-method affiliates: 192

---

**Year Ended March 2016 Net Income (Loss)*1** ¥-149.4 billion
**Gross Profit** ¥ 198.0 billion
**Income from Equity Method Investment** ¥ 25.1 billion
**Net Income*1** ¥ 62.2 billion
**Total Assets** ¥ 1.7 trillion
**ROA*2** 3.3%
**No. of employees Consolidated*3** 9,716
**No. of employees Parent company*3** 542
**No. of consolidated subsidiaries and equity-method affiliates*4** 151

**Share of Total Assets by Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Share of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery Group</td>
<td>6.8%</td>
</tr>
<tr>
<td>Energy Business Group</td>
<td>5.8%</td>
</tr>
<tr>
<td>Metals Group</td>
<td>13.7%</td>
</tr>
<tr>
<td>Machinery Group</td>
<td>23.9%</td>
</tr>
<tr>
<td>Metals Group</td>
<td>11.6%</td>
</tr>
<tr>
<td>Living Essentials Group</td>
<td>5.8%</td>
</tr>
<tr>
<td>Living Essentials Group</td>
<td>21.2%</td>
</tr>
<tr>
<td>Global Environmental &amp; Infrastructure Business Group</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

**As of March 31, 2016 Total Assets ¥ 14.9 trillion**

---

*1 Net income (loss) refers to "Net income (loss) attributable to owners of the Parent."

*2 ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.

*3 Data as of March 31, 2016. The number of Corporate Staff Section employees not shown on this page was 3,827 on a consolidated basis and 1,663 on a Parent company basis. Accordingly, the total number of employees was 68,247 on a consolidated basis and 5,379 on a Parent company basis.

*4 Data as of March 31, 2016. Figures include companies consolidated by subsidiaries. Not shown on this page are 7 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 45 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,242.

*5 Figures for the Global Environmental & Infrastructure Business represent those of the Global Environmental & Infrastructure Business Group’s infrastructure-related businesses. Figures for this Group’s environment-related businesses are included in Others, Adjustments and Eliminations.
Business Service Group

The Business Service Group undertakes the roles of providing IT functions required for the MC Group’s and our clients’ business as well as making investments and handling other matters for this purpose.

MC was chosen by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc. for inclusion in the Competitive IT Strategy Company Stock Selection as a company that actively utilizes IT to realize business innovation, improve earnings and raise productivity from the standpoint of enhancing medium- to long-term corporate value and strengthening competitiveness.
Our Vision

We will leverage technological innovations including AI and IoT to support business model creation and reform.

The Business Service Group is responsible for providing the IT functions required by the MC Group and our clients’ business as well as making investments and handling other matters for this purpose. IT has become an essential tool for all businesses as a result of changes in the business environment such as the ongoing digitalization of industry and business diversification. In addition, technological innovations in the form of Artificial Intelligence (AI), the Internet of Things (IoT) and other technologies that together comprise what is called the “Fourth Industrial Revolution,” continue to drive global demand for IT.

To meet this demand, we work with business partners in Japan and overseas that have the advanced technologies and expertise required to secure and provide comprehensive, competitive IT services characterized by global capability, including consulting, system development and administration, and outsourcing. At the same time, we assist partners in creating new business models that utilize IT and reforming existing business models. In addition, through the deployment of cloud services we also provide data-based enterprise platforms for corporations, and have entered the new business fields of big data analytics and data analysis consulting.

Furthermore, we gather information about new technology trends and business models through partners such as Tata Consultancy Services Limited, a major IT company in India, and a network of overseas facilities that includes the Silicon Valley branch. We also work closely with MC’s business groups to promote business development in the industrial sectors in which the effects of digitalization are most significant.
Global Environmental & Infrastructure Business Group

The Global Environmental & Infrastructure Business Group conducts infrastructure projects, related trading operations and other activities in power generation, water, transportation and other infrastructure fields that serve as a foundation for industry.

Global Environmental & Infrastructure Business Group

- Global Environmental & Infrastructure Business Group CEO Office
- Global Environmental & Infrastructure Business Group Administration Dept.

- Environmental Business Div.


- Infrastructure Business Div.

Consolidated net income/ROA
(¥ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income (¥ billion)</th>
<th>ROA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>10.9</td>
<td>1.5%</td>
</tr>
<tr>
<td>2015.3</td>
<td>12.4</td>
<td>1.3%</td>
</tr>
<tr>
<td>2016.3</td>
<td>29.2</td>
<td>2.9%</td>
</tr>
<tr>
<td>Forecast</td>
<td>20.5</td>
<td></td>
</tr>
</tbody>
</table>

*Above figures include environment-related business.
The Global Environmental & Infrastructure Business Group is working to help build a sustainable society and enhance the company’s corporate value through businesses in public, high-growth sectors with a focus on infrastructure transactions. Our core businesses are power generation, water, transportation and other infrastructure fields that serve as a foundation for industry along with related trading operations. More specifically, we are involved in renewable energy businesses that contribute to the prevention of global warming and energy safety and security; next-generation energy businesses development such as hydrogen; and businesses centered on lithium-ion batteries, which will be essential in promoting the widespread use of electric vehicles and in electricity storage.

Having identified power generation and infrastructure related to water, transportation, resources and energy as key sectors, we are striving to establish a stable earnings base over the long term and to increase corporate value in all countries and regions where we operate. In the power sector, in addition to working to achieve growth by expanding the scale of our business assets, we will strive to facilitate sustained growth by developing new businesses and business models that mesh with current trends toward deregulation and privatization. In addition, we will remain cognizant of the importance of coexistence with the global environment as we work to build an environment-friendly business portfolio.

In the infrastructure sector, we will strive to establish a stable earnings base over the long term by boosting the profitability of our production companies, accumulating high-quality assets and entering emerging markets.

Our Vision

Positioning power and infrastructure as priority sectors, we will strive to establish a stable earnings base over the long term while enhancing corporate value.
Main Business Investments and Projects

### Transportation

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar</td>
<td>Mandalay International Airport</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>Cairo Metro, Doha Metro, Dubai Metro</td>
</tr>
<tr>
<td>Mongolia</td>
<td>New Ulaanbaatar International Airport</td>
</tr>
</tbody>
</table>

### Water

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>Metito Holdings Limited (Water Business)</td>
</tr>
<tr>
<td>U.K.</td>
<td>South Staffordshire Water Corporation, Japan Water Corporation</td>
</tr>
<tr>
<td>Japan</td>
<td>Swing Corporation</td>
</tr>
<tr>
<td>Australia</td>
<td>TRELCY, Corporation</td>
</tr>
</tbody>
</table>

### Industry

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Chiyoda Corporation, Hot strip mill for state-operated steel plant</td>
</tr>
<tr>
<td>India</td>
<td>Turkmenistan fertilizer plant, Uzbekistan fertilizer plant</td>
</tr>
<tr>
<td>Central Asia</td>
<td>Lithuania Energy Japan (Lithium-ion battery business)</td>
</tr>
<tr>
<td>Brazil</td>
<td>FPSO for Petrobras</td>
</tr>
</tbody>
</table>

### Electricity

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Diamond Generating Europe Limited (DGE) (European power generation business)</td>
</tr>
<tr>
<td>Germany</td>
<td>Lithium Energy and Power GmbH &amp; Co. KG (Lithium-ion battery business)</td>
</tr>
<tr>
<td>Brazil</td>
<td>Petrobras FPSO</td>
</tr>
<tr>
<td>Montana</td>
<td>Turkmenistan fertilizer plant, Uzbekistan fertilizer plant</td>
</tr>
</tbody>
</table>

### Environment

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mongolia</td>
<td>New Ulaanbaatar International Airport</td>
</tr>
</tbody>
</table>

### DGC, MC’s regional hub in Los Angeles, operates a thermal power generation plant with 2,000 MW capacity in California, USA.

### Metito Holdings Limited (Water Business)

A Dubai-based global provider for total intelligent water management solutions covering the full spectrum (EPC, O&M and asset management) of water industry.

### Offshore Power Transmission Business in Europe

DTC, MC’s hub of transmission business in London, is currently building and operating one of the world’s largest power transmission systems for offshore wind power generation with a gross transmission length of 900 km in the North Sea including German coastal waters.

### Lithium Energy Japan (LEJ) (Lithium-ion battery business)

Develops, manufactures and sells large-capacity, high-performance lithium-ion batteries. It was the first company in the world to achieve mass production of large-capacity lithium-ion batteries.
MC and New Energy Businesses

In addition to the sale of power generating equipment, MC is involved in power plant operation and the generation business, in which we sell electricity. We entered this market in the United States, which was the first nation to privatize its power industry, in the 1980s, and subsequently introduced the business to other countries and regions, including Mexico and Southeast Asia. We own environmentally friendly gas turbine power plants as well as wind farms and solar power installations, enabling us to meet society’s demand for power. In Europe, we also operate a power transmission business that supplies electricity from an offshore wind farm to customers on land via an undersea cable.

Luchterduinen Offshore Wind Farm
(the Netherlands)
Supplying clean power in Europe

In 2013, we teamed up with Eneco, a public-sector energy company in the Netherlands, to jointly construct and operate the Luchterduinen Offshore Wind Farm. The installation, which began operation in 2015, consists of 43 turbines that supply clean power to 150,000 households in the Netherlands.

Wayang Windu Geothermal Power Plant
(Indonesia)
One of the world’s largest geothermal power plants

In 2012, we invested in Star Energy Geothermal Pte Ltd. and took on a role in operating the Wayang Windu Geothermal Power Plant. With a generating capacity of up to 420,000 kW, the facility is one of the world’s largest geothermal power plants. MC will continue to supply clean power to Indonesia, where demand for power generation is expected to grow, with an eye on expanding the facility in the future.
Industrial Finance, Logistics & Development Group

The Industrial Finance, Logistics & Development Group operates an investment and asset management business in fields including real estate, leasing, corporate investment and logistics.

Consolidated net income/ROA

<table>
<thead>
<tr>
<th>Year</th>
<th>Consolidated net income/ROA (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>29.7 (2.9%)</td>
</tr>
<tr>
<td>2015.3</td>
<td>40.1 (4.2%)</td>
</tr>
<tr>
<td>2016.3</td>
<td>40.3 (4.6%)</td>
</tr>
<tr>
<td>Forecast</td>
<td>33.0</td>
</tr>
</tbody>
</table>

Industrial Finance, Logistics & Development Group

- Industrial Finance, Logistics & Development Group CEO Office
- Industrial Finance, Logistics & Development Group Administration Dept.
- Asset Finance & Investment Div.
  - Finance Business Development Dept., Merchant Banking Dept.,
  - Infrastructure Finance Dept., General Leasing Dept.,
  - Auto Leasing Dept., Aviation Business Dept.
- Real Estate Business Div.
  - Real Estate Asset Management Dept.,
  - Domestic Real Estate Development Dept.,
  - North America Real Estate Development Dept.,
  - China Real Estate Development Dept.,
  - ASEAN Real Estate Development Dept.
- Logistics Business Div.
  - Logistics Business Dept., Dry Bulk Business Dept.,
  - Logistics Business Development Dept.
The group leverages our financial expertise to enhance business models in the four fields of real estate, leasing, corporate investment and logistics, in which we bring to bear our competitive advantages.

The group has identified achieving sustained growth in the four fields of real estate, leasing, corporate investment and logistics as a top priority. In each of its businesses, it leverages the financial expertise of raising and managing funds from third parties to develop operations globally.

In the real estate field, we pursue development business while working to diversify risks in the four regions of Japan, North America, China and ASEAN. We also operate a real estate management business through the expansion of listed REITs and a private placement fund business.

In the leasing field, we are striving to expand our businesses, including aircraft leasing, an industry where global demand is expected to grow, and auto leasing, a field where we can take advantage of MC’s strengths.

In the corporate investment business, we are working to enhance the corporate value of investments with a focus on the Japanese and Asian markets while taking advantage of the broad-based contact network and wide range of business knowledge that we have cultivated as a sogo shosha.

In the logistics field, we are focused on refining our logistics functions, which we have developed over many years of experience as only a trading company could, and capturing new demand as we deal in an appropriate manner with reforms in industry that are being driven by technological progress.

Going forward, the group will work to further raise earnings while flexibly accommodating structural changes and financial market trends in Japan and beyond.
Developing Industrial Finance Business

Marunouchi Capital Inc. operates buyout funds targeting medium- and large-scale companies in Japan.

Mitsubishi Corporation LT, Inc. is a total logistics company with domestic and global networks.

MC Aviation Partners, Inc. is a leading company in the aircraft leasing business in Japan.

Diamond Realty Investments, Inc. is a U.S. real estate investment company, which possesses an extensive development track record.

Mitsubishi Corp. - UBS Realty Group is Japan’s largest REIT asset management company, which operates listed real estate investment trusts in Japan (J-REIT).

Asset Finance & Investment Div.
- Real Estate Business Div.
- Logistics Business Div.
Pursuing Large-scale, Mixed-use Development in an Environmentally Friendly Manner

MC has undertaken a large-scale, mixed-use development known as the Funabashi Morino City Project in Funabashi City, Chiba Prefecture, as part of the “Smart & Share Town Concept,” an initiative that focuses on introducing advanced environmental technologies and community-building mechanisms. Working with partner Nomura Real Estate Development Co., Ltd., we proposed a livable approach to urban planning that is environmentally friendly and appealing to residents.

Funabashi Morino City covers a total area of about 176,000 m², making it one of the largest such projects in the Tokyo metropolitan area. The development includes about 1,500 condominiums as well as a hospital, large park, shopping mall, supermarket and daycare facilities. Since the completion and delivery of the project’s condominium area in March 2012, residents and businesses have embarked on a variety of partnerships and environmental initiatives such as holding a Candle Night event* to raise environmental awareness and holding classes on setting up green curtains in residential areas.

To implement Funabashi Morino City’s environmentally friendly concept, we have developed the community as an “Electric Vehicle (EV) Mobility Town” incorporating EV and other infrastructure and introduced various environmental business elements from inside the company, including a secure power supply system for use in the event of an emergency or disaster that combines lithium-ion batteries and solar power generation. We have also introduced mechanisms that are geared to encourage residents’ awareness of the need to save energy such as by visualizing individual household energy use and disseminating energy-saving rankings. The project has been effective in saving energy, and we believe that it can serve as a blueprint for a low-carbon city.

* An event held on the summer solstice to reduce power consumption by turning down electric lighting in Funabashi Morino City and using candles instead
The Energy Business Group conducts a number of activities including oil and gas exploration, development and production (E&P) business, investment in natural gas liquefaction projects, trading of crude oil, petroleum products, carbon materials and products, liquefied natural gas (LNG) and liquefied petroleum gas (LPG), and planning and development of new energy businesses.
Our Vision

Contributing to a sustained, stable supply of energy by strengthening the natural gas business supply chain and oil and gas sales capabilities through the three principles of “Protective,” “Progressive” and “Proactive”

The Energy Business Group is pursuing a variety of products and businesses that meet the needs of our society and times, including crude oil, natural gas, liquefied natural gas (LNG), petroleum products, carbon materials and liquefied petroleum gas (LPG), to provide a stable supply of the energy resources that are essential in our daily lives.

After recent low oil prices we are starting to see signs of the oil price environment bottoming out. While supply and demand forecasts suggest that oil prices will recover gradually, it cannot be ignored that there remain several key uncertainties that complicate the future outlook. These include geopolitical risk, a lack of transparency in demand trends in emerging nations and emergent technological innovation. With these in mind, our group continues to strengthen its profit base by optimizing our business and asset portfolio so that we can deliver consistent profits even in this period of high uncertainty and a potentially low oil price environment. To achieve this goal, we will maintain the fundamental position for the group based on the three principles of “protective,” “progressive” and “proactive.” “Protective” means our continuous efforts to make our business more competitive through cost efficiencies, while “progressive” stands for further enhancing our ability to respond to environmental changes by adapting new business models that are resistant to price fluctuations, and boosting our global marketing and trading capabilities. Finally, “proactive” represents our preparations for acquiring new business opportunities so that we can optimize our existing asset portfolio to increase competitiveness.

It is critical that we value the relationships of trust we have developed through our business over many years with oil- and gas-producing countries and customers. We will continue to contribute to the sustainable and stable energy supply to society by steadily expanding the value chain in our natural gas business on a global basis such as in North America, Southeast Asia and Australia, where we have a track record of success.
## Global Energy Resource-related Businesses

### Involvement in LNG Projects

#### Existing Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Beginning of Production</th>
<th>Annual Production Capacity (Million Ton)</th>
<th>Buyer</th>
<th>Seller</th>
<th>Shareholding</th>
<th>MC’s Participation</th>
<th>Business Contribution*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>1972</td>
<td>7.2</td>
<td>JERA, Tokyo Gas, Osaka Gas, Korea Gas, etc.</td>
<td>Brunei LNG</td>
<td>Brunei Gov. (50%), Shell (25%), MC (25%)</td>
<td>1970</td>
<td>B C D</td>
</tr>
<tr>
<td>Malaysia I (Gatu)</td>
<td>1983</td>
<td>8.4</td>
<td>JERA, Tokyo Gas, Sabtu Gas</td>
<td>Malaysia LNG</td>
<td>Petronas (80%), Sarawak Gov. (5%), MC (5%)</td>
<td>1978</td>
<td>B C</td>
</tr>
<tr>
<td>Malaysia II (Dua)</td>
<td>1995</td>
<td>9.6</td>
<td>Tohoku Elect, Tokyo Gas, Shizoka Gas, Sendai City Gas Authority, JX Nippon Oil &amp; Energy Corp., Kansai Gas, CPC</td>
<td>Malaysia LNG Dua</td>
<td>Petronas (80%), Sarawak Gov. (10%), MC (10%)</td>
<td>1992</td>
<td>A B C</td>
</tr>
<tr>
<td>Malaysia III (Tiga)</td>
<td>2003</td>
<td>7.7</td>
<td>Tohoku Elect, Tokyo Gas, Osaka Gas, Toho Gas, JAPEX, Korea Gas, Shanghai LNG</td>
<td>Malaysia LNG Tiga</td>
<td>Petronas (60%), Sarawak Gov. (10%), Shell (15%), JX Nippon Oil &amp; Energy Corp. (10%), MC (4%), JAPEX (1%)</td>
<td>2000</td>
<td>A B C</td>
</tr>
<tr>
<td>North West Shelf (Existing/Expansion)</td>
<td>1989</td>
<td>16.3</td>
<td>Tohoku Elect, JERA, Tokyo Gas, Shizoka Gas, Toho Gas, Kawasaki Elec., Osaka Gas, Chugoku Elec., Kyushu Elec., Guangdong Dapeng LNG</td>
<td>NWS JV</td>
<td>Shell, BP, BHP Billiton, Chevron, Woodside, MMJ (MC=Mitsui &amp; Co.=50:50); 1/6 respectively</td>
<td>1985</td>
<td>A B C D</td>
</tr>
<tr>
<td>Oman</td>
<td>2000</td>
<td>7.1</td>
<td>Osaka Gas, Kansai Gas, Jochi Corp.</td>
<td>Oman LNG</td>
<td>Oman Gov. (51%), Shell (30%), Total (53.4%), MC (2.77%), etc.</td>
<td>1993</td>
<td>B C</td>
</tr>
<tr>
<td>Qalhat</td>
<td>2005</td>
<td>3.3</td>
<td>Osaka Gas, MC, Union Fenosa Gas (Spain)</td>
<td>Qalhat LNG</td>
<td>Oman Gov. (47%), Oman LNG (37%), Union Fenosa Gas (7%), Osaka Gas (3%), MC (3%), etc.</td>
<td>2006</td>
<td>B C D</td>
</tr>
<tr>
<td>Russia Sakhalin II</td>
<td>2008</td>
<td>9.6</td>
<td>JERA, Tokyo Gas, Kyushu Elec., Toho Gas, Hiroshima Gas, Tohoku Elect., Sabtu Gas, Osaka Gas, Kansai Gas, Shell, Gazprom</td>
<td>Sakhalin Energy</td>
<td>Gazprom (50%+1 share), Shell (27.5%-1 share), Mitsui &amp; Co. (12.5%), MC (10%)</td>
<td>1994</td>
<td>PSA conclusion</td>
</tr>
<tr>
<td>Indonesia Tangguh</td>
<td>2009</td>
<td>7.6</td>
<td>Tohoku Elect, Kansai Elec., SK E&amp;S, POSCO, Fujian LNG, Sempra Energy, etc.</td>
<td>Tangguh JV</td>
<td>BP (37.2%), MI Beruov (MC/WR=56:44) (16.3%), CKD (3.9%), Nippon Oil Exploration Beru (32.2%), etc.</td>
<td>2001</td>
<td>A B C</td>
</tr>
<tr>
<td>Indonesia Donggi-Senoro</td>
<td>2015</td>
<td>2.0</td>
<td>JERA, Korea Gas, Kyushu Elec., etc.</td>
<td>PT. Donggi-Senoro LNG</td>
<td>Suiwu LNG Development Limited (MC/Korea Gas=75:25) (59.9%), PT Pertamina Hulu Energi (39%), PT Medco Eneage Indonesia (11.1%)</td>
<td>2007</td>
<td>A B C</td>
</tr>
</tbody>
</table>

#### Total

<table>
<thead>
<tr>
<th>Project</th>
<th>Beginning of Production</th>
<th>Annual Production Capacity (Million Ton)</th>
<th>Buyer</th>
<th>Seller</th>
<th>Shareholding</th>
<th>MC’s Participation</th>
<th>Business Contribution*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheatstone</td>
<td>Mid 2017</td>
<td>8.9</td>
<td>JERA, Tohoku Elect., Kyushu Elec., etc. (incl. Equity Lifting)</td>
<td>Wheatstone Sellers (Equity Lifting)</td>
<td>Chevron (64.13%), KUPEC (13.4%), Woodside (13%), Kyushu Elec. (1.46%), PEW (6%, of which MC holds 39.7%)</td>
<td>2012</td>
<td>A B D</td>
</tr>
<tr>
<td>Cameron</td>
<td>2018</td>
<td>12.0</td>
<td>MC, Mitsui &amp; Co., ENGIE (Toller)</td>
<td>Cameron LNG</td>
<td>Sempra Energy (50.2%), Japan LNG Investment (16.6%, of which MC holds 70%), Mitsui &amp; Co. (16.6%), ENGIE (16.6%)</td>
<td>2013</td>
<td>B C D</td>
</tr>
</tbody>
</table>

* Business Contribution: A: Investment in exploration & development (upstream), B: Investment in liquefaction plant, C: Marketing and/or import agent, D: Shipping

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**Involvement in LNG Projects**

#### Projects Under Construction

<table>
<thead>
<tr>
<th>Project</th>
<th>Beginning of Production</th>
<th>Annual Production Capacity (Million Ton)</th>
<th>Buyer</th>
<th>Seller</th>
<th>Shareholding</th>
<th>MC’s Participation</th>
<th>Business Contribution*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheatstone</td>
<td>Mid 2017</td>
<td>8.9</td>
<td>JERA, Tohoku Elect., Kyushu Elec., etc. (incl. Equity Lifting)</td>
<td>Wheatstone Sellers (Equity Lifting)</td>
<td>Chevron (64.13%), KUPEC (13.4%), Woodside (13%), Kyushu Elec. (1.46%), PEW (6%, of which MC holds 39.7%)</td>
<td>2012</td>
<td>A B D</td>
</tr>
<tr>
<td>Cameron</td>
<td>2018</td>
<td>12.0</td>
<td>MC, Mitsui &amp; Co., ENGIE (Toller)</td>
<td>Cameron LNG</td>
<td>Sempra Energy (50.2%), Japan LNG Investment (16.6%, of which MC holds 70%), Mitsui &amp; Co. (16.6%), ENGIE (16.6%)</td>
<td>2013</td>
<td>B C D</td>
</tr>
</tbody>
</table>
MC’s Environmental and Social Initiatives

Contribute to the Local Community by Enabling Self-independence for Local Residents

PT Donggi-Senoro LNG devises ways to support the self-sustainability of local residents and enable ongoing contribution to the local community. After researching and analyzing the agricultural and fishing activities conducted since long ago by local residents, we introduced new methods to cultivate such items as melon, cacao, capsicum and shallots as well as more efficient fishing techniques. Aside from these activities, our support programs for the local community cover a wide range of areas, including micro-financing for local female residents, initiatives to protect rare species and support for local infrastructure development.

Prevention of Pollution and Accidents

MC conducts a number of businesses that involve manufacturing sites and plants.

Maintaining safe operations without accidents is of course essential for avoiding negative impacts on employees, customers, local communities and the global environment. MC also recognizes that prevention of pollution and accidents is a key factor in maintaining our social license to operate. Our approach towards this issue includes ensuring a swift response in the event of an accident, as well as constant review and improvement of our safety awareness and management systems.

CASE STUDY

MC has developed Oil Spill Risk Guidelines for projects related to oil and gas developments and tankers. Regardless of operator status, MC regularly confirms the oil spill prevention measures and safety management systems of projects in these areas.

Mitsubishi Corporation Exploration Co., Ltd. (MCX), an investment of the Energy Business Group, regards HSE (Health, Safety, Environment) as a top priority for oil and gas exploration projects. MCX believes that proper management of HSE risks is crucial in order to contribute to sustainable societal development, and accordingly, promotes a variety of initiatives in line with its HSE Policy. Based on this policy, MCX formed an HSE Office under the direct administration of the CEO and has also established an HSE Management Committee comprised of relevant board members under the CEO. MCX will continue to revise and improve its HSE Management System (HSEMS) and to promote HSE activities company-wide with the aim of preventing pollution and accidents, reducing environmental impact and mitigating risks related to labor safety and sanitation.
Metals Group

The Metals Group handles steel products such as sheets and plates, ferrous raw materials such as coking coal and iron ore, non-ferrous metals and products such as copper and aluminium, engaging in trading, business development and investment.
Our Vision

Striving to enhance competitiveness of our upstream assets centered around coking coal and copper, while bolstering our trading business’ stable profit base

After a notably long period of stagnant commodity prices, we are finally beginning to see signs of a recovery. We expect a solid recovery in prices in the medium to long term, as urbanization and population growth in developing countries will lead to a tightening in the supply-demand balance of mineral resources.

In the mineral resources investment business, we boast a portfolio of top quality assets that were carefully selected based on our investment criteria. We maintain a competitive portfolio by working relentlessly to reduce costs, while also divesting from assets that have become uncompetitive as a result of changes in the business environment. We consider coking coal and copper to be our core, as the fundamentals of these commodities remain strong, and the world-class assets we possess are highly competitive.

In our steel products and mineral resources trading businesses, which serve as a source of stable profits within our group’s overall portfolio, we are working to maximize profits by effectively capturing emerging market demand.

At Metal One Corporation, our steel products subsidiary, we are driving structural reforms and leading industry-wide reorganizations domestically, while strengthening our growing steel processing and distribution businesses overseas. We will continue to focus on the strategic business fields (automobile, energy, infrastructure) and regions (Japan, NAFTA, China, Thailand, Indonesia) when developing new businesses and making investments.

In mineral resources trading, three years have passed since the formation of our global trading hub RIM, headquartered in Singapore, and the business is continuing its steady growth. We plan to cultivate the business into a main pillar of our group’s profit in the mid to long-term, by leveraging supply from our upstream investments and further strengthening relationships with our valued customers.
Coking Coal Business (Australia)  
**BMA**  
One of The World's Largest Suppliers of Coking Coal

Copper Business (Chile)  
**Escondida Mine / AAS**  
World's Leading Copper Business

---

### Main Mineral Resources-Related Projects

<table>
<thead>
<tr>
<th>Products</th>
<th>Project</th>
<th>Country</th>
<th>Annual Production Capacity</th>
<th>Main Partners</th>
<th>MC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coking Coal</td>
<td>BMA</td>
<td>Australia</td>
<td>Coking Coal, etc. 66mt</td>
<td>BHP Billiton</td>
<td>50.00%</td>
</tr>
<tr>
<td>Copper</td>
<td>Escondida</td>
<td>Chile</td>
<td>Copper 1,200kt</td>
<td>BHP Billiton, Rio Tinto</td>
<td>8.25%</td>
</tr>
<tr>
<td></td>
<td>Los Pelambres</td>
<td>Chile</td>
<td>Copper 410kt</td>
<td>Luski Group (AMSA)</td>
<td>5.00%</td>
</tr>
<tr>
<td></td>
<td>Anglo American Sur</td>
<td>Chile</td>
<td>Copper 500kt</td>
<td>Anglo American</td>
<td>20.4%</td>
</tr>
<tr>
<td></td>
<td>Antamina</td>
<td>Peru</td>
<td>Copper 450kt, Zinc 400kt</td>
<td>BHP Billiton, Glencore, Teck</td>
<td>10.00%</td>
</tr>
<tr>
<td></td>
<td>Quellaveco Feasibility study in progress</td>
<td>Peru</td>
<td>Annual Production: Copper 220kt (Plan)</td>
<td>Anglo American</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>Gresik (Smelting)</td>
<td>Indonesia</td>
<td>Copper 300kt</td>
<td>PT Freeport Indonesia, Mitsubishi Materials, JX Nippon Mining &amp; Metals</td>
<td>9.50%</td>
</tr>
</tbody>
</table>

---

[Diagram of Global Metals Group Businesses]
MC KEIEIJUKU (Executive Development Program)

Currently, MC has more than 1,200 consolidated subsidiaries and equity method affiliates in Japan and overseas, with roughly 1,800 employees on temporary assignments to consolidated subsidiaries. Many of these employees are sent to management positions of their respective businesses. As leaders develop their management skills through on the job assignments, an executive development program known as MC KEIEIJUKU serves as an effective way to support their development. The program, which was launched for department manager-level employees at the MC Head Office in 2003, entered its 13th year in 2015. It is mainly structured by a session where participants discuss issues about corporate management, separate into groups to refine solutions and present their ideas to corporate executives. By bringing together employees from a range of business groups to participate in discussions, the program gives them an opportunity to develop higher business perspectives and acts as a source of inspiration and motivation.

Yoshitaka Ogawa
Director & President
MC Metal Service Asia (Thailand) Co., Ltd.

“Sorting and Setting in Order” as the Basis of Management

MC Metal Service Asia (Thailand) Co., Ltd. oversees the entire value chain of steel products used in automobile production. We handle everything from purchasing materials from steel mills around the world, processing, logistics and sales. We boast the largest-scale operations in the industry in terms of the volume and are proud to be playing one of essential roles in Thailand’s automotive industry. What I learnt from attending MC KEIEIJUKU is the fact that management requires variation. Management has to determine the company’s future path, make clear decisions about what is and is not necessary in order to advance in the chosen direction and then undertake those actions quickly. I believe it is the same as the 5S philosophy on which plant operations are based (Seiri (Sort), Seiton (Set in Order), Seisou (Shine), Seiketsu (Standardize), Shitsuke (Sustain)). We must sort out what is unnecessary, set in order what is needed and prioritize implementation. At all times I cultivate the awareness that this process of sorting and setting in order is the same as the process of selection and concentration that goes on in every aspect of management, from the smallest tasks to the most important issues.
The Machinery Group is involved in sales, finance, logistics and investment in a wide range of fields which include machine tools, agricultural machinery, construction machinery, mining equipment, elevators and escalators, ships, aerospace-related equipment and motor vehicles.
Kazushi Okawa  
Executive Vice President, Group CEO,  
Machinery Group  


Our Vision

We will focus on sectors and regions expected to grow in the future by leveraging our extensive networks and expertise in a variety of fields.

The Machinery Group is focusing on sectors and regions expected to grow in the future by providing stakeholders with high added value through company functions and leveraging contacts with an extensive variety of industries, customers, manufacturers and partners, the networks we’ve built and our expertise in various fields.

Although growth in the motor vehicle related business has temporarily slowed across emerging markets, we will continue to strengthen initiatives with a focus on Asia and other markets that are expected to grow over the medium and long term. In our operations in other countries, we will build a strong business foundation capable of growing not only new vehicle sales, but also the full array of peripheral services as we strive to grow together with manufacturers and partners.

In our industrial machinery related business, we will strive to realize additional growth by developing our business in ASEAN countries and other emerging markets in industrial sectors including elevators, agricultural machinery, machine tools, machinery rentals and construction machinery, while simultaneously continuing to strengthen strong domestic businesses such as our rental business.

In our shipping business, the challenging business environment is expected to continue in the immediate future due to deterioration in the balance of shipping supply and demand. In our commercial vessel business, priorities include optimizing fleet sizes and acquiring long-term charters. At the same time, we will work to build a portfolio that can withstand market downturns by securing stable earnings from LNG ship owning and operation as well as our offshore business. In our defense and aerospace business, we will explore the potential of new business opportunities involving the use of defense and aerospace technologies derived from traditional businesses.
Global Machinery Group Businesses

Mitsubishi Corporation

Region-focused Value Chain (Automobile Business in Indonesia)

<table>
<thead>
<tr>
<th>Parts manufacturing</th>
<th>Vehicle production</th>
<th>Wholesale distribution</th>
<th>Retail sale</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine and parts-manufacturing plant</td>
<td>Production and assembly plan for Mitsubishi vehicles</td>
<td>Distribution company for Mitsubishi vehicles</td>
<td>Automobile finance company</td>
<td>Dealers</td>
</tr>
<tr>
<td>MKM</td>
<td>KRM</td>
<td>KTB</td>
<td>DSF</td>
<td>Users</td>
</tr>
<tr>
<td>Mitsubishi Motors’ passenger car production plant (currently under construction)</td>
<td>MMKI</td>
<td>KTB</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Information system services company BSI

Information system services offered to each company involved in the value chain

Region-focused Value Chain (Automobile Business in Indonesia)
**Joint Programs**

MC offers stepwise management and leadership development programs for not only employees at the MC Head Office but also about 70,000 MC Group employees worldwide. About 70 management-level employees from the MC Group participated in the Program for Global Leaders (PGL), which was held in August 2015. The 10-day retreat-style training program led by overseas business school professors and other instructors is designed to help participants lay the groundwork for mastering the skills necessary as leaders in their local organizations. Many employees have taken what they learned with them into the field, where they are putting it to use in the daily management and business operations of their own organizations.

![Program for Global Leaders](image)

**Program for Global Leaders**

Retreat-style training offered by overseas business school professors and other instructors over a total of 10 days at Foliage, MC’s training facility, to help participants master the management skills necessary to lead their own organizations.

**Number of Participants in Joint Programs**

<table>
<thead>
<tr>
<th>FY</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of participants (left axis)</td>
<td>221</td>
<td>249</td>
<td>255</td>
<td>259</td>
</tr>
<tr>
<td>Percentage of participants from MC’s offices and subsidiaries and MC Group companies (right axis)</td>
<td>26.2%</td>
<td>29.7%</td>
<td>31.0%</td>
<td>33.4%</td>
</tr>
</tbody>
</table>

**Leadership development programs (for professionals)**

**Program for Leadership Development**

Retreat-style training offered over a total of five days in collaboration with an overseas business school to help participants acquire business skills as managers.

**Human resources at the MC Group**

**Securing the Foundation**

MC Machinery Systems, Inc. is a distributor of industrial machinery in the North American market with our core products being Mitsubishi Electric’s EDM and Laser Cutting machines. As National Service/Support Manager, my team consisting of over 100 staff supports over 10,000 EDMs in the marketplace with the industry’s highest service quality.

Through MC’s joint program, I have learned MC’s deep history and foundation of the core values that continue to be integrated into today’s business, and the Three Corporate Principles, “Shoki Hoko,” “Shoji Komei” and “Ritsuugyo Boeki,” flow seamlessly through our company. The program has allowed me to grow and become a more active member in these core values.

Our growth as a company will rely on securing the foundation of MC’s core principles.
The Chemicals Group has been expanding its business in a broad range of chemicals fields around the world. These fields extend from raw materials used in industrial products such as ethylene, methanol and salt produced from crude oil, natural gas, minerals, plants, marine resources and so forth to plastics, electronic materials, food ingredients, fertilizer and fine chemicals.

### Consolidated net income/ROA

<table>
<thead>
<tr>
<th>Year</th>
<th>Consolidated net income/ROA (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>21.7 (2.2%)</td>
</tr>
<tr>
<td>2015.3</td>
<td>31.4 (3.2%)</td>
</tr>
<tr>
<td>2016.3</td>
<td>30.5 (3.3%)</td>
</tr>
<tr>
<td>2017.3 (Forecast)</td>
<td>25.0 (3.3%)</td>
</tr>
</tbody>
</table>

**Chemicals Group**

- Chemicals Group CEO Office
- Chemicals Group Administration Dept.
- Phoenix Dept.
- Saudi Petrochemical Project Dept.
- **Commodity Chemicals Div. A**
  - Basic Petrochemicals Dept.
  - Aromatic Chemicals Dept., Chlor-Alkali Dept.
- **Commodity Chemicals Div. B**
  - Methanol Dept., Ammonia Dept., Fertilizer Dept.
  - Inorganic Chemicals Dept.
- **Functional Chemicals Div.**
- **Life Sciences Div.**
Takeshi Hagiwara
Executive Vice President, Group CEO,
Chemicals Group

Joined MC in 1982. After working Chlor-Alkali & PVC Dept.,
dispatched to Mitsubishi International Corporation, Houston
Appointed General Manager of Chlor Alkali Unit in 2005,
General Manager of Chemicals Group CEO Office in 2010,
Division CEO, Functional Chemicals Div. in 2012 and Senior
Vice President and Division CEO, Functional Chemicals Div.,
in 2013, as well as Senior Vice President and Division CEO,
Commodity Chemicals Div. A in 2015. Assumed current
position in 2016.

Our Vision

Taking advantage of our global network to pursue
new business opportunities

The Chemicals Group is striving to achieve sustained profitability as well as market presence and influence. Going forward, we will actively pursue growth in domestic and international markets by taking advantage of the global network we have built to create new business opportunities in domains in which we have a strong business foundation.

In the commodity chemicals field, which includes products such as petrochemicals, chlor-alkali, methanol and ammonia, we are working to boost profits by pursuing new investment opportunities in line with a precise understanding of customer needs and the structural changes that are ongoing in the industry as a result of the shale gas revolution. These efforts will also help increase added value in our manufacturing business, which is based on competitive raw materials, while taking advantage of company strengths in the form of information and network functionality and sales capabilities.

In the functional chemicals field, which includes plastics and other materials, we will enhance our businesses in industries and regions that are expected to grow, for example, in the North American automotive sector, while continuing to extend our product sales capabilities and procurement functionality.

In the life sciences field, we are working to enhance our business portfolio around the concept of improving quality of life worldwide in the areas of health, security, safety and good taste.

In the food science business, which we expect to grow going forward, we will build on efforts to strengthen management functions by taking advantage of manufacturing facilities in Japan and overseas to enhance our fermentation and application technologies and expand the range of services we offer in growth markets such as Asia.
Global Chemicals Group Businesses

Chemicals Group Value Chain and Subsidiaries & Affiliates

Materials

- Crude Oil
  - Naphtha
  - Ethylene
  - Benzene
  - Xylene
- Natural Gas
  - Methanol
  - Ethylene Glycol
  - Ammonia
- Mine Resources
  - Phosphate Ore
  - Potassium Chloride
  - Chemical & Compound Fertilizers
  - Mitsubishi Shoji Agri-Service
  - Mitsubishi International
- Plant Resources
  - Ethanol

Commodity Chemicals Div.A

- Industrial Salt
- PVC Raw Materials

Functional Chemicals Div.

- Polyvinyl Chloride (PVC)
- Polyester Fiber
- Polyethylene Resin
- Industrial Resins

Commodity Chemicals Div.B

- Methanol
- PET Resin
- SHARQ

Life Sciences Div.

- Maltitol, Sorbitol
- Tartaric acid
- Bio-pharmaceuticals

Packaging Materials
- Coatings & adhesives

Automobiles
- Home Electronics
- IT & Communications

Cosmetics & detergents
- Textiles
- Pharmaceutical & agricultural

Food products
HR Initiatives at MC

Transfers across Countries
In recent years, MC has been transferring more employees hired at MC’s overseas offices and subsidiaries to other countries to meet the growing needs of our global operations. By offering experience with a broad range of products and operations, personnel transfers that transcend national borders help enhance a global perspective while deepening employees’ understanding of the MC Group and its management policies. In response to the continued diversification and globalization of our operations, MC will continue to promote the development and empowerment of human resources on a consolidated global basis.

Sharing MC Values
Since FY2010, the MC Group Gateway Program has been conducted as an orientation training program for employees of MC’s offices and subsidiaries and MC Group companies worldwide. Its purpose is to encourage employees to share MC’s corporate principles and values, and to foster a greater understanding of the MC Group. Each year, about 450 employees (cumulative total of about 2,100 employees) participate in the program, which is offered in Japanese and English eight times annually in Tokyo. Similar orientation training programs are being held in other regions as well to share our values throughout the MC Group.

Human resources at the MC Group

Being a Winner in the Long Run
MCI has a diversified chemical portfolio, including four JVs with local business partners in India, concentrating on core businesses in Life Sciences, Petrochemicals, Fertilizer & Inorganic business. I would like to exploit the growth story of India by finding suitable business partners and forming more new JVs for a more sustainable business in the long run not only by investing but by involving in the value creation of JVs through MC expertise of other functions/networks and eventually coming closer to end customers.

MC’s Chemicals Group gave me a valuable opportunity to be stationed in Singapore (2002-2008). This experience gave me insight on the global business outlook and on how to address cross cultural challenges, and last but not least provided an international experience to my family who have always supported me to perform my duties effectively and efficiently.

Rohit Chopra
Vice President, Commodity Chemical Division B, Chemical Group
Chief Regional Officer, Kolkata Branch
Mitsubishi Corporation India Private Ltd.
Living Essentials Group

The Living Essentials Group conducts businesses that support and further enrich the daily lives of consumers around the world by providing daily necessities related to food, clothing and housing. It offers a diverse range of products and services to consumers in a sustainable manner in various fields of business from raw materials procurement to distribution and retail.

Consolidated net income/ROA (¥ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.3</td>
<td>59.2</td>
<td>2.3%</td>
</tr>
<tr>
<td>2015.3</td>
<td>73.5</td>
<td>2.3%</td>
</tr>
<tr>
<td>2016.3</td>
<td>120.5</td>
<td>4.2%</td>
</tr>
<tr>
<td>2017.3 (Forecast)</td>
<td>74.0</td>
<td></td>
</tr>
</tbody>
</table>

Living Essentials Group

- Living Essentials Group CEO Office
- Living Essentials Group Administration Dept.
- **Retail Div.**
  - Food Retail Dept., Apparel & Consumer Products Dept., Product Development Dept., Retail Support Dept.
- **Living Essential Distribution Div.**
- **Living Essential Consumer Products Div.**
- **Fresh Food Products Div.**
- **Living Essential Resources Div.**
  - Olam Strategic Alliance Dept., Food Materials and Oils/Fats Dept., Grain, Oilseeds, and Feed Materials Dept., Housing & Construction Materials Dept.
Yutaka Kyoya
Executive Vice President, Group CEO, Living Essentials Group


Our Vision

Striving to create value based on consumers’ needs by providing a safe and stable supply of living essentials

The Living Essentials Group aims to create value that starts with the consumer by offering a selection of products that play a critical role in meeting the necessities of food, clothing and housing, including foods, consumer products, clothing, materials and healthcare-related goods. By operating businesses that are founded on the realization of richer and more satisfying consumer lifestyles, we will pursue food safety and security in our businesses from material procurement to retailing, while contributing to solving issues that affect the environment and local communities.

In the area of raw material procurement, we acquired Cermaq ASA, a company that operates a salmon aquaculture business in Norway, Chile and Canada, as a subsidiary in 2014. As demand for food continues to grow worldwide, we are working to ensure stable procurement of sources of animal protein through aquaculture, the business of farming fish.

We also entered into a business partnership in 2015 with Olam International Limited, a company that boasts a leading worldwide share in the market for food products such as coffee, cocoa and edible nuts. We are tapping the raw material procurement network built by Olam for a broad range of highly sustainable, traceable product groups to advance our own development of products that meet the increasingly sophisticated and diverse needs of consumers.

In emerging markets such as Indonesia and Myanmar, we have adopted a basic approach of developing businesses that match regionally based market characteristics. By combining these efforts with Japanese technological capability and quality control expertise, we will help facilitate the improvement of living standards and the development of local communities.

In the maturing Japanese domestic market, we will contribute to regional revitalization that takes advantage of our retail business base while strengthening the functions and increasing the efficiency of existing businesses.
Business of Living Essentials Group

Food Business of Living Essentials Group

<table>
<thead>
<tr>
<th>Product</th>
<th>Production, Procurement &amp; Processing</th>
<th>Manufacturing</th>
<th>Distribution</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soybeans, Corn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar Starch, Wheat</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee, Cocoa, Edible Nuts, Spices, Sesame, Rice etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Supporting Women’s Careers at MC

MC has already taken a number of steps to encourage women to develop and continue their careers, including securing daycare facilities to support a smooth return to work after taking maternity leave, establishing flexible working hours to ensure a healthy work-home balance and introducing a re-employment system for employees who left their positions in order to accompany their spouses’ domestic or international job transfers. MC considers significant life events when focusing on career development including carefully planned overseas assignments. Currently, 11 of the 77 women on overseas assignments have taken their children with them as they work at MC’s overseas offices and MC Group companies. In an effort to ensure an even better working environment for women, we have included a number of new goals in the action plan announced on April 1, 2016 in addition to our previously established target of increasing the percentage of women in management-level positions to more than 10% by the year ending March 2021. These include increasing the percentage of women graduates hired, offering further career support for women, achieving 100% utilization of Paid Childbirth Leave or other similar paid leave systems by men and increasing awareness through a variety of training programs. In addition to this action plan, we will support women’s careers throughout the MC Group.

MC Women embracing challenges worldwide

Human resources at the MC Group

Tapping Diversity as a Driver of Growth

When I was seconded to a beverage and processed food importer and marketer in Hong Kong in which we have made an investment, I took my husband and daughter along. Women are playing an increasingly visible role in Hong Kong and 70% of our employees here are women in various stages of their lives, some raising children or caring for other family members. In my daily work I strive to remember the importance of listening to the views of employees so that we can all realize that everyone is different, and that both I and the company can grow together with our energetic workforce.

MC has an organizational culture that accepts diversity as well as programs that enable employees to work in a flexible manner as their circumstances allow. Going forward, I look forward to embracing the challenge of contributing to both corporate and individual growth.
Corporate Information

This section explains MC’s corporate initiatives and relevant data.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance System</td>
<td>94</td>
</tr>
<tr>
<td>Members of the Board and Audit &amp; Supervisory</td>
<td>100</td>
</tr>
<tr>
<td>Board Members</td>
<td></td>
</tr>
<tr>
<td>Internal Control System</td>
<td>102</td>
</tr>
<tr>
<td>International Advisory Committee</td>
<td>106</td>
</tr>
<tr>
<td>Compliance</td>
<td>109</td>
</tr>
<tr>
<td>Global Network</td>
<td>110</td>
</tr>
<tr>
<td>General Information</td>
<td>112</td>
</tr>
<tr>
<td>Executive Officers</td>
<td>113</td>
</tr>
<tr>
<td>Corporate Information</td>
<td>114</td>
</tr>
</tbody>
</table>
Corporate Governance System

Basic Policy

MC's corporate philosophy is enshrined in the Three Corporate Principles (page 01). Through corporate activities rooted in the principles of fairness and integrity, MC strives to continuously raise corporate value. 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 recognizes strengthening corporate governance on an ongoing basis as its important subject concerning management as it is a foundation for ensuring sound, transparent and efficient management. MC, based on the Audit & Supervisory Board Member System, is thus working to put in place a corporate governance system that is even more effective. This includes strengthening management supervision through such measures as appointing Outside Directors and Outside Audit & Supervisory Board Members who satisfy the conditions for Independent Directors/Auditors and establishing advisory bodies to the Board of Directors, where the majority of members are Outside Directors and Outside Audit & Supervisory Board Members 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.

Board of Directors

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

The composition of the Board of Directors and the policy and process for appointing nominated Directors are deliberated at the Governance & Compensation Committee, and then decided by the Board of Directors as follows.

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

To ensure MC’s decision-making and management oversight are appropriate for a sogo shosha involved in diverse businesses and industries in a wide range of fields, 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.

More specifically, in addition to Chairman of the Board and the President & CEO, MC’s In-house Directors are appointed from executive persons responsible for company-wide management, Corporate Staff operation and other areas. Outside Directors are appointed from those who possess a practical perspective of highly experienced officers and those who possess an objective and professional perspective with a deep insight on global developments and socio-economic trends.

In principle, the Board of Directors is an appropriate size for conducting deliberations, with one third or more being made up of Outside Directors.

Process for Appointing Nominated Directors

Based on the above policy, the President & CEO proposes a list of nominated Directors, which is then deliberated at the Governance & Compensation Committee and resolved by the Board of Directors before being presented at the Ordinary General Meeting of Shareholders.

Matters Deliberated by the Board of Directors

Matters requiring a resolution by the Board of Directors in accordance with laws and regulations and the Articles of Incorporation and important matters concerning management are resolved by the Board of Directors. In particular, for acquisitions and disposals of shares, equity stakes and fixed assets, and investments and loans involving loans and guarantees, the Board of Directors sets out monetary threshold standards for each of various type of risks, such as credit risk, market risk and business investment risk (amounts do not exceed 1% of total assets and are set individually depending on the nature of the risk). Investments and loans that exceed this monetary threshold are deliberated and resolved by the Board of Directors.

Furthermore, business execution other than these matters for resolution by the Board of Directors is entrusted to Executive Officers in accordance with the allocation of duties decided by the Board of Directors for prompt and efficient business execution. Business is executed through the President, as the Chief Executive Officer, and the Executive Committee (held twice monthly), as a management decision-making body to take responsibility for business execution.

Further, the Board of Directors strives to construct an internal control system for increasing corporate value by conducting appropriate, valid and efficient business execution in conformity with laws, regulations and the Articles of Incorporation. Each year, the Board checks on the implementation of the internal control system (page 102) and makes ongoing improvements and enhancements.

Evaluation of the Effectiveness of the Board of Directors

To heighten the effectiveness of the Board of Directors continuously, interviews involving respective Directors and Audit & Supervisory Board Members are conducted about the functioning and management of the Board of Directors. Based on the content of these interviews, the Governance & Compensation Committee conducts reviews of the effectiveness of the Board of Directors. Further, at meetings of the Board of Directors, based on the deliberations of the
Governance & Compensation Committee, analysis and evaluation of the Board of Directors is conducted, which is utilized to improve management and other matters.

In the review of the fiscal year ended March 31, 2016, the Board of Directors was evaluated as being appropriately composed and managed, providing information in advance about respective agenda items and conducting adequate deliberations through active exchanges of opinion during meetings. Therefore, it was confirmed that the Board of Directors has adequate systems for the exercise of oversight functions and that these functions are being realized appropriately. In addition, the opinion was expressed that to enhance the effectiveness of the Board of Directors even further, it is important to take measures to unceasingly enhance the provision of information to Outside Directors and Outside Audit & Supervisory Board Members and to take measures to increase opportunities outside the Board of Directors for free exchanges of opinions and communication among Outside Directors and Outside Audit & Supervisory Board Members and among outsiders and internal management in relation to significant agenda items.

Based on the analysis and evaluations of the Governance & Compensation Committee and the Board of Directors, MC will take continuous measures to enhance the effectiveness of the Board of Directors.

Board of Directors’ Advisory Bodies

Governance & Compensation Committee

Since its establishment in 2001, the Governance & Compensation Committee has met around twice a year. While a majority of the members of the Committee are Outside Directors and Outside Audit & Supervisory Board Members and Outside Members, the Committee conducts continuous reviews of corporate governance-related issues at MC and also discusses the remuneration system for Executive Officers, including the policy for setting remuneration and appropriateness of remuneration levels, and monitors operation of this system.

Main Discussion Themes

- Composition of the Board of Directors and Audit & Supervisory Board, policy on appointment of and proposals for appointment of Directors and Audit & Supervisory Board Members
- Requirements of President & CEO and basic policy on the appointment, proposals for appointment of President & CEO
- Review of the remuneration system including the policy for setting remuneration and appropriateness of remuneration levels
- Reviews of the effectiveness of the Board of Directors

[Appointment of President & CEO]

Based on the requirements of President & CEO and the basic policy on the appointment, which were confirmed by the Governance & Compensation Committee, and following deliberations by this committee, the Board of Directors decided on the appointment of President & CEO Takehiko Kakiuchi, who assumed this position in April 2016.

Furthermore, the President’s Performance Evaluation Committee has been established as a subcommittee to the Governance & Compensation Committee to deliberate the assessment on the President’s performance.

Composition of Committee (*Committee Chairman) (as of July 1, 2016)

**Outside members (5):**

- Ryozo Kato, Outside Director
- Akihiko Nishiyama, Outside Director
- Tadashi Kunihiro, Outside Director & Supervisory Board Member
- Hidehiro Konno, Outside Director
- Toshiko Oka, Outside Director

**In-house members (3):**

- Ken Kobayashi*, Chairman of the Board
- Hideyuki Nabeshima, Senior Audit & Supervisory Board Member
- Takehiko Kakiuchi, President & CEO
Audit & Supervisory Board

The Audit & Supervisory Board audits Directors’ decision-making process and their performance of duties according to the Companies Act and other laws and regulations. MC’s Articles of Incorporation and internal rules and regulations. In-house Audit & Supervisory Board Members conduct audits from a perspective of their rich experience of working within MC, and Outside Audit & Supervisory Board Members from a neutral and objective perspective, to ensure that management is sound.

The composition of the Audit & Supervisory Board and the policy and procedure for appointment of nominated Audit & Supervisory Board Members are deliberated by the Governance & Compensation Committee, and then, decided by the Board of Directors as follows.

Composition of the Audit & Supervisory Board and the Policy for Appointing Nominated Audit & Supervisory Board Members

To ensure MC’s sound business development and improve its social credibility through audits, several Audit & Supervisory Board Members are appointed from within and outside MC with the depth of experience and high level of expertise needed for conducting audits.

More specifically, In-house Audit & Supervisory Board Members are appointed from those with knowledge and experience in corporate management, finance, accounting, risk management or other areas. Outside Audit & Supervisory Board Members are appointed from those with rich knowledge and experience across various fields.

In principle, the total number of Audit & Supervisory Board Members is five, with more than half their number being made up of Outside Audit & Supervisory Board Members.

Process for Appointment of Nominated Audit & Supervisory Board Members

Based on the above policy, the President & CEO consults with the Senior Audit & Supervisory Board Member and creates a proposal for appointment of nominated Audit & Supervisory Board Members, which is then deliberated by the Governance & Compensation Committee and approved by the Audit & Supervisory Board before being resolved by the Board of Directors and presented at the Ordinary General Meeting of Shareholders.

Details of the Duties, etc., of the Audit & Supervisory Board

The Audit & Supervisory Board Members hold regular meetings with MC’s Independent Auditors and Internal Audit Department as the Audit & Supervisory Board. In addition, Audit & Supervisory Board Members visit important offices in Japan and overseas to conduct audits and actively engage in dialogue with the Chairman of the Board, the President & CEO and other corporate officers (Directors and Executive Officers) as part of their efforts to accurately grasp the current state of management execution. The full time Audit & Supervisory Board Members actively gather information by attending important in-house meetings aside from Board of Director meetings and holding discussions with internal departments and through open channels of communication with people in the company.

In addition to conducting on-site audits and holding discussions with the corporate officers of respective companies, Audit & Supervisory Board Members strive to create an environment conducive to auditing the corporate group by exchanging opinions during regular meetings with the Audit & Supervisory Board Members of main subsidiaries and affiliates.

Moreover, the Audit & Supervisory Board creates opportunities to hold regular discussions with respected individuals from outside MC. The knowledge gained and external perspectives are put to good use in audit activities.

Through these activities, the Audit & Supervisory Board audits Directors’ decision-making process and their performance of duties. By requesting improvements and providing advice proactively and constructively, the Audit & Supervisory Board seeks to ensure MC’s healthy, sustained growth and contribute to the establishment of a corporate governance system that earns society’s trust.

Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members

To make the function of Outside Directors and Outside Audit & Supervisory Board Members stronger and more transparent, MC has set forth Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members as follows, after deliberation by the Governance & Compensation Committee, which is composed with a majority of Outside Directors, Outside Audit & Supervisory Board Members and Outside Members.

Selection Criteria for Outside Directors

1. Outside Directors are elected from among those individuals who have an eye for practicality founded on a wealth of experience as corporate executive officers, as well as an objective and specialist viewpoint based on extensive insight regarding global conditions and social and economic trends. Through their diverse perspectives, Outside Directors help ensure levels of decision-making and management oversight appropriate to the Board of Directors.

2. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independency*; individuals incapable of preserving this independency in effect will not be selected to serve as Outside Directors.

3. MC’s operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate executive officer appointed as Outside Directors. MC appropriately copes with this potential issue through the procedural exclusion of the director in question from matters related to the conflict of interest, and by preserving a variety of viewpoints through the selection of numerous Outside Directors.
Selection Criteria for Outside Audit & Supervisory Board Members

1. Outside Audit & Supervisory Board Members are selected from among individuals who possess a wealth of knowledge and experience across various fields that is helpful in performing audits. Neutral and objective auditing, in turn, will ensure sound management.

2. To enable Outside Audit & Supervisory Board Members to fulfill their appointed task, attention is given to maintain their independency*; individuals incapable of preserving this independency will not be selected to serve as Outside Audit & Supervisory Board Members.

(Note) Independency for the purpose of Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members
To make a judgement of independence, MC checks if the person concerned meets the conditions for Independent Directors/Auditors as specified by stock exchanges in Japan such as the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past three fiscal years.

(1) A major shareholder of MC (a person or entity directly or indirectly holding 10% or more of the voting rights), or a member of business personnel of such shareholder (*1).
(2) A member of business personnel of a creditor of MC exceeding the threshold set by MC (*2).
(3) A member of business personnel of a supplier or a customer of MC exceeding the threshold set by MC (*3).
(4) A provider of professional services, such as a consultant, lawyer or certified public accountant, receiving cash or other financial benefits from MC, other than directors’ or audit & supervisory board members’ remuneration, where the amount exceeds ¥10 million per fiscal year.
(5) A representative or partner of MC’s independent auditor.
(6) A person belonging to an organization that has received donations exceeding a certain amount (*4) from MC.
(7) A person who has been appointed as an Outside Director or Outside Audit & Supervisory Board Member of MC for more than eight years.

*1 A member of business personnel refers to a managing director, corporate officer, executive officer or other employee of a company.
*2 Debtors exceeding the threshold set by MC refer to debtors to whom MC owes an amount exceeding 2% of MC’s consolidated total assets.
*3 Suppliers or customers exceeding the threshold set by MC refer to suppliers or customers whose transactions with MC exceed 2% of MC’s consolidated revenues.
*4 Donations exceeding a certain amount refer to donations of more than ¥20 million per fiscal year.

If a person is still judged to be effectively independent despite one or more of the above items (1) to (7) applying, MC will explain and disclose the reason at the time of their appointment as an Outside Director or Outside Audit & Supervisory Board Member.

Board of Directors’ Office and Audit & Supervisory Board Members’ Office

To ensure that the Directors and Audit & Supervisory Board Members are able to perform their management supervision and audit functions adequately, the Board of Directors’ Office and the Audit & Supervisory Board Members’ Office have been established, and have been providing necessary information appropriately and in a timely manner for them to perform their duties.

For Outside Directors and Outside Audit & Supervisory Board Members, the Board of Directors’ Office and the Audit & Supervisory Board Members’ Office provide Board of Directors’ meeting materials and explanations as well as hold presentations about management strategies, important matters and other topics before the Board of Directors’ meetings to ensure that they can participate in the discussion fully. The offices also provide an orientation to newly appointed Outside Directors and Outside Audit & Supervisory Board Members, as well as ongoing opportunities to understand the business of MC, including annual observation tours of subsidiaries and affiliates and opportunities for dialogue with the management. Furthermore, to enhance the effectiveness of the management supervision function, MC holds meetings of the Governance & Compensation Committee, the President’s Performance Evaluation Committee and other bodies comprising a majority of Outside Directors and Outside Audit & Supervisory Board Members in their memberships. Also, MC endeavors to enhance close cooperation among Outside Directors and Outside Audit & Supervisory Board Members through such measures as holding small meetings for Outside Directors and Outside Audit & Supervisory Board Members approximately four times a year to provide opportunities for free discussion about a wide range of themes relating to the business management and the corporate governance of MC.
Policy for Setting Directors’ and Audit & Supervisory Board Members’ Remuneration

In line with the Basic Policy on Corporate Governance (see page 94), MC has established a remuneration system for Directors and Audit & Supervisory Board Members, and related systems to ensure a sustainable increase in corporate value, and strives to administer the system with a high degree of transparency. The basic policy, composition of remuneration and method for setting remuneration are as follows.

■ Directors’ Remuneration

1. In-house Directors

(1) Basic Policy

A remuneration system for MC In-house Directors has been designed to provide further incentive and motivation to improve performance and a sustainable corporate value, further align the Directors’ interests with those of the shareholders and strengthen the link with business results. The level of remuneration is set by comparing levels of remuneration at other companies in the same industry and other major Japanese companies of similar scale, and is also commensurate with performance. For In-house Directors who also serve as Executive Officers, the position as an Executive Officer is taken into account as one factor when setting Directors’ remuneration.

The policy for setting remuneration, appropriateness of remuneration levels and operation of the remuneration system for In-house Directors are discussed and monitored by the Governance & Compensation Committee.

(2) Composition

The remuneration of In-house Directors consists of Directors’ Base Remuneration, Individual Performance Bonus, Bonus, Stock-option-based Remuneration and Reserved Retirement Remuneration. The details of each type of remuneration are explained as follows.

- Base Remuneration: An amount determined according to position, paid monthly
- Individual Performance Bonus: For Directors who also serve as Executive Officers, Individual Performance Bonuses are determined and paid on an individual basis after the President & CEO’s yearly performance assessment of each Director for the previous fiscal year. (The assessment on the President & CEO’s performance is deliberated by the President’s Performance Evaluation Committee, a subcommittee to the Governance & Compensation Committee. The subcommittee comprises the Chairman, who also serves as the Chairman of the Governance & Compensation Committee, and members made up of Outside Directors and Outside Audit & Supervisory Board Members.)
- Bonus: Bonuses are determined and paid on an individual basis after deciding whether or not Bonuses will be paid and what the total amount will be based on the previous year’s consolidated earnings and other factors. (An upper limit is set for the total amount to be paid.)
- Stock-option-based Remuneration: Stock options as remuneration are grants from the perspective of aligning Directors’ interests with those of shareholders and creating value over the medium and long terms. (Stock options cannot be exercised for two years from the date they are granted. As a basic policy, In-house Directors cannot sell shares, including shares acquired by exercising stock options, during their terms of office until their shareholdings reach a certain level.)
- Reserved Retirement Remuneration: Reserved Retirement Remuneration is set aside in a certain amount every year as consideration for the performance of duties, and the accumulated amount is calculated and paid in full upon retirement of a director by resolution of the Board of Directors.

Further, given that the Chairman of the Board’s role is primarily one of providing a supervisory function for management, from the fiscal year ending March 31, 2017, the Chairman of the Board shall be paid Directors’ Base Remuneration only, which does not have a component linked with business results in the same way as Outside Directors.

2. Outside Directors

The basic policy and composition for remuneration for Outside Directors’ remuneration is to pay Directors’ Base Remuneration only, due to their role as an independent supervisory function for management. Outside Directors’ remuneration does not have a component linked with business results.

3. Method for Setting Remuneration

Regarding Directors’ Base Remuneration, Individual Performance Bonus, Stock-option-based Remuneration and Reserved Retirement Remuneration, the 2010 Ordinary General Meeting of Shareholders approved a payment limit of ¥1.6 billion per annum. Remuneration is paid within this remuneration limit subject to resolution of the Board of Directors. Meanwhile, Bonuses are subject to approval by the Ordinary General Meeting of Shareholders given their strong linkage to MC’s net income.

[Bonuses for the Fiscal Year ended March 31, 2016]

Given that net income (loss) in the fiscal year ended March 31, 2016 was less than consolidated capital cost, no bonuses were paid to executive officers in this fiscal year, based on the policy for payment of bonuses.

■ Audit & Supervisory Board Members’ Remuneration

1. Basic Policy and Composition

The remuneration for Audit & Supervisory Board Members is limited to monthly Audit & Supervisory Board Members’ Base Remuneration only, due to their role as an independent supervisory function for management. Audit & Supervisory Board Members’ remuneration does not have a component linked with business results.
2. Method for Setting Remuneration

The monthly remuneration of Audit & Supervisory Board Members was set at an upper limit of ¥15 million per month in total by resolution of the 2007 Ordinary General Meeting of Shareholders. Audit & Supervisory Board Members’ Base Remuneration is paid within this remuneration limit subject to discussions by the Audit & Supervisory Board Members.

Total Amounts and Number of Eligible People in the Fiscal Year Ended March 31, 2016

<table>
<thead>
<tr>
<th>Title</th>
<th>Total Remuneration</th>
<th>Base Remuneration and Individual Performance Bonus</th>
<th>Bonus*</th>
<th>Stock-option-based Remuneration</th>
<th>Reserved Retirement Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eligible Persons</td>
<td>Total</td>
<td>Eligible Persons</td>
<td>Total</td>
<td>Eligible Persons</td>
</tr>
<tr>
<td>Directors (In-house)</td>
<td>1,074</td>
<td>9</td>
<td>629</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Directors (Outside)</td>
<td>120</td>
<td>6</td>
<td>120</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
<th>Total Remuneration</th>
<th>Base Remuneration and Individual Performance Bonus</th>
<th>Bonus*</th>
<th>Stock-option-based Remuneration</th>
<th>Reserved Retirement Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eligible Persons</td>
<td>Total</td>
<td>Eligible Persons</td>
<td>Total</td>
<td>Eligible Persons</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (In-house)</td>
<td>124</td>
<td>3</td>
<td>124</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (Outside)</td>
<td>39</td>
<td>3</td>
<td>39</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(Figures less than one million yen are rounded down)

Notes:
1. The above figures include 1 Director and 1 Audit & Supervisory Board Member who resigned during the fiscal year ended March 31, 2016. Furthermore, there were 14 Directors (including 5 Outside Directors) and 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) as of March 31, 2016.
2. The Stock-option-based Remuneration above shows the amount recognized as an expense in the fiscal year ended March 31, 2016 related to stock options granted to 9 In-house Directors (Outside Directors are ineligible for payment).
3. 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, 2016 were as follows:
   The retirement bonus system, including executive pensions for Directors and Audit & Supervisory Board Members, was abolished at the close of the 2007 Ordinary General Meeting of Shareholders.
   MC paid ¥165 million to 98 Directors (Outside Directors were ineligible for payment).
   MC paid ¥6 million to 10 Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members were ineligible for payment).

In-house Directors’ Remuneration Makeup Percentages

- Fixed Remuneration Ratio: Approx. 50%
- Base Remuneration
- Stock-option-based Remuneration
- Individual Performance Bonus
- Bonus
- Reserved Retirement Remuneration

Variable Remuneration Ratio: Approx. 50%
(Varies based on performance and other factors)

* Given that net income (loss) in the fiscal year ended March 31, 2016 was less than consolidated capital cost, no bonuses were paid to executive officers in this fiscal year, based on the policy for payment of bonuses.
Members of the Board

Ken Kobayashi
2016 Chairman of the Board (present position)
2010 President and Chief Executive Officer
1971 Joined MC

Takehiko Kakiuchi
2016 President and Chief Executive Officer (present position)
1979 Joined MC

Eiichi Tanabe
2016 Senior Executive Vice President, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (concurrently)
Regional CEO, Asia & Oceania (present position)
1978 Joined MC

Ryozo Kato
2009 Member of the Board, MC (present position)
2008 Retired from the Ministry of Foreign Affairs of Japan
1965 Joined the Ministry of Foreign Affairs of Japan

Hidehiro Konno
2010 Member of the Board, MC (present position)
2003 Chairman & CEO, Nippon Export and Investment Insurance (resigned in July 2009)
2002 Retired from MITI
1968 Joined Ministry of International Trade and Industry (MITI)

Akihiko Nishiyama
2015 Member of the Board, MC (present position)
2013 Adjunct Professor, Mitsubishi University (present position)
2004 Professor, Dept. of International Liberal Arts, Tokyo Jogakkan College (resigned in March 2013)
1970 Joined Tokyo Gas Co., Ltd. (resigned in March 2015)

Audit & Supervisory Board Members

Hideyuki Nabeshima
2014 Senior Audit & Supervisory Board Member (full time) (present position)
1972 Joined MC

Hiroshi Kizaki
2015 Audit & Supervisory Board Member (full time) (present position)
1981 Joined MC

Tadashi Kunihiro
2012 Audit & Supervisory Board Member, MC (present position)
1986 Admitted to the Japan Bar
Yasuko Takayama*3
2016  Audit & Supervisory Board Member, MC (present position)
2011  Audit & Supervisory Board Member, Shiseido Company, Limited
(resigned in June 2015)
1980  Joined Shiseido Company, Limited

Ikuo Nishikawa*3
2016  Audit & Supervisory Board Member, MC (present position)
2012  Professor, Faculty of Business & Commerce of Keio University
(present position)
2007  Chairman, Accounting Standards Board of Japan (resigned in March 2014)
1990  Representative Partner, KPMG Century Audit Corporation
(currently Ernst & Young ShinNihon LLC) (resigned in July 2001)
1974  Joined EIKO Certified Public Tax Accountant’s Corporation
(currently Ernst & Young ShinNihon LLC)

Hideaki Omiya*2
2016  Member of the Board, MC (present position)
2013  Chairman of the Board, Mitsubishi Heavy Industries, Ltd.
(present position)
2008  President and CEO, Mitsubishi Heavy Industries, Ltd.
1969  Joined Mitsubishi Heavy Industries, Ltd.

Toshiko Oka*2
2016  Member of the Board, MC (present position)
2016  CEO, Oka & Company Ltd. (present position)
2005  President and Representative Director, ABeam M&A Consulting Ltd.
(resigned in March 2016)
1986  Joined Tohmatsu Touche Ross Consulting Limited (currently ABeam Consulting Ltd.) (resigned in August 2013)

Kazuyuki Masu*1
2014  Executive Vice President, Regional Strategy (Japan)
(concurrently) General Manager, Kansai Branch
(present position)
1982  Joined MC

Yasuhito Hirota*1
2016  Chief Compliance Officer (present position)
2014  Executive Vice President, Corporate Communications, Corporate Administration, CSR & Environmental Affairs, Legal, Human Resources (present position)
1980  Joined MC

Kazuyuki Mori*1
2014  Executive Vice President, Regional Strategy (Japan)
(concurrently) General Manager, Kansai Branch
(present position)
1977  Joined MC

Ikue Nishikawa*3
2016  Audit & Supervisory Board Member, MC (present position)
2012  Professor, Faculty of Business & Commerce of Koto University
(present position)
2007  Chairman, Accounting Standards Board of Japan (resigned in March 2014)
1990  Representative Partner, KPMG Century Audit Corporation
(currently Ernst & Young ShinNihon LLC) (resigned in July 2001)
1974  Joined EIKO Certified Public Tax Accountant’s Corporation
(currently Ernst & Young ShinNihon LLC)

Yasuko Takayama*3
2016  Audit & Supervisory Board Member, MC (present position)
2011  Audit & Supervisory Board Member, Shiseido Company, Limited
(resigned in June 2015)
1980  Joined Shiseido Company, Limited

*1 Indicates a representative director.
*2 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 the Tokyo Stock Exchange and other stock exchanges in Japan as well as Selection Criteria for Outside Directors specified by MC (See pages 96 to 97 for Selection Criteria for Outside Directors specified by MC).

*3 Indicates the fulfillment of the conditions for Outside Audit & Supervisory Board Members 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 the Tokyo Stock Exchange and other stock exchanges in Japan as well as Selection Criteria for Outside Audit & Supervisory Board Members specified by MC (See pages 96 to 97 for Selection Criteria for Outside Audit & Supervisory Board Members specified by MC).
The Board of Directors of MC has adopted the basic policy of establishing the following internal control systems for MC, as the entire MC Group including its subsidiaries, to improve corporate value through proper and efficient business operations in conformity with laws and its Articles of Incorporation. MC checks the operating status of these systems and endeavors to continuously improve and strengthen them.

Operating Status of Internal Control System in the Year Ended March 31, 2016

Every year, MC conducts monitoring of the development and operating status of the internal control system in the MC Group and, in light of these results, implements improvements or helps subsidiaries implement improvements.

Management and Storage of Information

For information related to business activities, the person responsible for managing business activities classifies information individually in accordance with its degree of importance, and also instructs users on the handling of this information. The aim is to ensure information security while promoting efficient administrative processing and the sharing of information. The responsible person retains, for a predetermined period, documents whose storage is required by law and information that MC specifies as important in terms of internal management. For all other information, the responsible person determines the necessity and period for storage of information and stores such information accordingly.

Regarding countermeasures for cyber-attacks with such aims as the exploitation or destruction of corporate information, MC takes systemic countermeasures, continuously educates employees, and checks and establishes incident-response systems that include major subsidiaries. Also, MC collaborates with outside specialist bodies to access the latest information and implement appropriate, effective countermeasures.

In the year ended March 31, 2016, in light of the increasing sophistication of cyber-attacks and the beginning of the operation of the national identification number system, MC amended internal rules and regulations relating to information security and the protection of personal information and endeavored to strengthen management of information assets.

Risk Management

MC has designated categories of business activity risk, corresponding to the details and scale of the MC Group’s businesses, such as credit, market, business investment, country, compliance, legal, information management, environmental and natural disaster-related risks, and has specified departments responsible for each category. Furthermore, MC also has in place policies, systems and procedures for managing risk on a consolidated basis, including by responding to new risks by immediately designating a responsible department to manage such risks, and executes operations based on these policies, systems and procedures.

With respect to individual projects, personnel responsible for the applicable department make decisions within the scope of their prescribed authority after analyzing
EFFICIENT BUSINESS EXECUTION

The President and CEO delineates basic management policies for the MC Group and sets specific management goals. At the same time, the President and CEO formulates management plans and oversees progress in achieving targets efficiently. The organization is realigned and resources are deployed as necessary so as to achieve management targets in the most efficient manner possible. Furthermore, the organizational chain of command is clearly laid out and authority is delegated to managers and staff of internal organizational bodies to the extent necessary to accomplish targets. These managers/staff are required to submit reports regularly. In addition, the President and CEO works in a cycle in which he conducts regular follow-up checks regarding the execution of management plans and repeatedly makes revisions to plans after giving consideration to such factors as the level of achievement and the external environment.

COMPLIANCE

Compliance, which is defined as acting in compliance with laws and regulations and in conformity with social norms, is regarded as a matter of the highest priority in conducting business activities. MC has formulated a Code of Conduct for all officers and employees, which specifies basic matters in relation to compliance. Efforts are made to ensure that all officers and employees are familiar with the Code of Conduct and that MC’s corporate philosophy is understood and practiced throughout the entire MC Group.

To accomplish this, MC has built a group-wide compliance promotion framework that includes the appointment of the Chief Compliance Officer, who has overall control; the appointment of compliance officers in each organization and subsidiary; and information sharing at regularly convened meetings of the Compliance Committee. Also, MC takes preventive and corrective measures, such as offering any needed training for the MC Group regarding the various laws and regulations. Regarding codes of conduct for officers and employees, every year MC conducts training seminars and requires the submission of compliance pledges. In addition, to heighten the compliance awareness of officers and employees, the MC Group regularly holds compliance discussions, which enable officers and employees to discuss compliance freely in small groups.

Regarding the status of compliance, in addition to a framework for receiving reports from all officers and employees in internal organizations and subsidiaries throughout the MC Group, MC has established an internal whistleblower system. Through these structures and systems, MC identifies problems and shares information. Regular reports are also made to the Board of Directors and to the Audit & Supervisory Board Members on the status of compliance. Moreover, MC rigorously protects people making reports from internal organizations and subsidiaries to ensure that they do not suffer any disadvantage.

FINANCIAL REPORTING

To ensure proper and timely disclosure in financial statements, MC has appointed personnel responsible for financial reporting and for preparing financial statements in conformity with legal requirements and accounting standards. These financial statements are released after being discussed and confirmed by the Disclosure Committee.

For the internal control system governing financial reporting, MC conducts internal control activities and monitoring in accordance with the internal control system based on the Financial Instruments and Exchange Act. MC develops activities to ensure the effectiveness of internal controls on a consolidated basis.

AUDITING AND MONITORING

To more objectively review and evaluate business activities, MC conducts regular audits of each organization and subsidiary through an internal audit organization.

ENSURING PROPER BUSINESS IN GROUP MANAGEMENT

MC has established internal rules and regulations concerning the management of subsidiaries, and specifies a department that is responsible for the oversight of each subsidiary and affiliate. The person responsible in the specified department requires the directors of the subsidiaries to report the business execution and quantitatively monitor business performance, management efficiency and other operational aspects of each company every year. Efforts are also made to monitor qualitative issues such as compliance and risk management. In addition, checks are conducted in relation to the development and operating status of the internal control system and with regard to whether or not improvement is required. In the year ended March 31, 2016, MC partially amended internal rules and regulations relating to the management of subsidiaries. These amendments further clarify the responsibilities of respective departments responsible for management and are intended to further advance and increase the efficiency of efforts to ensure that the MC Group conducts business appropriately.

MC strives to ensure proper business conduct by subsidiaries that conform to laws, the Articles of Incorporation and internal regulations by sending Directors to assume positions on their boards, executing joint venture agreements, exercising its voting rights and in other ways. Through various initiatives designed to sustain growth at each company through efficient business execution, MC aims to raise corporate value on a consolidated basis.
Audit & Supervisory Board Members

The Audit & Supervisory Board Members attend and express opinions at meetings of the Board of Directors and other important management meetings. In addition, the Audit & Supervisory Board Members gather information and conduct surveys, keeping channels of communication open with independent auditors, Directors, Executive Officers and employees of MC, directors and Audit & Supervisory Board Members of subsidiaries, and others, who cooperate with these efforts whenever necessary. Moreover, MC bears the necessary expenses to ensure the effectiveness of auditing.

If there is a risk of a certain level of financial loss or a major problem, personnel responsible in the department concerned are required to immediately report such matters to the Audit & Supervisory Board Members in accordance with predetermined standards and procedures, and subsidiaries are also required to report if necessary, going through the responsible department concerned or other channels. The aforementioned system is actually operating. Further, officers and employees shall not be treated disadvantageously as a result of reporting to Audit & Supervisory Board Members, and subsidiaries are informed rigorously of this policy. To raise the effectiveness of audits conducted by Audit & Supervisory Board Members, an internal organization directly reporting to the Audit & Supervisory Board and personnel working only for Audit & Supervisory Board Members are appointed to assist Audit & Supervisory Board Members in carrying out their duties so that they can quickly respond in assisting Audit & Supervisory Board Members. Mindful of the need for independence, the opinions of Audit & Supervisory Board Members are respected and other factors taken into consideration when evaluating and assigning personnel to assist them.

Basic Policy of Establishing Internal Control Systems in the Year Ending March 31, 2017

The contents of the basic policy of establishing internal control systems in the year ending March 31, 2017 adopted at a meeting of the Board of Directors on May 10, 2016 are as follows.

■ Basic Policy of Establishing Internal Control Systems

1. System for the Storage and Management of Information Related to Directors’ Execution of Duties

   After establishing internal rules and regulations in relation to such matters as persons responsible for management of information in the course of the execution of duties and methods and informing all parties, MC shall rigorously reflect the rules and regulations in operations and prepare, process and store information appropriately.

2. Regulations and Other Systems Concerning Management of Loss Risk

   MC shall establish internal rules and regulations for such matters as risk classes, persons responsible for management and methods for each class, and systems. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. In addition, in accordance with the business lines or size of subsidiaries, MC shall encourage the development of necessary risk management systems, thereby appropriately controlling on a corporate group basis risk accompanying the execution of duties.

3. System for Ensuring That Directors Perform Duties Efficiently

   (1) The President and CEO shall establish management policies and goals on a corporate group basis, prepare management plans aimed achieving them and then endeavor to execute duties efficiently by implementing these plans.

   (2) MC shall establish internal rules and regulations for such matters as standards and main points relating to reorganization, the division of duties, personnel allocation and authority. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. Further, in accordance with the business lines or size of subsidiaries, MC shall ensure efficiency by encouraging the establishment of similar internal rules and regulations and other measures.

4. System to Ensure That the Execution of Duties by Directors and Employees Is in Conformity with the Laws and Regulations and Articles of Incorporation

   (1) MC shall establish internal rules and regulations for such matters as codes of conduct for officers and employees; company-wide lateral management systems; and measures for prevention, correction and improvement; and internal whistleblower systems. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. Further, MC shall realize compliance capabilities on a corporate group basis by encouraging subsidiaries to establish similar systems.

   (2) MC shall establish internal rules and regulations for such matters as the establishment of persons responsible for each accounting organization and procedures for the preparation of financial statements in conformity with laws and accounting standards. After informing all parties, MC shall rigorously reflect the rules and regulations in operations and ensure proper and timely disclosure of financial information on a corporate group basis.

   (3) MC shall establish internal rules and regulations for such matters as the systems and main points of internal auditing. After informing all parties, MC shall rigorously reflect the rules and regulations in operations and objectively inspect, evaluate and improve the execution of duties by respective organizations and subsidiaries.

5. System to Ensure the Suitability of Business Conducted by the Stock Company and the Corporate Group Comprising the Parent Company and Subsidiaries

To ensure appropriate duties in the corporate group, MC shall establish basic policies on a corporate group basis while for each subsidiary and affiliate establishing internal rules and regulations for such matters as persons responsible, important management-related items, management methods and the exercise of shareholder rights. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. Further, these persons responsible shall receive reports required by the Parent Company concerning the status of the execution of duties by directors and others at subsidiaries and shall understand the qualitative and quantitative status and issues of subsidiaries.

6. Items Concerning Assisting Employees in Case Employees Are Required to Assist in the Duties of Audit & Supervisory Board Members

   MC shall establish an independent, dedicated organization to assist Audit & Supervisory Board Members in the execution of their duties.

7. Items Concerning the Independence from Directors of Employees Assisting in the Duties of Audit & Supervisory Board Members

   For personnel matters concerning employees assisting in the duties of Audit & Supervisory Board Members, such as evaluations and transfers, MC shall seek the opinions of Audit & Supervisory Board Members and shall respect these opinions.
8. Items Concerning the Ensuring of the Effectiveness of Directions Issued to Employees Assisting in the Duties of Audit & Supervisory Board Members

Employees assisting in the duties of Audit & Supervisory Board Members shall not concurrently perform duties for other divisions and departments and shall exclusively comply with the instructions of Audit & Supervisory Board Members, thereby ensuring the effectiveness of Audit & Supervisory Board Members’ directions.

9. System to Enable Directors, Employees and Others to Report to Audit & Supervisory Board Members and Other Systems for Reporting to Audit & Supervisory Board Members

(1) Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important management meetings and shall state opinions.

(2) MC shall establish internal rules and regulations for such matters as persons responsible, standards and methods in relation to reporting to Audit & Supervisory Board Members if there is a risk of substantial detriment occurring.

(3) MC shall encourage the construction of systems, including a system for enabling the persons responsible or officers and employees of respective subsidiaries to report if Audit & Supervisory Board Members request reports relating to subsidiaries and a system to enable the reporting of important matters, including subsidiaries’ significant compliance matters, to Audit & Supervisory Board Members.

10. System to Ensure That Persons Who Have Submitted a Report to Audit & Supervisory Board Members Are Not Treated Disadvantageously as a Result of Submitting the Said Report

MC shall prohibit the disadvantageous treatment of officers and employees as a result of having reported to Audit & Supervisory Board Members and shall rigorously inform subsidiaries of this policy.

11. Items Concerning Procedures for the Advance Payment or Reimbursement of Expenses Arising from the Execution of Audit & Supervisory Board Members Duties and Policy Concerning the Processing of Other Expenses or Liabilities Arising from the Execution of the Said Duties

When Audit & Supervisory Board Members submit invoices for such items as reimbursement of expenses incurred in the execution of their duties, excluding cases in which it is recognized that the said expenses were not required for the execution of Audit & Supervisory Board Members’ duties, MC shall undertake prompt processing.

12. Other Systems to Ensure That Audit & Supervisory Board Members’ Audits Are Executed Effectively

Audit & Supervisory Board Members shall endeavor to communicate with internal related departments and independent auditors, collect information and conduct investigations, and related departments shall cooperate with these efforts.

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**Business Continuity and Disaster Preparedness Planning**

MC engages in rigorous crisis management on a consolidated basis, including individual MC Group companies, in light of the increasing diversity and complexity of risk that accompanies business expansion.

A Business Continuity Plan (BCP) refers to an action plan formulated in advance with the aim of preventing the stoppage of prioritized company operations or restoring and restarting them in as little time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or incident. MC has formulated BCPs for different types of crises such as major natural disasters, new infectious diseases, international or political problems including terrorism, and accidents. MC will immediately initiate its own BCP in the event of such crises and work to, at minimum, ensure the continuity of prioritized operations and to quickly restore operations.

**Reference** Formulation of BCP in the Event of a Large-Scale Earthquake in Japan

- Select prioritized operations (vital operations that must be restored quickly or for which stoppage is unacceptable), designate the personnel or staff required to perform these operations and formulate an implementation structure and implementation methods
- Specify estimations of earthquake damage
- Confirm contact points with important business suppliers and share content of BCP
- Determine safety management policies and thoroughly understand the situation of important suppliers and contractors
International Advisory Committee: Purpose, Function and News

MC’s International Advisory Committee (IAC) has met once a year since it was established in 2001. The aim of the IAC is to strengthen the Board of Directors’ function from the perspective of enhancing governance. Committee members offer advice and recommendations from an international standpoint on management of MC’s global businesses, and on corporate strategy. The committee members also report and exchange opinions on the geopolitical and economic conditions in their respective regions.

Composition of Committee (As of April 1, 2016)

Overseas Members

Dr. Herminio Blanco Mendoza
Former Secretary of Trade & Industry (Mexico)
1985 Deputy Secretary, Ministry of Commerce and Industrial Promotion
1988 Chief of Negotiation of NAFTA Treaty
1994 Secretary of Commerce and Industrial Promotion (~ 2000)

Professor Joseph S Nye
Harvard University Distinguished Service Professor (U.S.A.)
1993 Chairman of the National Intelligence Council
1994 Assistant Secretary of Defense for International Secretary Affairs
University Distinguished Service Professor

Mr. Niall FitzGerald, KBE
Former CEO and Chairman, Unilever (Ireland)
2004 Chairman of Reuters (~ 2011)
2008 Chairman of Hakluyt & Co. (~ 2013)

Mr. Ratan N Tata
Chairman, Tata Trusts (India)
1981 Chairman of Tata Industries, Ltd.
1991 Chairman of Tata Sons Limited
2012 Chairman Emeritus of Tata Sons Limited

Japanese Members

Chairman of IAC
Yorihiko Kojima
Honorary Chairman

Ken Kobayashi
Chairman of the Board

Takehiko Kakiuchi
President and CEO

Eiichi Tanabe
Senior Executive Vice President

Ryozo Kato
Outside Director

Hidehiro Konno
Outside Director
Meetings held since the establishment of the committee (The committee was established on October 1, 2001.)

- FY2001: Internationalization of MC
- FY2002: (1) Resources business, (2) IT and automobiles, (3) Regional strategies (BRICs, Middle East, etc.)
- FY2003: (1) Energy portfolio after March 11, Others
- FY2004: (1) Corporate governance, Others
- FY2005: (1) Environmental issues and MC initiatives, (2) Effects of the sub-prime loan crisis, (3) Global M&A
- FY2006: (1) Energy portfolio after March 11, Others
- FY2007: (1) Resources business, (2) IT and automobiles, (3) Regional strategies (BRICs, Middle East, etc.)
- FY2008: (1) Regional strategies, ASEAN strategy, Others
- FY2009: (1) Post Financial Crisis: Global Landscape, Others
- FY2010: (1) Progress on implementing the New Strategic Direction, (2) External environment, Others
- FY2011: (1) Regional strategies, ASEAN strategy, Others
- FY2012: (1) Progress on implementing the New Strategic Direction, (2) External environment, Others
- FY2013: (1) Regional strategies, ASEAN strategy, Others
- FY2014: (1) Energy portfolio after March 11, Others

Mr. George Yeo
Chairman, Kerry Logistics Network (Singapore)
1998 Ministers including the Ministry of Information and the Arts, Ministry of Health, Ministry of Trade and Industry and the Ministry of Foreign Affairs
2012 Chairman, Kerry Logistics Network

Mr. Jaime Augusto Zobel de Ayala II
Chairman and CEO, Ayala Corporation (the Philippines)
1994 President & CEO, Ayala Corporation
2006 Chairman & CEO, Ayala Corporation
Overview of the IAC for the Fiscal Year Ended March 2016

At the IAC 15th meeting held in October 2015, members discussed the global business environment from the principal standpoints of economics, geopolitics and industry; sought to accurately assess opportunities and risks associated with the company’s businesses; and discussed the need to continue to develop new strategies.

Persistent Low Growth in the Global Economy

Committee members shared their awareness that the outlook for the global economy remains one of sluggish growth accompanied by occasional volatility in the short and medium term due to factors including slowing growth in China and other emerging economies, the absence of drivers for growth in Europe and the potential for a shift to an ultra-easy monetary policy in the United States.

Unstable Geopolitical Situation

Committee members agreed in their view that geopolitical instability would continue as evidenced by such developments as the relative decline in the international influence of the United States, active efforts on the part of China to increase its influence, a deepening of the relationship between China and Europe, instability in the Middle East caused by the emergence of Islamic State (IS) and Russia’s renewed sense of itself as a great power, as evidenced by developments in Ukraine and Syria.

IT and Innovation

Committee members expressed their view that IT and innovation are intimately linked to industry, as can be seen in such developments as the Internet of Things (IoT), referring to technologies for connecting a range of devices to the Internet, and Big Data, referring to the collection and analysis of enormous volumes of information; that this relationship and the technologies that make it possible are evolving rapidly; and that a failure to take these trends into account could lead to the loss of existing business opportunities. They also emphasized the importance of ensuring cybersecurity as a global company.

IAC agenda and reports for the Fiscal Year Ended March 2016

<table>
<thead>
<tr>
<th>a.m.</th>
<th>p.m.</th>
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</thead>
<tbody>
<tr>
<td>■ Opening Remarks</td>
<td>■ Overview of the global situation</td>
</tr>
<tr>
<td>■ Report on progress toward implementing the New Strategic Direction</td>
<td>China</td>
</tr>
<tr>
<td>■ Business strategy reports from business groups</td>
<td>ASEAN</td>
</tr>
<tr>
<td>Energy Business Group</td>
<td>United States</td>
</tr>
<tr>
<td>Metals Group</td>
<td>EU</td>
</tr>
<tr>
<td>Living Essentials Group</td>
<td>Africa</td>
</tr>
<tr>
<td>Industrial Finance, Logistics &amp; Development Group</td>
<td>Latin America</td>
</tr>
<tr>
<td>■ Japan</td>
<td>■ IT and innovation</td>
</tr>
<tr>
<td>Abenomics</td>
<td>Current developments in Silicon Valley</td>
</tr>
<tr>
<td>Politics and diplomacy</td>
<td>IT business strategy</td>
</tr>
<tr>
<td></td>
<td>■ Closing Remarks</td>
</tr>
<tr>
<td></td>
<td>Kojima (Chairman)</td>
</tr>
<tr>
<td></td>
<td>Yanai (Senior Executive Vice President)</td>
</tr>
<tr>
<td></td>
<td>Kinukawa (Senior Executive Vice President)</td>
</tr>
<tr>
<td></td>
<td>Kakiuchi (Executive Vice President)</td>
</tr>
<tr>
<td></td>
<td>Tanabe (Executive Vice President)</td>
</tr>
<tr>
<td></td>
<td>Kanno (Outside Director)</td>
</tr>
<tr>
<td></td>
<td>Kato (Outside Director)</td>
</tr>
<tr>
<td></td>
<td>Nye (IAC Member)</td>
</tr>
<tr>
<td></td>
<td>Yeo (IAC Member)</td>
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<tr>
<td></td>
<td>Zobel (IAC Member)</td>
</tr>
<tr>
<td></td>
<td>Nye (IAC Member)</td>
</tr>
<tr>
<td></td>
<td>Bond* (IAC Member)</td>
</tr>
<tr>
<td></td>
<td>FitzGerald (IAC Member)</td>
</tr>
<tr>
<td></td>
<td>Blanco (IAC Member)</td>
</tr>
<tr>
<td></td>
<td>*Resigned at end of FY2015</td>
</tr>
</tbody>
</table>

(Titles of reporting persons were current at the time the committee met.)
We will continue to improve and reinforce compliance promotion activities and initiatives that instill an awareness of compliance in each and every officer and employee of MC as well as its subsidiaries and affiliated companies.

MC defines compliance as observance of laws, rules, regulations, international standards and internal regulations, and respect for generally accepted standards for conducting business.

Under the Three Corporate Principles, which constitute MC’s corporate philosophy, MC has the Corporate Standards of Conduct, which regulate the company, and the MC Code of Conduct, which regulates all officers and employees. Various rules and regulations are formulated under this conceptual framework.
Including offices in Japan, MC has more than 200 offices and subsidiaries, and develops business in collaboration with approximately 1,200 group companies in some 90 countries around the world.
**Number of Consolidated Subsidiaries and Equity-method Affiliates by Operating Segment**

(As of March 31, 2016)

<table>
<thead>
<tr>
<th>Operating Segment</th>
<th>No. of Consolidated Subsidiaries and Equity-method Affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Environmental &amp; Infrastructure Business Group</td>
<td>184</td>
</tr>
<tr>
<td>Industrial Finance, Logistics &amp; Development Group</td>
<td>223</td>
</tr>
<tr>
<td>Energy Business Group</td>
<td>97</td>
</tr>
<tr>
<td>Metals Group</td>
<td>192</td>
</tr>
<tr>
<td>Machinery Group</td>
<td>151</td>
</tr>
<tr>
<td>Chemicals Group</td>
<td>75</td>
</tr>
<tr>
<td>Living Essentials Group</td>
<td>255</td>
</tr>
<tr>
<td>Business Service Group</td>
<td>7</td>
</tr>
<tr>
<td>Corporate Staff Section</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,242</strong></td>
</tr>
</tbody>
</table>

- Number of employees at parent company and all of its consolidated subsidiaries: 68,247
- Number of employees at parent company alone: 5,379
- The number of companies subject to consolidation includes affiliates for which subsidiaries implement consolidated accounting procedures.
### Share Data

(1) Authorized share capital: 2,500,000,000 shares of common stock
(2) Number of shares issued and number of shareholders as of March 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Number of shares issued</th>
<th>Number of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of March 31, 2015</td>
<td>1,624,036,751</td>
<td>264,730</td>
</tr>
<tr>
<td>Change</td>
<td>−33,959,900</td>
<td>+7,835</td>
</tr>
<tr>
<td>As of March 31, 2016</td>
<td>1,590,076,851</td>
<td>272,565</td>
</tr>
</tbody>
</table>

### Principal Shareholders

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>Shareholding (Rounded down to the nearest thousand shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>131,319 shares, 8.28%</td>
</tr>
<tr>
<td>Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</td>
<td>74,534 shares, 4.70%</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>69,200 shares, 4.36%</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>64,846 shares, 4.09%</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)</td>
<td>32,276 shares, 2.03%</td>
</tr>
<tr>
<td>Ichigo Trust Pte. Ltd.</td>
<td>29,483 shares, 1.86%</td>
</tr>
<tr>
<td>The Nomura Trust and Banking Co., Ltd. (Pension Benefit Trust Account, Mitsubishi UFJ Trust and Banking Corporation)</td>
<td>22,088 shares, 1.39%</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK MELLON SA/NV</td>
<td>20,258 shares, 1.27%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td>
<td>20,149 shares, 1.27%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td>
<td>18,956 shares, 1.19%</td>
</tr>
</tbody>
</table>

Note: The investment ratio is computed by excluding 5,441,606 shares of treasury stock held by Mitsubishi Corporation and rounded to two decimal points.

### Number of Shareholders

<table>
<thead>
<tr>
<th>Year ended March 2016</th>
<th>Number of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>158,521</td>
</tr>
<tr>
<td></td>
<td>188,925</td>
</tr>
<tr>
<td></td>
<td>233,034</td>
</tr>
<tr>
<td></td>
<td>281,707</td>
</tr>
<tr>
<td></td>
<td>298,301</td>
</tr>
<tr>
<td></td>
<td>305,210</td>
</tr>
<tr>
<td></td>
<td>332,187</td>
</tr>
<tr>
<td></td>
<td>264,730</td>
</tr>
<tr>
<td></td>
<td>272,565</td>
</tr>
</tbody>
</table>

### Shareholder Composition (Shareholding Ratio)

<table>
<thead>
<tr>
<th>Year ended March 2016</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies, etc.</th>
<th>Individuals and others</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>41.1%</td>
<td>2.9%</td>
<td>8.6%</td>
<td>30.4%</td>
<td>17.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 2011</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies, etc.</th>
<th>Individuals and others</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>40.2%</td>
<td>2.4%</td>
<td>8.0%</td>
<td>33.1%</td>
<td>16.3%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 2006</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies, etc.</th>
<th>Individuals and others</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>43.5%</td>
<td>2.9%</td>
<td>11.3%</td>
<td>32.9%</td>
<td>10.4%</td>
<td></td>
</tr>
</tbody>
</table>
**Executive Officers**

_As of October 1, 2016_

**President and Chief Executive Officer**

**Takehiko Kakiuchi***

**Senior Executive Vice President**

**Eiichi Tanabe***
Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (Concurrently)
Regional CEO, Asia & Oceania

**Executive Vice Presidents**

*Toshimitsu Urabe*
Group CEO, Business Service Group

*Shunichi Matsui*
Regional CEO, East Asia (Concurrently)
President, Mitsubishi Corporation China Co., Ltd.

*Kazuyuki Mori***
Regional Strategy (Japan) (Concurrently)
General Manager, Kansai Branch

*Kazushi Okawa*
Group CEO, Machinery Group

*Yasuhito Hirota***
Corporate Communications, Corporate Administration, CSR & Environmental Affairs, Legal, Human Resources (Concurrently)
Chief Compliance Officer

*Hajime Hirano*
Group CEO, Energy Business Group

*Hiroshi Sakuma*
Group CEO, Global Environmental & Infrastructure Business Group

*Kanji Nishiura*
Group CEO, Metals Group

*Haruki Hayashi*
Regional CEO, Europe & Africa (Concurrently)
Managing Director, Mitsubishi Corporation International (Europe) Pte.

*Hidemoto Mizuhashi*
Regional CEO, North America (Concurrently)
President, Mitsubishi Corporation (Americas)

*Kazuyuki Masu***
Chief Financial Officer

*Takeshi Hagiwara*
Group CEO, Chemicals Group

*Shinya Yoshida*
Group CEO, Industrial Finance, Logistics & Development Group

*Yutaka Kyoya*
Group CEO, Living Essentials Group

**Senior Vice Presidents**

*Kenji Yasuno*
Division COO, Ship & Aerospace Div.

*Masaji Santo*
Regional CEO, Latin America

*Mitsuyuki Takada*
General Manager, Global Strategy & Coordination Dept.

*Kenichi Koyanagi*
General Manager, Nagoya Branch

*Yoichi Shimoyama*
Deputy Regional CEO, East Asia (Concurrently)
President, Mitsubishi Corporation (Hong Kong) Ltd.

*Akira Murakoshi*
President, Mitsubishi Company (Thailand), Ltd. (Concurrently)
President, Thai-MC Company, Limited (Concurrently)
General Manager, Haadyai Office, Mitsubishi Company (Thailand), Ltd. (Concurrently)
General Manager, Haadyai Office, Thai-MC Company, Limited (Concurrently)
General Manager, Vientiane Liaison Office (Concurrently)

*Masakazu Sakakida*
Chairman & Managing Director, Mitsubishi Corporation India Private Ltd. (Concurrently)
Deputy Regional CEO, Asia & Oceania (South Asia)

*Keisuke Hoshino*
President and CEO, Mitsubishi Corporation RTM Japan Ltd.

*Koichi Wada*
Division COO, Natural Gas Business Div.

*Tsutomu Takanose*
Deputy General Manager, Kansai Branch

*Katsushiro Ito*
General Manager, Corporate Strategy & Planning Dept.

*Mitsumasa Icho*
General Manager, Risk Management Dept.

*Takajiro Ishikawa*
Senior Assistant to Group CEO, Industrial Finance, Logistics & Development Group

*Yasuteru Hirai*
Deputy Regional CEO, East Asia (Concurrently)
President, Mitsubishi Corporation (Shanghai) Ltd. (Concurrently)
General Manager, Shanghai Office (Concurrently)
General Manager, Mitsubishi Corporation (Shanghai) Ltd. Wuhan Branch

*Norobu Tsuji*
Division COO, Motor Vehicle Business Div.

*Norikazu Tanaka*
Division COO, Mineral Resources Investment Div.

*Fuminori Hasegawa*
Division COO, Petroleum Business Div.

*Tetsuji Nakagawa*
Division COO, Infrastructure Business Div.

*Hidenori Takaoka*
General Manager, Energy Business Group CEO Office

*Noriyuki Tsubonuma*
Managing Director & CEO, Mitsubishi Australia Limited (Concurrently)
Managing Director, Mitsubishi New Zealand Limited (Concurrently)
Deputy Regional CEO, Asia & Oceania (Oceania)

*Yasushi Okahisa*
Division COO, Asset Finance & Investment Div.

*Tsunehiko Yanagihara*
EVP, Mitsubishi Corporation (Americas) [Work location: Silicon Valley] (Concurrently)
Mitsubishi Corporation (Americas), SVP, Machinery Group

*Masatsugu Kurahashi*
Chief Regional Officer, Indonesia (Concurrently)
President, PT. Mitsubishi Corporation Indonesia (Concurrently)
General Manager, Surabaya Branch, PT. Mitsubishi Corporation Indonesia

*Nodoka Yamasaki*
Division COO, Living Essential Distribution Div.

*Kotaro Tsukamoto*
Metal One Corporation

*Katsuya Nakamichi*
Regional CEO, Middle East & Central Asia

*Jun Nishizawa*
Deputy Division COO, Natural Gas Business Div.

*Tatsuo Nakamura*
Mitsubishi Motors Corporation

*Osamu Takeuchi*
Division COO, Commodity Chemicals Div. B

*Kazunori Nishio*
Division COO, Retail Div.

* Indicates a representative director
Corporate Information

(As of March 31, 2016)

Mitsubishi Corporation
Date Established: July 1, 1954
(Date Registered: April 1, 1950)
Capital: ¥204,446,667,326
Shares of Common Stock Issued: 1,590,076,851

Head Office:
Mitsubishi Shoji Building
3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8086, Japan
(Registered address of the Company)
Telephone: +81-3-3210-2121

Marunouchi Park Building
6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8086, Japan

Number of Employees:
Parent company: 5,379
Consolidated: 68,247

Independent Auditors:
Deloitte Touche Tohmatsu LLC/
Tohmatsu Tax Co.

Number of Shareholders: 272,565
Stock Listings:
Tokyo, Nagoya

Transfer Agent for Shares and Special Accounts, Account Management Institution:
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
10-11, Higashisuna 7-chome, Koto-ku,
Tokyo 137-8081, Japan
Telephone: 0120-232-711
(within Japan)

American Depositary Receipts:
Ratio (ADR:ORD): 1:2
Exchange: OTC (Over-the-Counter)
Symbol: MSBHY
CUSIP: 606769305

Depositary:
The Bank of New York Mellon
101 Barclay Street, New York, NY 10286, U.S.A.
Telephone: (201) 680-6825
U.S. toll free: 888-269-2377
(888-BNY-ADRS)
URL: http://www.adrbnymellon.com

Contact:
Investor Relations Department, Mitsubishi Corporation
3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8086, Japan
Telephone: +81-3-3210-2121

Internet
Mitsubishi Corporation’s latest integrated reports, financial reports and news releases are available on the Investor Relations homepage.
URL: http://www.mitsubishicorp.com/jp/en/ir/

Forward-Looking Statements
This integrated report contains forward-looking statements about Mitsubishi Corporation’s future plans, strategies, beliefs and performance that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which Mitsubishi Corporation operates and beliefs and assumptions made by management. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, they may cause actual results to differ materially from those projected. Mitsubishi Corporation, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, Mitsubishi Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments. Risks, uncertainties and assumptions mentioned above include, but are not limited to, commodity prices; exchange rates and economic conditions; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources.