The ability to respond to the major changes reshaping our times is an urgent priority. In this environment, Mitsubishi Corporation (MC) established Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing—in May 2016. Guided by this strategy, we are pursuing a policy of simultaneously generating three kinds of value through our businesses: economic value, environmental value and societal value.

As we head into the fiscal year ending March 31, 2018, the second year of Midterm Corporate Strategy 2018, we have created this Integrated Report to describe our initiatives aimed at maximizing corporate value by focusing on the MC Group’s strengths and transcending business group boundaries to steadily develop new pillars of future growth.

Looking ahead, we will continue to do our utmost to ensure that our Integrated Report serves as an effective communication tool that positively contributes to constructive stakeholder dialogue. To do so, we will strive to improve the clarity of our reporting based on the valued feedback we receive from our stakeholders.

In the course of preparing this report, we have worked closely with each of our internal departments to provide a summary of our holistic perspective on the MC Group as a whole. In the process, we have referred to the reporting framework propounded by the International Integrated Reporting Council (IIRC) and other guidelines. We hereby affirm the legitimacy of both the preparation process and the content of disclosure with respect to this Integrated Report.

September 2017

Kazuyuki Masu*
Member of the Board, Executive Vice President
Corporate Functional Officer, Chief Financial Officer, IT
*Indicates a Representative Director.
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.
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This section presents MC’s specific approaches to long-term value creation, including progress on initiatives based on Midterm Corporate Strategy 2018, along with the management frameworks underpinning those approaches.

P04 Message from the President and CEO
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P28 Corporate Governance
Over the past year, MC has undertaken initiatives in accordance with *Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing*—which was drawn up in May 2016. Based on these initiatives, in May 2017, MC announced its progress on Midterm Corporate Strategy 2018 and its vision for future growth.

Looking ahead, MC will further advance the shift toward “managing” businesses through this newly introduced framework. We will dynamically allocate management resources such as personnel and funds in order to build a portfolio of sizable core earnings streams. We will strive to develop growth businesses for the future and increase the corporate value of the MC Group over the medium and long terms, with the aim of achieving sustainable growth.
Message from the President and CEO

Commitment to Our Stakeholders

We will simultaneously generate three kinds of value through our businesses: economic value, environmental value and societal value.

In the fiscal year ended March 2017, MC posted a consolidated net income of ¥440.3 billion, an improvement of ¥589.7 billion from the consolidated net loss recorded in the previous fiscal year. We thereby achieved our consolidated net income forecast of ¥440.0 billion announced in February 2017. Over the years, MC has continued to grow by evolving its business model from trading to investing in line with the changing times. In May 2017, we announced Growth Beyond Midterm Corporate Strategy 2018 to further articulate our steps towards breaking through to the next stage of growth. One year has passed since I was appointed President, and while we continue to monitor the current standing of our businesses, we are also in the process of reassessing each of their potential. We have introduced a new framework based on the management direction laid out in Midterm Corporate Strategy 2018, and I believe we are solidly on track to accomplishing those priorities. With the aim of advancing toward a new stage of growth, and in order to simultaneously generate economic value, environmental value and societal value, I would like to reaffirm the following four commitments to our shareholders and other investors.

(For operating results highlights for the fiscal year ended March 2017, please see page 20.)

Commitment 01

We will continue our shift towards “managing” businesses and tackle the challenge of achieving a new level of profit.

MC has re-categorized its businesses into the “market-related sector” and the “business-related sector,” based on market risk sensitivity, thereby replacing its previous categorization of “resources” and “non-resources.” MC believes that the optimal balance of “market-related sector” to “business-related sector” relative to risk assets is around 3:7, and will keep the “market-related sector” portfolio size unchanged. We aim to achieve this optimal balance by the fiscal year ending March 2019.
Furthermore, MC has introduced a framework to make the shift toward “managing” businesses, as laid out in Midterm Corporate Strategy 2018, more visible by dividing the “business-related sector” into three subcategories (trading, investing, and managing). Through this framework, MC has clarified its path towards growth: leveraging management capabilities for value creation.

MC was founded as a trading company, but we cannot expect to achieve significant growth by relying on trading-related businesses alone. With this in mind, in addition to trading activities, we have also turned our attention toward project investments.

As the next stage of its evolution, MC is working to shift its business model toward “managing” businesses. Under this model, we will generate substantial value by deepening our involvement in the management of our business investment. Going forward, we will become more deeply involved in developing the management capabilities of various industries, without limiting our activities to financial investment. It is essential that in doing so we proactively increase the value of these companies.

Currently, MC has 1,274 companies subject to consolidation, comprising 834 consolidated subsidiaries and 440 affiliates (as of March 31, 2017). We will work to promote the autonomous growth of each of these consolidated operating companies, thereby driving the growth of the entire MC Group.

(For more information on the sub-categories, please see page 11.)

Commitment

02

We will create businesses that transcend business group boundaries by leveraging MC’s strengths.

I believe that MC has two core strengths.

The first strength is our human resources, who are our greatest growth driver. In line with the Three Corporate Principles, the virtues of fairness, integrity and teamwork are rigorously instilled in every employee from the day they join the company. We encourage our employees to make a positive contribution to society and to demonstrate their abilities to the fullest in each of their respective positions, not simply to work for private gain. And there are numerous places throughout the MC Group where our employees can apply their skills to maximize corporate value, including our more than 1,200 consolidated subsidiaries and equity-method affiliates. We will ceaselessly and effectively develop management professionals who have both the foresight and execution skills needed to develop new businesses for the future and who are highly admired and trusted by the people around them.

(For information on human resource development initiatives, please see pages 92 to 95.)
The second strength is our collective capabilities. These enable us to continually create new business opportunities by leveraging our holistic view across numerous global industries that we expand through our daily business activities. Currently, MC’s seven business groups have a total of more than 150 business units, each possessing a wide range of interfaces with all manner of industries. The business groups have developed businesses strongly rooted in their respective industries. Going forward, they will continue to hone their ability to anticipate how their respective industries will change with the times, and use this both to expand existing businesses and to identify new sources of growth in peripheral businesses.

Reaffirming these strengths, we aim to create businesses that generate new value by forging a network that extends beyond business groups and our corporate structure.

The mindset to focus on building up business expertise is firmly embedded in our business groups. This expertise offers many benefits, including serving as a driving force for the advancement of each business. Going forward, however, we have decided to relax this approach to a certain extent, focusing instead on creating Group-wide businesses that straddle different industries and fields. MC indeed has many possibilities to develop these sorts of businesses that transcend business group boundaries. We will reaffirm the potential of these “hidden assets” that we had previously either overlooked or were unable to find, as we push ahead with unique initiatives that only MC can accomplish.

We have many prospective growth investment deals in the pipeline. We will select investments based on a disciplined approach from amongst businesses where MC is demonstrating management capabilities and fulfilling proactive leadership roles, as well as businesses in adjacent fields, thereby paving the way for our next growth stage.
Under Midterm Corporate Strategy 2018, MC has embraced cash-flow-focused management. We have introduced a framework in which each business segment is required to keep investments within its cash generation capacity, and a fixed percentage of business segment profits is retained on the corporate level. This framework will increase the number of options in our capital allocation policy and drive company-wide growth beyond business segment boundaries. In addition, from May 2017, we have established an investment leverage ratio as a core indicator of financial soundness and capital allocation. With this step, we have defined a clear capital allocation framework based on carefully selected growth investments and shareholder returns such as progressive dividends and share buybacks. Optimization of the investment leverage ratio will help us to fortify our balance sheet.

MC has adopted a flexible and progressive dividend policy in line with its sustainable earnings growth. For the fiscal year ended March 2017, MC paid a record-high annual dividend of ¥80 per share. I have had the opportunity to engage in dialogue with various stakeholders throughout the year, and we are determined to maintain the progressive dividend scheme to ensure that our stakeholders continue to support our growth over the medium and long terms.

(For more information on MC’s shareholder return policy and capital allocation framework, please see the Message from the CFO section starting on page 19.)

MC will work to further strengthen consolidated management and further advance the shift toward “managing” businesses through its newly introduced framework. We will create multiple core businesses by putting company-wide efforts behind sizable growth investments. In addition to current core businesses that can be depended upon for growth, MC also has a large number of internal prospects that have the potential to become the next core businesses. Responding to changes in the business environment and other factors, we will dynamically allocate management resources, such as personnel and funds, to develop sizable core businesses.

That said, even if these growth fields each were to develop into sizable businesses, they may eventually face the end of their respective lifecycles. I would like to transform MC into an enterprise that develops mechanisms for capturing this sort of cyclic growth within the MC Group. In doing so, MC will be able to continuously identify businesses that will drive the next phase of growth and serve as next-generation core earnings streams.

(For information on the future of the MC Group, please see page 14.)
Under Midterm Corporate Strategy 2018, MC has adopted four policies as its management approach over the three-year midterm corporate strategy period: (1) Rebalancing of “resources” and “non-resources,” (2) Cash-flow-focused management, (3) Further evolution from “investing” to “managing,” and (4) Acceleration of “lifecycle-based” portfolio re-profiling.

In light of the progress made over the past year, we have introduced a new framework in order to increase the MC Group’s medium- and long-term corporate value. This is part of the two major directions laid out in Midterm Corporate Strategy 2018: reforming the management platform and growth initiatives.
Achievement of an optimal business portfolio balance and visualization of the shift toward “managing” businesses

We will work to optimize our portfolio based on market risk using our new business categorization consisting of the “market-related sector” and the “business-related sector.”

In the course of evolving our business model from the “trading” sub-category to the “investing” stage, we have classified businesses that are strongly impacted by market conditions over the medium and long terms into the “commodity” sub-category. Meanwhile, businesses that have reduced market risk by building value chains and optimizing sales/purchase agreements have been classified into the “investing/financing” sub-category. Finally, businesses where MC can create value through deeper involvement in management within the industry have been classified into the “managing” sub-category.

In the “commodity” sub-category, we will enhance competitiveness through cost reductions and other means, while keeping the portfolio size unchanged. This will encourage re-profiling and further enhance the quality of the portfolio.
Under Midterm Corporate Strategy 2018, MC has introduced a framework in which a fixed percentage of business segment profits is retained at the corporate level. By doing so, MC has increased the number of options in its capital allocation policy on the corporate level, such as investment in growth, shareholder returns and the reduction of interest-bearing liabilities. At the same time, the new framework will drive company-wide growth beyond business segment boundaries.

MC has steadily promoted autonomous management of its business segments by continuing cash-flow-focused management at the business segment level.
Progress on Midterm Corporate Strategy 2018

Objective

Acceleration of business portfolio re-profiling

Every business has a lifecycle and lifespan. MC has introduced a framework called a portfolio re-profiling matrix in order to continuously identify the lifecycle stage of each business and verify whether MC is demonstrating functional engagement in the business.

Through this framework, we will confirm changes in the operating environment, the lifecycle stage, and pathways for growth as an MC Group company for each individual business. In parallel, for businesses with good future prospects, MC will step up efforts to capture growth in tandem with accelerating its portfolio re-profiling initiatives.

By promoting a healthy business metabolism, MC aims to continuously optimize its portfolio in line with rapidly changing market environments.
Through the newly introduced framework, MC will advance the shift toward “managing” businesses. In parallel, we will create multiple core businesses by putting company-wide efforts behind sizable growth investments.

In addition to current core businesses that can be depended upon for growth, MC also has a large number of other internal prospects that have the potential to become the next core businesses.

In order to advance MC to a new growth stage, we must effectively develop management professionals who have both foresight and execution skills, and who have earned the admiration and trust of those around them. In the process, we will dynamically allocate management resources, such as personnel and funds, to develop sizable core businesses for the future.

Through these measures, MC will simultaneously generate economic value, environmental value and societal value, in conjunction with continuously identifying businesses that will serve as next-generation core earnings streams. This will enable MC to deliver sustainable corporate value.
The MC Group Will Deliver Sustainable Growth by Fulfilling Societal Needs

The MC Group aims to deliver sustainable growth by staying on top of changes in the business environment and fulfilling societal needs. This goal will be accomplished by harnessing the MC Group’s three strengths, specifically our collective capabilities to adopt a holistic view across numerous industries, the foresight to identify new sources of growth, and the execution skills to achieve growth.

Simultaneously generating economic value, environmental value and societal value through our businesses
MC’s Value Creation Process

**RAISING THE POWER OF MC**

**Input**
- Intellectual capital
- Human capital
- Customer and partner capital
- Network

**MC Group**

- Collective capabilities to adopt a holistic view across numerous industries
- Foresight to identify new sources of growth
- Execution skills to achieve growth

**Key Sustainability Issues**
- Collective capabilities to adopt a holistic view across numerous industries
- Foresight to identify new sources of growth
- Execution skills to achieve growth

**The Three Corporate Principles**
Cornerstones for fulfilling MC’s obligations to the global environment and society in the course of conducting business

**Financial Base**
Lay a strong foundation for growth investments by building a robust financial structure

**ESG Initiatives**
Initiatives essential to delivering sustainable medium- and long-term growth
Three Types of Value Creation

MC aims to simultaneously generate economic value, environmental value and societal value through all of its business activities, as illustrated in the examples below.

**Economic Value**
MC aims to enhance economic value by leveraging the strengths and expertise of its seven business groups and through disciplined execution of growth investments across the business groups. MC seeks to drive further growth by evolving its business model toward “managing” businesses and through active portfolio re-profiling to obtain prime assets. Through these efforts, we will strive to achieve a double-digit ROE by around 2020.

**Environmental Value**
MC is targeting a renewable energy ratio of at least 20% (by 2030, based on generation amount). The offshore power transmission business field supports increased market penetration of renewable energy. MC entered the offshore power transmission market in Germany and the U.K. earlier than other Japanese companies with a view to building a solid position in the industry.

**Societal Value**
MC is working to create societal value through initiatives to develop human resources and spur job creation including a vocational training school that SPDC Ltd. has been involved in setting up and operating.
Results for the Fiscal Year Ended March 2017 Based on the New Categorization

From the fiscal year ended March 2017, MC has decided to re-categorize its businesses into the “market-related sector” and the “business-related sector,” according to market risk sensitivity. Previously, MC had categorized its businesses into the “resources” and “non-resources” fields. By keeping the “market-related” portfolio size unchanged, MC expects to assume a portfolio balance by the fiscal year ending March 2019 that can remain profitable even if resource prices were to fall as sharply as they have done in the past. This re-categorization has also enabled MC to more clearly articulate the evolution of its business model toward “managing” businesses—a key priority for the Company going forward.

Please see the “Revised” sections of the chart in the “Re-categorization” section below for the main business components of the “market-related sector” and the “business-related sector.” The most notable change was the re-categorization of LNG into the “business-related sector.” This change reflects the reduction of market risk in the LNG business mainly through building value chains and optimizing sales and purchase agreements.

<table>
<thead>
<tr>
<th></th>
<th>Results for the fiscal year ended March 2016</th>
<th>Results for the fiscal year ended March 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business-related sector</strong></td>
<td>¥281.7 billion</td>
<td>¥339.5 billion</td>
<td>+¥57.8 billion</td>
</tr>
<tr>
<td><strong>Market-related sector</strong></td>
<td>¥(416.5) billion</td>
<td>¥100.2 billion</td>
<td>+¥516.7 billion</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>¥(14.6) billion</td>
<td>¥0.6 billion</td>
<td>+¥15.2 billion</td>
</tr>
<tr>
<td><strong>Consolidated net income</strong></td>
<td>¥(149.4) billion</td>
<td>¥440.3 billion</td>
<td>+¥589.7 billion</td>
</tr>
</tbody>
</table>

Re-categorization

MC has revised its business categorization to the “market-related sector” and the “business-related sector” according to market risk sensitivity, thereby replacing its previous categorization of “resources” and “non-resources.” MC expects to assume an optimal balance by the close of the fiscal year ending March 2019 by keeping the “market-related” portfolio size unchanged.
Our financial results for the fiscal year ended March 2017 made a strong start to Midterm Corporate Strategy 2018 as the first year of the plan.

MC posted a consolidated net income of ¥440.3 billion, due in part to a tailwind from a recovery in market conditions. This represents an increase of ¥589.7 billion in comparison with the consolidated net loss recorded in the previous fiscal year. The increase reflects the gain recorded from the acquisition of Lawson, Inc. as a subsidiary, along with the significant contribution of higher market prices and reduced production costs in the Australian coking coal business.

In the fiscal year ending March 2018, MC is forecasting a consolidated net income of ¥450.0 billion, an increase of around ¥10.0 billion. This forecast includes earnings of ¥327.0 billion from the business-related sector, ¥97.0 billion from the market-related sector, and ¥26.0 billion primarily from new company-wide projects supported by the entire MC Group.

In keeping with the policies outlined in Midterm Corporate Strategy 2018, we will continue to focus on rebuilding our business base, with a view to achieving future growth. As part of these efforts, we have decided to disclose the investment leverage ratio as a more effective core indicator of financial soundness and capital allocation. In addition, we have revised our business categorization in order to increase the transparency of our policy on the disciplined allocation of management resources. Through these new initiatives, we will build a robust financial structure and solidify the foundations of our growth investments.

As our basic approach to returning value to shareholders, we are focusing on a progressive dividend scheme in line with sustained earnings growth. For the fiscal year ended March 2017, we decided to pay an annual dividend of ¥80 per share, up ¥20 from our initial annual dividend forecast of ¥60 per share. Future dividend increases will be determined by taking into account a comprehensive range of factors, including our cash flow performance. As noted in our capital allocation policy which is based on the investment leverage ratio, we also plan to flexibly buy back our stock, as necessary.

We will seek to increase corporate value over the medium and long terms through future growth, thereby meeting the expectations of our stakeholders.

**Medium- and Long-Term Targets**

We will strive to achieve a double-digit ROE through additional growth in the business-related sector and an active re-profiling of our market-related sector.

**Trend in Annual Dividends**

In the fiscal year ended March 2017, we paid an annual dividend of ¥80 per share, our largest dividend ever. In the fiscal year ending March 2018, we will continue to pay an annual dividend premised on a base dividend of ¥80 per share.
Operating Results Highlights (IFRS)

Results by Segment (Net Income (Loss))

<table>
<thead>
<tr>
<th>Segment</th>
<th>Year ended March 2016</th>
<th>Year ended March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Environmental &amp; Infrastructure Business</td>
<td>-149.4</td>
<td>440.3</td>
</tr>
<tr>
<td>Industrial Finance, Logistics &amp; Development</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Energy Business</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Metals</td>
<td>-12%</td>
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<tr>
<td>Machinery</td>
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<td></td>
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<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net cash provided by operating activities was ¥583.0 billion, mainly due to cash flows from operating transactions and dividend income, despite an increase in working capital requirements.

Net cash used in investing activities was ¥179.6 billion. The main use of cash was for payments for the acquisition of Lawson as a subsidiary and investments in real estate-related businesses and other areas, despite cash provided by a paid-in capital reduction in the LNG-related business and proceeds from the fund-related business. As a result, free cash flow for the fiscal year ended March 2017 was ¥403.4 billion.

It can be difficult to ascertain the real situation of a sogo shosha (global, integrated business enterprise) from cash flows, because they often include large changes in working capital. MC therefore discloses underlying operating cash flows (¥703.5 billion), which are operating cash flows that exclude the impact of changes in working capital and related factors. The sum of underlying operating cash flows and investing cash flows is also disclosed. This sum was ¥523.9 billion in the fiscal year ended March 2017.

Cash Flow Analysis

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It can be difficult to ascertain the real situation of a sogo shosha (global, integrated business enterprise) from cash flows, because they often include large changes in working capital. MC therefore discloses underlying operating cash flows (¥703.5 billion), which are operating cash flows that exclude the impact of changes in working capital and related factors. The sum of underlying operating cash flows and investing cash flows is also disclosed. This sum was ¥523.9 billion in the fiscal year ended March 2017.

Cash Flow Analysis

Net cash provided by operating activities was ¥583.0 billion, mainly due to cash flows from operating transactions and dividend income, despite an increase in working capital requirements.

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Establishment of the Investment Leverage Ratio

MC has set an investment leverage ratio as the basic indicator of financial soundness and capital allocation. By conducting appropriate capital allocation in accordance with the policies outlined in Midterm Corporate Strategy 2018, we are aiming to achieve an appropriate level in the 25%-35% range. The investment leverage ratio shows the relationship between the Company’s debt applied to investment assets and total equity, and is calculated as a percentage representing debt applied to investment assets divided by total equity and hybrid capital.

**Investment Leverage Ratio**

![Diagram showing the investment leverage ratio from March 31, 2015 to March 31, 2017.]

**Capital Allocation Framework**

In accordance with the policies outlined in Midterm Corporate Strategy 2018, we work to drive the growth of our businesses by proactively taking a disciplined approach to investment, with a view to increasing corporate value over the medium and long terms. Furthermore, we are focusing on a progressive dividend scheme as the basis for shareholder returns. We will also control the level of interest-bearing debt to firmly retain a sound balance sheet. Share buybacks will be conducted flexibly in accordance with investment progress, considering the level of the investment leverage ratio.

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*The target was calculated based on the following procedures.

1. The relationships between risk assets of companies in developed countries and total equity were analyzed for each rating category. Based on this analysis, a standard range was calculated for companies with a high-ranked A credit rating.

2. The range determined in procedure (1) above was converted into ratios of interest-bearing debt applied to investment assets and to total equity. These ratios were adopted as the target range for the investment leverage ratio.
Portfolio Management

Monitoring of Effective Risk
Effective risk has been defined as the total amount of maximum expected losses that could arise from all of MC’s businesses, and this risk is regularly monitored. In order to continue our business activities even in the event of a worst-case scenario, we undertake portfolio management by performing risk tolerance comparisons designed to ensure that the effective risk is contained within our risk tolerance threshold (shareholders’ equity and certain other items). At the same time, the risk-return balance of each business is made transparent by using the effective risk as a proxy for equity in each business.

Concentration Risk Management
Excessive concentration of resources in the business portfolio could have a severe impact on management as a whole if risks were to materialize in specific businesses. In order to avoid the excessive concentration of resources in specific businesses, MC undertakes concentration risk management by establishing a ceiling for the amount of investment in each business.

Business Management Framework and Risk Management

- Guided by the approach of Midterm Corporate Strategy 2018, company-wide management will establish preconditions and frameworks.
- Under this framework, each group will autonomously and independently undertake management.
- Company-wide management will monitor the management status of major large business investees on a case-by-case basis, in addition to monitoring the overall portfolio.
- Established the new Business Investment Management Department to undertake business investment management more proactively.

Business Management Framework

<table>
<thead>
<tr>
<th>Balance of risk, tolerance and return</th>
<th>Emphasis on cash flow</th>
<th>Positioning of business fields</th>
<th>Concentration risk management</th>
</tr>
</thead>
</table>
| - We will regularly monitor the balance between quantified company-wide risk, tolerance (equity), and return. | - We will rigorously instill the approach of emphasizing cash flow at the business group level and formulate investment plans based on each group’s ability to generate cash flow. | - Cognizant of business lifecycles, we will promote portfolio re-profiling according to our level of functional engagement in each business. | - Market-related sector: Maintain the investment asset balance during Midterm Corporate Strategy 2018
- Businesses/projects: Establish ceiling for investment assets
- Country: Establish ceiling for cumulative direct risk exposure |
**Operating Results Highlights (IFRS)**

**Perspectives on Management of Individual Projects**

<table>
<thead>
<tr>
<th>Projects</th>
<th>Policy and Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New projects</td>
<td>Carefully determine whether or not to proceed with a new project based on a cautious assessment in line with quantitative and qualitative criteria</td>
</tr>
<tr>
<td>Existing projects</td>
<td>The group will ascertain the business situation and continually revise the positioning of individual companies. All companies will examine the lifecycle and independent function of major large business investees</td>
</tr>
<tr>
<td>Re-profiling projects</td>
<td>Encourage business groups to prioritize projects in line with their group strategy and undertake autonomous re-profiling based on the priority of projects</td>
</tr>
</tbody>
</table>

**Continuous Dialogue with Shareholders and Other Investors**

MC strives to engage in a year-round, continuous dialogue with institutional and individual investors worldwide, with dialogue sessions led by the Investor Relations Department.

In the fiscal year ended March 2017, we continued working to increase the understanding of our new management strategy and other aspects of MC among financial market participants. For this, we held about 535 meetings with institutional investors and securities analysts, including meetings attended by the President and the CFO of MC. In addition, we continued to hold briefings on each business group by the executives of each group and to provide tours of business sites.

In addition, we provided important opportunities for dialogue with individual investors through company briefings held 15 times in 9 cities across Japan, and by opening booths at IR fairs.

We will identify the needs of various stakeholders by receiving opinions about our management framework and business strategies gathered through these communication channels. We will then put those opinions to good use in creating the value we will deliver in the future.

In the fiscal year ending March 2018, we will continue to provide opportunities for dialogue and use the insights we gain to increase our corporate value.
Under Midterm Corporate Strategy 2018, MC has decided to shift its business model from “investing” to “managing,” thereby fulfilling an even greater leadership role in its businesses. With this in mind, MC will step up efforts more than ever to improve its existing business investees through closer monitoring of business management. In parallel, MC will incorporate cutting-edge technologies such as AI and IoT into its business model by leveraging its ability to respond to change, which is underpinned by the MC Group’s functions, knowledge and human resources. In the process, we must ensure that these initiatives lead to the MC Group’s growth.

As we look to proactively manage businesses, it has become increasingly crucial for the MC Group to keep on top of rapidly changing sustainability trends, including environmental and social developments, as well as to appropriately address these trends and disclose the details of such efforts externally. In this regard, MC continues to support the UN Global Compact*. In light of these internal and external environments, we recognize that simultaneously generating economic, environmental and societal value is essential for the growth of the MC Group. Accordingly, we have identified a number of Key Sustainability Issues (Materiality), which we have placed as strategic management issues aimed at realizing this growth, and we also incorporate these issues into our dialogues with external stakeholders.

From the fiscal year ending March 2018, MC has adopted an integrated management framework for addressing business investments, AI and IoT initiatives and sustainability measures, each of which are particularly crucial priorities for the Company as it seeks to evolve its business model from “investing” to “managing.” Under this framework, we intend to ensure sustainable growth driven by MC’s management capabilities, in conjunction with proactively creating business value beneficial to society.

* 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 first declared its support for this initiative in 2010.

For more information about MC’s risk management systems, please refer to pages 22 to 23.

Initiatives to Ensure Sustainable Growth

Through initiatives to address key issues for sustainable growth, MC will create business value beneficial to society.

Iwao Toide
Member of the Board, Executive Vice President, Corporate Functional Officer, Business Investment Management, Corporate Sustainability

Screening Process for Loan and Investment Proposals

When reviewing and making decisions on loan and investment proposals, MC has adopted a process in which the Investment Committee deliberates all proposals to be discussed by the Board of Directors and the Executive Committee. The Corporate Functional Officer for Business Investment Management and Corporate Sustainability serves as the chairman of the Investment Committee, which comprehensively considers the loan and investment proposals.

By having the Corporate Sustainability Department take part in Investment Committee meetings as a committee member, MC has put in place a screening process to facilitate decision-making that takes into account environmental and social impacts. Besides screening new and exit proposals, the Investment Committee also strives to help make improvements to existing business investees by monitoring their management practices.

Initiatives to Promote AI and IoT

MC has embraced the transformation of its business models using cutting-edge technologies such as AI and IoT as one of the top priorities of Midterm Corporate Strategy 2018, and in April 2017, MC set up the AI/IoT Committee under the Executive Committee in order to connect these technologies to business growth across the MC Group.

The AI/IoT Committee will accelerate initiatives by sharing ideas related to new challenges in keeping with business strategies across the Company, while obtaining specialized knowledge from external specialists and other experts. MC will take full advantage of its access as a sogo shosha to a wide range of data and cutting-edge technologies from its abundant interfaces with a diverse range of industries. Through these efforts, we will work to build new pillars of growth for future generations.
Key Sustainability Issues (Materiality)

MC recognizes that its responses to global sustainability issues will have a significant impact on the MC Group’s prospects for long-term growth. Therefore, we are determined to pursue sustainable growth by simultaneously generating economic, environmental and societal value.

MC has identified a set of Key Sustainability Issues as milestones to help it proactively realize the simultaneous generation of these three kinds of value based on the nature of the MC Group’s businesses. We believe that our measures to address the Key Sustainability Issues will also help to achieve the Sustainable Development Goals (SDGs)*1 related to each key issue.

*1 The SDGs are a set of 17 global goals adopted at the UN summit held in September 2015 as the core of a “new sustainable development agenda for 2030.” MC recognizes the role it is expected to fulfill as a global company in order to achieve these goals, and it is actively working to address them.

Step 1
Creating a list of potential issues
In keeping with commonly used materiality setting procedures*2, MC compiled a list of around 80 potential issues that should be taken into account in order to achieve sustainable growth for the MC Group, based on international standards and goals such as ISO 26000 and the SDGs.

Step 2
Gauging the importance of each issue based on internal and external perspectives
MC gauged the importance of each theme, in terms of both opportunities and risks, and selected priority issues based on the perspectives of the Company’s business groups as well as those of external stakeholders.

Step 3
Identifying the Key Sustainability Issues
MC reexamined the selected priority issues while incorporating the views of the CSR & Environmental Affairs Advisory Committee. Following deliberations by the Executive Committee and the Board of Directors, the Key Sustainability Issues were determined.

*2 Referencing reporting guidelines such as those of the Global Reporting Initiative (GRI), an international NGO.
Key Sustainability Issues (Materiality)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Overview</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitioning to a Low-carbon Society</td>
<td>In anticipation of the impact that climate change is expected to have on the Company’s business activities, MC is working to address these potential impacts, while at the same time actively pursuing businesses that facilitate the transition to a low-carbon society and reducing greenhouse gas (GHG) emissions.</td>
<td>P27, 55, 64, 68</td>
</tr>
<tr>
<td>Procuring and Supplying in a Sustainable Manner</td>
<td>MC will ensure the stable, sustainable procurement and supply of resources, raw materials and other inputs in line with the needs of each country around the world. In addition, we will consider environmental and social factors throughout our supply chains.</td>
<td>P26, 67, 79</td>
</tr>
<tr>
<td>Tackling Evolving Regional Issues</td>
<td>MC will continue to take appropriate steps to address geopolitical risk while at the same time contributing solutions through its business for issues faced by each country and region, thereby supporting the development of economies and societies.</td>
<td>P59, 76, 80</td>
</tr>
<tr>
<td>Addressing the Needs of Society through Business Innovation</td>
<td>MC will stay on the pulse of major industrial shifts brought about by technological advances, while continually creating innovative businesses that contribute to solutions for social issues.</td>
<td>P56, 72, 79</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 its environmental impact and conserving the natural environment.</td>
<td>P96</td>
</tr>
<tr>
<td>Growing Together with Local Communities</td>
<td>MC will contribute to regional development through its business and corporate philanthropy initiatives, and the Company will aim to grow together with the regions and communities where it operates.</td>
<td>P68, 96</td>
</tr>
<tr>
<td>Fostering Our Employees’ Maximum Potential</td>
<td>MC will work to develop human resources with advanced management capabilities who will become the driving force behind corporate value creation by developing career opportunities and workplaces where the members of its diverse workforce are able to grow as they share values in a spirit of mutual learning.</td>
<td>P67, 92–95</td>
</tr>
</tbody>
</table>

Sustainable 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 also conduct a regular questionnaire to confirm compliance with this policy.

Furthermore, MC employees conduct site visits of suppliers. In December 2016, MC was provided an opportunity by Olam to visit the milling plant and coffee farms from which Olam Colombia* sources its coffee in order to better understand Olam’s philosophy and approach to sustainability. MC also toured another coffee plantation of the Colombian Coffee Growers Federation (FNC). In each of these locations, MC confirmed that there were no problems related to sustainable supply chain management such as forced labor or child labor. These visits also helped to identify areas for further improvement related to health and safety (e.g. additional safety signage), and these improvements were quickly implemented. In collaboration with MC Group companies, MC will continue to work with its suppliers to make these sorts of improvements throughout the company’s supply chains.

MC is contributing towards the transition to a low-carbon society.

Climate Change Awareness

MC recognizes that climate change poses a significant threat to the planet’s ecosystems, as well as to the continued prosperity of business and humanity as a whole. Accordingly, the company has identified “Transitioning to a Low-carbon Society” as one of the key issues for management to address and respond to as the company strives to achieve sustainable growth. MC aims to fulfill its mandate to meet the demand for energy while at the same time contributing towards the transition to a low-carbon society, working in collaboration with a wide range of stakeholders including governments, companies and industry associations.

Business Strategies

MC considers the various risks and opportunities associated with climate change to be an important perspective in determining business strategies. With the goal of contributing to the transition to a low-carbon society, MC will make efforts to reduce greenhouse gas (GHG) emissions by promoting initiatives such as those detailed below. MC will also challenge itself by working to develop new, game-changing technologies that significantly reduce GHG emissions, and by building innovative businesses.

Managing Risks to MC’s Businesses

MC has integrated environmental and social considerations into its robust risk management process, having established a system to efficiently gather the latest information on policy developments and other relevant details on a global basis. MC’s climate change initiatives are also reported regularly to the Board of Directors.

Countries continuing efforts to regulate GHG emissions could have an impact on MC’s businesses related to fossil fuels. However, having completed an analysis of the potential impacts associated with a number of different scenarios (including the IEA 2°C Scenario*), MC has determined that the impact to its business in the medium to long term will be limited.

MC’s total emissions for its operations on a global, consolidated basis (including power generation) in the year ended March 2017 was 10.82 million tons. MC has a diverse business portfolio and will continue to implement tailored emission reduction measures appropriate to each sector.

* The IEA (International Energy Association) 450 Scenario

Examples of Initiatives

1. Aim to achieve at least 20% renewable energy in MC’s power generation business (by 2030, based on generation amount).

2. Promote businesses that support the proliferation of renewable energy, including energy transmission and storage-related businesses.

3. Use Best Available Technology (BAT) for businesses such as power generation (both IPP and trading of components) to the extent possible.

4. Promote low-emission natural gas projects.

Transitioning to a Low-carbon Society

For more information on MC’s environmental performance, please see page 109 of this report. Further details about MC’s climate change initiatives can also be found on MC’s website. (http://www.mitsubishicorp.com/jp/en/csr/)
Corporate Governance

Corporate Governance at MC

MC's Basic Policy on Corporate Governance

We will continuously strengthen our corporate governance measures, which form the basis for the soundness, transparency, and efficiency of our management.

Masakazu Sakakida
Member of the Board, Executive Vice President
Corporate Functional Officer, Corporate Administration, Legal (Concurrently) Chief Compliance Officer

MC's corporate philosophy is enshrined in the Three Corporate Principles (See 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 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 or Independent Audit & Supervisory Board Members, 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.

1. Strengthening Supervisory Functions
   - Establishment of a structure that enables business execution functions, management supervision functions of the Board of Directors and auditing functions of the Audit & Supervisory Board to be performed appropriately

2. 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
   - Realize appropriate decision-making and management supervision through expert, objective perspectives of Outside Directors and Outside Audit & Supervisory Board Members

3. Establishment of Advisory Bodies to the Board of Directors
   - Established the Governance & Compensation Committee and the International Advisory Committee, mainly comprised of Outside Directors, Outside Audit & Supervisory Board Members and outside committee members as advisory bodies to the Board of Directors
   - Outside Directors, Outside Audit & Supervisory Board Members and outside committee members provide various proposals and advice regarding MC's corporate governance and global business development
Corporate Governance Framework (As of July 1, 2017)

Executive Structure

General Meeting of Shareholders
- Appointment/Dismissal
- Determination of Remuneration Parameters

Board of Directors
- 8 In-house Directors
- 5 Outside Directors

Audit & Supervisory Board Members (Audit & Supervisory Board)
- 2 Full-time Audit & Supervisory Board Members
- 3 Outside Audit & Supervisory Board Members

Independent Auditors
- Appointment/Dismissal

Proposal for Discussion of Important Managerial Matters
- Report on Execution of Operations

Governance & Compensation Committee
- In-house Directors
- Outside Directors
- Full-time Audit & Supervisory Board Members
- Outside Audit & Supervisory Board Members

International Advisory Committee
- Request
- Advice

Corporate Governance Initiatives since 2000

1. Strengthen management supervision
   - Transition of the status of the Chairman of the Board to a Director without representative rights (2003)

2. Appointment of Independent Outside Directors and Outside Audit & Supervisory Board Members
   - Formulation of selection criteria for Outside Directors and Outside Audit & Supervisory Board Members (2007)
   - Designation of Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors/Auditors (2010)
   - Articulation of requirements concerning independence in the selection criteria for Outside Directors and Outside Audit & Supervisory Board Members (2015)

3. Establishment of advisory bodies to the Board of Directors
   - Establishment of the Governance Committee and the International Advisory Committee (2001)
   - 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)

4. Acceleration and enhanced efficiency of business execution
   - Introduction of the Executive Officer System (2001)

'00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17
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.

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 the Chairman of the Board and President and CEO, MC’s In-house Directors are appointed from executive persons responsible for company-wide management, Corporate Staff Section operations, 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.

Policy for appointment of Directors

- Depth of experience
- High level of knowledge
- High level of expertise

Outside Directors/Directors*

5/13

Female Directors/Directors*

1/13

Years served*

Average 1.8 years

* Based on the structure as of July 1, 2017

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 type of risk 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 (See pages 102–105) 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 and makes ongoing improvements and enhancements.
In the fiscal year ended March 31, 2017, MC appointed a third-party evaluation body to undertake the evaluation of the Board of Directors, in order to ensure objectivity and further enhance governance. The outline and the results of the evaluation are as follows.

**Process**

1. The third-party evaluation body conducted questionnaires and interviews involving all Directors and Audit & Supervisory Board Members.
2. The report obtained from the third-party evaluation body was discussed in the Governance & Compensation Committee.
3. Based on the result of discussions by the Governance & Compensation Committee, the Board of Directors analyzed and evaluated the findings.

**Questions**

Structure, operation, agenda items and other related items of the Board of Directors

- MC has established a governance structure optimal for its business characteristics, based on the Audit & Supervisory Board System. To do so, the company has taken steps such as incorporating the opinions of Outside Directors and Outside Audit & Supervisory Board Members into management, in conjunction with making use of the Board of Directors’ advisory committees. MC has shown a clear commitment to working in earnest to strengthen its corporate governance further.

- The Board of Directors of MC was evaluated to be appropriate in terms of composition, operation, deliberation and other aspects. The Board of Directors has adequate systems for the exercise of oversight functions and these functions are being realized appropriately.

- In the Board of Directors evaluation undertaken in the fiscal year ended March 31, 2016, the opinion was expressed that to enhance the effectiveness of the Board of Directors even further, it is important to take measures to enhance provision of information to Outside Directors and Outside Audit & Supervisory Board Members and 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. MC has made progress on these priorities in the past year. Notably, MC is undertaking extremely effective measures to provide information to Outside Directors and Outside Audit & Supervisory Board Members.

- The evaluation expressed opinions on specific measures to further enhance the Board of Directors. Specifically, the evaluation suggested upgrading and expanding discussions about management strategies and other important matters by reducing the agenda items of Board of Directors meetings; further enhancing initial orientations for newly appointed Outside Directors and Outside Audit & Supervisory Board Members and communication with personnel involved in business execution, including executive-level employees; and increasing opportunities for outsiders to monitor the status of dialogue with shareholders and other investors.

Considering the foregoing evaluation results, and as a result of analysis and evaluation by the Governance & Compensation Committee and the Board of Directors, it was confirmed that MC will implement the abovementioned priorities as key measures in the fiscal year ending March 31, 2018.

**Future Initiative**

Based on the analysis and evaluations of the Governance & Compensation Committee and the Board of Directors with respect to the issues highlighted by the evaluation results and the opinions and recommendations from Directors and Audit & Supervisory Board Members, MC will implement measures to further enhance the effectiveness of the Board of Directors.
### Board of Directors Structure (As of July 1, 2017)

<table>
<thead>
<tr>
<th>Name</th>
<th>Present position and responsibilities at MC</th>
<th>Age</th>
<th>Attendance at Board of Directors meetings (the fiscal year ended March 31, 2017)</th>
<th>Years served as Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ken Kobayashi</td>
<td>Chairman of the Board</td>
<td>68</td>
<td>14/14 meetings</td>
<td>7 years</td>
</tr>
<tr>
<td>Takehiko Kakiuchi</td>
<td>Member of the Board, President and CEO</td>
<td>61</td>
<td>10/10 meetings*</td>
<td>1 year</td>
</tr>
<tr>
<td>Eiichi Tanabe</td>
<td>Member of the Board, Senior Executive Vice President, Corporate Functional Officer, Global Strategy &amp; Coordination, Global Research, International Economic Cooperation, Logistics Management, Regional CEO, Asia &amp; Oceania</td>
<td>63</td>
<td>10/10 meetings*</td>
<td>1 year</td>
</tr>
<tr>
<td>Yasuhito Hirotu</td>
<td>Member of the Board, Executive Vice President, Corporate Functional Officer, Regional Strategy for Japan, General Manager, Kansai Branch</td>
<td>60</td>
<td>14/14 meetings</td>
<td>3 years</td>
</tr>
<tr>
<td>Kazuyuki Masu</td>
<td>Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, IT</td>
<td>58</td>
<td>10/10 meetings*</td>
<td>1 year</td>
</tr>
<tr>
<td>Iwao Toide</td>
<td>Member of the Board, Executive Vice President, Corporate Functional Officer, Business Investment Management, Corporate Sustainability</td>
<td>58</td>
<td>—</td>
<td>Appointed in June 2017</td>
</tr>
<tr>
<td>Akira Murakoshi</td>
<td>Member of the Board, Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources</td>
<td>59</td>
<td>—</td>
<td>Appointed in June 2017</td>
</tr>
<tr>
<td>Masakazu Sakakida</td>
<td>Member of the Board, Executive Vice President, Corporate Functional Officer, Corporate Administration, Legal, Chief Compliance Officer</td>
<td>58</td>
<td>—</td>
<td>Appointed in June 2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
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<th>Attendance at Board of Directors meetings (the fiscal year ended March 31, 2017)</th>
<th>Years served as Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hidehiro Konno</td>
<td>Outside Director, Independent Director</td>
<td>72</td>
<td>14/14 meetings</td>
<td>7 years</td>
</tr>
<tr>
<td>Akihiko Nishiyama</td>
<td>Outside Director, Independent Director</td>
<td>64</td>
<td>14/14 meetings</td>
<td>2 years</td>
</tr>
<tr>
<td>Hideaki Omiya</td>
<td>Outside Director, Independent Director</td>
<td>70</td>
<td>9/10 meetings*</td>
<td>1 year</td>
</tr>
<tr>
<td>Toshiko Oka</td>
<td>Outside Director, Independent Director</td>
<td>53</td>
<td>10/10 meetings*</td>
<td>1 year</td>
</tr>
<tr>
<td>Akitaka Saiki</td>
<td>Outside Director, Independent Director</td>
<td>64</td>
<td>—</td>
<td>Appointed in June 2017</td>
</tr>
<tr>
<td>Career</td>
<td>Principal area of specialization and background</td>
<td>Status of membership on advisory bodies to the Board of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Former Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry</td>
<td>- Corporate management</td>
<td>Governance &amp; Compensation Committee</td>
<td>International Advisory Committee</td>
<td></td>
</tr>
<tr>
<td>- Adjunct Professor, Hitotsubashi University</td>
<td>- Global developments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Chairman of the Board, Mitsubishi Heavy Industries, Ltd.</td>
<td>- Socio-economic trends</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- CEO, Oka &amp; Company Ltd. Business consultant</td>
<td>- Governance &amp; Compensation Committee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Former Vice-Minister for Foreign Affairs of Japan</td>
<td>- International Advisory Committee</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Indicates the attendance of each Director after their appointments on June 24, 2016.
Enhancing the Functions of the Board of Directors

Enhancing provision of information

In addition to providing Board of Directors meeting materials and briefing sessions in advance, we also hold joint presentations about management strategy and important projects prior to the meeting.

In the fiscal year ended March 2017, briefings were held for matters related to company-wide management such as formulation of Midterm Corporate Strategy 2018, compliance and Key Sustainability Issues, as well as for loan and investment proposals of high importance involving acquisitions or disposals of shares and equity or noncurrent assets, or loans and guarantees.

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 and support 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 briefing sessions as well as hold joint 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 deepen their understanding of the business and strategies of MC, including annual observation tours of business investees 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 once every quarter to enable free discussion about a wide range of themes relating to the business management and the corporate governance of MC.

Coordination and communication among Outside Directors and Outside Audit & Supervisory Board Members and internal management—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 about once every quarter for free discussion about a wide range of themes relating to business management corporate governance.

In the fiscal year ended March 2017, MC held meetings for the exchange of opinions on themes such as corporate governance, foreign relations and international conditions. The company also organized dialogue sessions attended by guest experts (Photo).
Deepen Knowledge of MC’s Businesses and Strategies—Observation Tours of Business Investees

For further understanding of MC and the MC Group’s wide range of business lines, every year Outside Directors and Outside Audit & Supervisory Board Members participate in observation tours of the sites of MC Group companies and other sites, and hold dialogues with the management of Group companies and others.

In the fiscal year ended March 2017, MC organized an observation tour of the “Lawson Seminar,” a forum for Lawson, Inc. to share information about its management policies and measures with its franchised store owners. Lawson, Inc. became a consolidated subsidiary of MC in the fiscal year ended March 2017. The company also held an observation tour of a refrigerated product delivery center operated by Mitsubishi Shokuhin Co., Ltd. for Lawson, Inc. In addition, a vigorous exchange of opinions was held with the CEO’s of Lawson, Inc. (photograph top right: President and CEO Takemasu) and Seijo Ishii Co., Ltd., a wholly owned subsidiary of Lawson, Inc., as well as the management owners of the franchised stores of Lawson, Inc.

Hidehiro Konno has been a Director of the company since the fiscal year ended March 2011, and has visited over 100 business investees and other sites in Japan and overseas. Here are Mr. Konno’s thoughts about the significance of visiting business investees.

Hidehiro Konno (Outside Director):
Consolidated management is advancing, and the company’s business front lines are shifting to its business investees. As a result, it is becoming more important to understand the actual situations of the business investees. I myself have visited various sites in Japan and overseas, and from my conversations with their officers and employees I can get a feel for their various management styles and business models, as well as the ever-changing global business environment. This has given me a real sense of the fundamental strength of the front lines and the officers and employees who work there.

Visits to business investees provide valuable opportunities to pick up indications for gauging the status of the company and the group’s businesses. This also contributes to more appropriate advice and monitoring. Looking ahead, I hope to work actively through such opportunities to contribute to the company’s medium- and long-term growth.
Board of Directors’ Advisory Bodies

To deepen the discussion by the Board of Directors, MC has two advisory bodies with invited Outside Members.

Since its establishment in 2001 as an advisory body to the Board of Directors, the Governance & Compensation Committee has met around twice a year. While a majority of the members of the committee are Outside Directors, Outside Audit & Supervisory Board Members or 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 the operation of this system.

The International Advisory Committee has also met annually since its establishment in 2001. Members of the committee offer proposals and advice from an international standpoint on MC’s management and corporate strategies as it develops its business globally. Further, the committee reports on the political and economic conditions of respective regions and exchanges opinions.

The company uses these advisory bodies to the Board of Directors to further enhance the board’s deliberations.

Governance & Compensation Committee

Discusses various matters related to corporate governance, mainly through the outside members, including the remuneration system for Executive Officers and the evaluation of the effectiveness of the Board of Directors.

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 the President and CEO, policy on the appointment of and proposals for appointment of the President and CEO
- Review of the remuneration system including the policy for setting remuneration and appropriateness of remuneration levels
- Assessment of operations of the Board of Directors

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 the Committee (*Committee Chairman) (as of July 1, 2017)

<table>
<thead>
<tr>
<th>External Members (5):</th>
<th>In-house Members (3):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hidehiro Konno</td>
<td>Ken Kobayashi*</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Toshiko Oka</td>
<td>Takehiko Kakiuchi</td>
</tr>
<tr>
<td>Outside Director</td>
<td>President and CEO</td>
</tr>
<tr>
<td>Tadashi Kunihiro</td>
<td>Hideyuki Nabeshima</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>Senior Audit &amp; Supervisory Board Member</td>
</tr>
<tr>
<td>Akihiko Nishiyama</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td></td>
</tr>
<tr>
<td>Akitaka Saiki</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td></td>
</tr>
</tbody>
</table>
International Advisory Committee

The International Advisory Committee makes use of the knowledge and insight of overseas members with various backgrounds in government, finance, administration, and academia.

Overseas Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Title</th>
<th>Years served</th>
<th>Principal area of specialization and background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambassador Richard Armitage</td>
<td>U.S.A.</td>
<td>Former United States Deputy Secretary of State</td>
<td>Appointed in 2017</td>
<td>Ambassador Armitage previously served as Special Emissary to Jordan and United States Deputy Secretary of State. He is widely experienced in foreign diplomacy, is a leading expert on Asia and Japan within the U.S. and is acknowledged as an authority on the Middle East.</td>
</tr>
<tr>
<td>Professor Joseph S. Nye</td>
<td>U.S.A.</td>
<td>Harvard University Distinguished Service Professor</td>
<td>8 years</td>
<td>Professor Nye is a globally renowned scholar in the field of geopolitics. He has extensive networks not only in academia, but also in political and economic circles. Within the International Advisory Committee, he provides an annual overview of the international situation and makes valuable suggestions regarding industry trends.</td>
</tr>
<tr>
<td>Mr. Ratan N. Tata</td>
<td>India</td>
<td>Chairman, Tata Trusts</td>
<td>16 years</td>
<td>Mr. Tata has expanded his business presence to over 100 countries worldwide and has particularly deep knowledge of industrial as well as political and economic developments in India.</td>
</tr>
<tr>
<td>Mr. George Yeo</td>
<td>Singapore</td>
<td>Chairman, Kerry Logistics Network</td>
<td>3 years</td>
<td>Mr. Yeo has previously served as Singapore’s Minister for Information and the Arts, Minister for Health, Minister for Trade and Industry, and Minister for Foreign Affairs. His background brings a wealth of knowledge in the geopolitical situation in ASEAN and China to the committee.</td>
</tr>
<tr>
<td>Mr. Niall FitzGerald, KBE</td>
<td>Ireland</td>
<td>Former CEO and Chairman, Unilever</td>
<td>3 years</td>
<td>Mr. FitzGerald, KBE has served as Chairman of several major companies such as Reuters and Unilever, as well as the British Museum. He has an outstanding knowledge of both geopolitics and industry, and his consideration of the impacts of geopolitical changes on business provides valuable advice for the International Advisory Committee.</td>
</tr>
<tr>
<td>Mr. Jaime Augusto Zobel de Ayala II</td>
<td>The Philippines</td>
<td>Chairman and CEO, Ayala Corporation</td>
<td>16 years</td>
<td>Mr. Zobel has experience in growing a global business launched from the ASEAN region, and therefore has a thorough knowledge of various geopolitical and industry trends in Asia, particularly in the ASEAN region.</td>
</tr>
</tbody>
</table>

Japanese Members

Chairman of IAC
Ken Kobayashi
Chairman of the Board
Takehiko Kakiuchi
President and CEO
Eiichi Tanabe
Member of the Board, Senior Executive Vice President
Hidehiro Konno
Outside Director
Akitaka Saiki
Outside Director

IAC Agenda and Facilitators for the Fiscal Year Ended March 2017

- Midterm Corporate Strategy 2018
  - Mr. Kakiuchi (President and CEO)
  - Professor Nye (IAC Member)
- Global geopolitical and economic situation
  - Mr. Saiki (Corporate Adviser) (held in the fiscal year ended March 2017)
- Japan’s geopolitical and economic situation
  - Mr. FitzGerald, KBE (IAC Member)
- Fourth industrial revolution*
  - Mr. Makiura (Senior Corporate Adviser)
- MC’s globalization*

* The topics provided by the facilitators were intensively discussed under the guidance of the Committee Chairman.
**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.

**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 being made up of Outside Audit & Supervisory Board Members.

<table>
<thead>
<tr>
<th>Name</th>
<th>Present position at MC</th>
<th>Age</th>
<th>Attendance (fiscal year ended March 31, 2017)</th>
<th>Number of Independent Outside Audit &amp; Supervisory Board Members/Number of Audit &amp; Supervisory Board Members*</th>
<th>Number of Female Audit &amp; Supervisory Board Members/Number of Audit &amp; Supervisory Board Members*</th>
<th>Years served*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hideyuki Nabeshima</td>
<td>Senior Audit &amp; Supervisory Board Member (full-time)</td>
<td>67</td>
<td>14/14 meetings</td>
<td>3/5</td>
<td>1/5</td>
<td>2.4 years</td>
</tr>
<tr>
<td>Hiroshi Kizaki</td>
<td>Audit &amp; Supervisory Board Member (full-time)</td>
<td>58</td>
<td>14/14 meetings</td>
<td>3/5</td>
<td>1/5</td>
<td></td>
</tr>
<tr>
<td>Tadashi Kunihiro</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>61</td>
<td>14/14 meetings</td>
<td>2/5</td>
<td>1/5</td>
<td></td>
</tr>
<tr>
<td>Ikuo Nishikawa</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>66</td>
<td>10/10 meetings*</td>
<td>1/5</td>
<td>1/5</td>
<td></td>
</tr>
<tr>
<td>Yasuko Takayama</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>59</td>
<td>10/10 meetings*</td>
<td>1/5</td>
<td>1/5</td>
<td></td>
</tr>
</tbody>
</table>

* Based on the structure as of July 1, 2017

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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.
Activities of the Audit & Supervisory Board and Its Members

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 main offices in Japan and overseas to conduct audits and actively engage in dialogue with the Chairman of the Board, the President and 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 Directors 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 MC group companies 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 and its Members audit 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 contributes to the establishment of a corporate governance system that earns society’s trust.

<table>
<thead>
<tr>
<th>Years served as Audit &amp; Supervisory Board Members</th>
<th>Main career points</th>
<th>Status of membership on advisory bodies to the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 years</td>
<td>Joined MC in 1972. Previously served as General Manager, Corporate Planning Dept., Co-CEO, Machinery Group, Senior Executive Vice President, Corporate Communications, Corporate Administration, Legal, Human Resources, CSR &amp; Environmental Affairs and in other positions. Current position since June 2014. Overseas experience: Lagos, Bangkok</td>
<td>Governance &amp; Compensation Committee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years served as Audit &amp; Supervisory Board Members</th>
<th>Main career points</th>
<th>Principal area of specialization and background</th>
<th>Status of membership on advisory bodies to the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td>Attorney at T. Kunihiro &amp; Co., Attorneys-at-Law</td>
<td>Socio-economic trends</td>
<td>Governance &amp; Compensation Committee</td>
</tr>
<tr>
<td>1 year</td>
<td>Former Professor, Faculty of Business &amp; Commerce of Keio University Certified Public Accountant</td>
<td>Legal affairs</td>
<td>International Advisory Committee</td>
</tr>
<tr>
<td>1 year</td>
<td>Former Audit &amp; Supervisory Board Member, Shiseido Company, Limited</td>
<td>Finance and accounting</td>
<td></td>
</tr>
</tbody>
</table>

* Indicates the attendance of each Audit & Supervisory Board Member after their appointments on June 24, 2016.
Directors’ and Audit & Supervisory Board Members’ Remuneration

In line with the Basic Policy on Corporate Governance, 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 to ensure that their respective roles are fulfilled properly according to business execution and management supervision functions. MC strives to operate the system with a high degree of transparency. Within this system, the policy for setting remuneration, appropriateness of remuneration levels, and operation of the remuneration system for Directors responsible for business execution are discussed and monitored by the Governance & Compensation Committee.

The details and methods for setting remuneration for Directors and Audit & Supervisory Board Members are as follows.

<table>
<thead>
<tr>
<th>Type of Director or Audit &amp; Supervisory Board Member (Number as of July 1, 2017)</th>
<th>Approach to Remuneration</th>
<th>Method for Setting Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors responsible for business execution (who also serve as Executive Officers) (7)</td>
<td>- The remuneration of Directors who also serve as Executive Officers and are responsible for business execution are set with the aim of providing further incentive and motivation to achieve business results and creation of sustainable business value through the steady execution of the midterm corporate strategy, along with aligning the Directors’ interests with those of the shareholders over the medium and long terms. - The remuneration of Directors responsible for business execution consists of fixed and variable remuneration, as shown on page 41. MC has adopted variable remuneration including not only cash remuneration linked to consolidated business results and individual performance but also stock remuneration (stock-option-based remuneration) to provide further incentive to improve corporate value over the medium and long terms.</td>
<td>- Regarding remuneration for the Chairman of the Board, Outside Directors, and Directors responsible for business execution (excluding bonuses), 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 for Directors responsible for business execution are subject to approval by the Ordinary General Meeting of Shareholders, given their strong linkage to MC’s business results.</td>
</tr>
<tr>
<td>Chairman of the Board (1) Outside Directors (5)</td>
<td>- The Chairman of the Board and the Outside Directors, who do not also serve as Executive Officers, must primarily fulfill a supervisory function for management in an appropriate manner, while the Audit &amp; Supervisory Board Members must perform audits appropriately. Accordingly, there is a need to ensure their independence. For this reason, they are paid only fixed monthly remuneration, which does not have a component linked with business results.</td>
<td>- The monthly remuneration of Audit &amp; 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 &amp; Supervisory Board Members’ base remuneration is paid within this remuneration limit subject to discussions by the Audit &amp; Supervisory Board Members.</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (2) Outside Audit &amp; Supervisory Board Members (3)</td>
<td>- The audit &amp; supervisory board members have primary responsibility for overseeing management and reporting on business execution. Their roles and responsibilities are defined in the Audit &amp; Supervisory Board Regulations.</td>
<td></td>
</tr>
</tbody>
</table>

Total Amounts and Number of Eligible People in the Fiscal Year Ended March 31, 2017

<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>Directors (In-house)</td>
<td>860</td>
<td>12</td>
<td>493</td>
<td>5</td>
<td>180</td>
</tr>
<tr>
<td>Directors (Outside)</td>
<td>120</td>
<td>7</td>
<td>120</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (In-house)</td>
<td>124</td>
<td>2</td>
<td>124</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (Outside)</td>
<td>39</td>
<td>5</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 8 Directors and 2 Audit & Supervisory Board Members who resigned during the fiscal year ended March 31, 2017.
2. The stock-option-based remuneration above shows the amount recognized as an expense in the fiscal year ended March 31, 2017 related to stock options granted to 5 In-house Directors (Chairman of the Board and 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, 2017 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 ¥150 million to 9 Directors (Outside Directors were ineligible for payment).
   - MC paid ¥6 million to 9 Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members were ineligible for payment).
**Composition of the Remuneration of Directors Responsible for Business Execution**

<table>
<thead>
<tr>
<th>Remuneration type</th>
<th>Remuneration composition</th>
<th>Fixed/Variable*1</th>
<th>Form of payment</th>
<th>Included within remuneration limit*2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Remuneration</strong></td>
<td>An amount determined according to position, paid monthly</td>
<td>Fixed Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Individual Performance Bonus</strong></td>
<td>For Directors responsible for business execution, individual performance bonuses are determined and paid on an individual basis after the President’s yearly performance assessment of each Director for the previous fiscal year. The assessment on the President’s performance is deliberated by the President’s Performance Evaluation Committee, a subcommittee to the Governance &amp; Compensation Committee. The subcommittee comprises the Chairman, who also serves as the Chairman of the Governance &amp; Compensation Committee, and members made up of Outside Directors and Outside Audit &amp; Supervisory Board Members.</td>
<td>Variable (Single year) Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bonus</strong></td>
<td>If consolidated net income (attributable to owners of MC) exceeds the consolidated capital cost, the amount to be paid will be increased in line with business performance. Meanwhile, if consolidated net income is less than the consolidated capital cost or the initial business targets, no bonuses will be paid.</td>
<td>Variable (Single year) Cash</td>
<td>Paid upon resolution of the Ordinary General Meeting of Shareholders</td>
<td></td>
</tr>
<tr>
<td><strong>Stock-option-based Remuneration</strong></td>
<td>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.</td>
<td>Variable (Medium to long term) Shares (Stock acquisition rights)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reserved Retirement Remuneration</strong></td>
<td>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.</td>
<td>Fixed Cash</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1. "Fixed" indicates a fixed payment amount and “Variable” indicates a payment amount that varies based on performance and other factors. “Single year” indicates amounts that correspond to previous fiscal year performance or individual performance assessment. “Medium to long term” is used for stock options as remuneration to indicate their role as a medium- to long-term incentive.

*2. “○” indicates remuneration paid by a resolution of the Board of Directors within the ¥1.6 billion per annum limit approved by the 2010 Ordinary General Meeting of Shareholders.

**Conceptual Image of the Payment Mix of Remuneration for Directors Responsible for Business Execution**

Fixed Remuneration Ratio: Approx. 50%

Variable Remuneration Ratio: Approx. 50%

(Varies based on performance and other factors)
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 Convocation 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 Convocation 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 2007.

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.

Social Contribution Activities by Employees
MC places great emphasis on deepening employee awareness of the importance of giving back to society. We have therefore taken steps to encourage employee participation in volunteer activities.

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 4,500 employees have participated in those activities as volunteers.

Main Areas of Activities
Global environment, public welfare, education, international exchange and contributions, culture and arts, recovery support

Total Volunteer Activity Participation
11,581 times
(year ended March 2017)

Number of People Taking Volunteer Leave
163 people
(year ended March 2017)

Number of Days of Volunteer Leave Taken
227.5 days
(year ended March 2017)
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
- Quarterly reports
- Investors’ Note
- Company Brochure

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 and support 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 for free discussion about a wide range of themes relating to the business management and the corporate governance of MC.

In the year ended March 2017, MC held meetings for the exchange of opinions on themes such as corporate governance, foreign relations and international conditions. The company also organized dialogue sessions attended by guest experts.

Observation Tours of Business Investees

For further understanding of the MC Group’s wide range of business lines, Outside Directors and 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 terms 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 Meeting of Shareholders and other dialogue with institutional investors in Japan and overseas, briefings for individual investors and quarterly financial results briefings.
OPERATIONS
This section presents an overview of the seven business groups that undertake MC’s business activities, major projects, future initiatives and related matters.

P46 Seven Commitments
P52 Overview of Business Groups

Description of Business Activities

P54 Global Environmental & Infrastructure Business Group
P58 Industrial Finance, Logistics & Development Group
P62 Energy Business Group
P66 Metals Group
P70 Machinery Group
P74 Chemicals Group
P78 Living Essentials Group
Seven Commitments

THE 7 STRENGTH OF

Creating Value That Further Consolidates Our Individual Strengths

Front row (from the left)

Hajime Hirano
Group CEO, Energy Business Group

Kazushi Okawa
Group CEO, Machinery Group

Yutaka Kyoya
Group CEO, Living Essentials Group

Back row (from the left)

Hiroshi Sakuma
Group CEO, Global Environmental & Infrastructure Business Group

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

Kanji Nishiura
Group CEO, Metals Group

Takeshi Hagiwara
Group CEO, Chemicals Group
Based on our Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing, we will strengthen individual businesses by shifting to “managing” businesses. In addition to expansion within each business group by fully using our capability of looking at the big picture of industry on a global basis, a strength of MC, we are also focusing more on creating businesses that transcend the boundaries between business groups.

Future of the MC Group

MC will dynamically allocate management resources such as personnel and funds to establish sizable core earnings streams one after another. These earnings streams comprise businesses that are entering new growth stages by transforming their industry and other industries present in a large number of existing activities, businesses for which measures can be taken to further increase their strengths, businesses that create new growth by multiplying and combining among groups, and businesses that can improve the quality of the business activities through making constant cost reductions.

The Global Environmental & Infrastructure Business Group is working to help build a sustainable society and enhance the company’s corporate value through businesses in the infrastructure field, which has high public significance and growth potential.

Hiroshi Sakuma
Group CEO, Global Environmental & Infrastructure Business Group
The Industrial Finance, Logistics & Development Group will build business models by harnessing financing functions in the four sectors of merchant banking, leasing, real estate and urban development, and logistics.

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

The Energy Business Group will strongly drive further growth by creating business opportunities through measures strengthening the energy value chain and expanding global marketing.

Hajime Hirano
Group CEO, Energy Business Group
Leveraging MC’s business functions and networks, the Machinery Group will boldly tackle business model transformation and focus on sectors and regions expected to grow in the future.

Kazushi Okawa
Group CEO, Machinery Group

The Metals Group aspires to contribute to the sustainable development of the world in which we live through the stable supply of high-quality, competitive mineral resources and steel products to the global market.

Kanji Nishiura
Group CEO, Metals Group
The Living Essentials Group will strive to create value based on a consumer-first perspective by providing a safe and stable supply of daily necessities.

Yutaka Kyoya
Group CEO, Living Essentials Group

In the chemicals industry, which has expansive interfaces with the clothing, food, and housing sectors, the Chemicals Group is pursuing new businesses by taking full advantage of its solid market interfaces in the industry.

Takeshi Hagiwara
Group CEO, Chemicals Group
### Overview of Business Groups

#### Global Environmental & Infrastructure Business Group*5

<table>
<thead>
<tr>
<th>Gross Profit (¥ billion)</th>
<th>Income from Equity Method Investment (¥ billion)</th>
<th>Net Income*1 (¥ billion)</th>
<th>Total Assets (¥ trillion)</th>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>37.8</td>
<td>16.3</td>
<td>29.2</td>
<td>163</td>
<td>2.9%</td>
</tr>
<tr>
<td>28.8</td>
<td>17.3</td>
<td>10.0</td>
<td>173</td>
<td>1.0%</td>
</tr>
<tr>
<td>23.2</td>
<td>16.3</td>
<td>6.3</td>
<td>173</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

#### Industrial Finance, Logistics & Development Group

<table>
<thead>
<tr>
<th>Gross Profit (¥ billion)</th>
<th>Income from Equity Method Investment (¥ billion)</th>
<th>Net Income*1 (¥ billion)</th>
<th>Total Assets (¥ trillion)</th>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.8</td>
<td>16.3</td>
<td>40.3</td>
<td>163</td>
<td>4.6%</td>
</tr>
<tr>
<td>60.2</td>
<td>17.3</td>
<td>35.5</td>
<td>173</td>
<td>4.2%</td>
</tr>
<tr>
<td>13.7</td>
<td>16.3</td>
<td>0.8</td>
<td>173</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

#### Energy Business Group

<table>
<thead>
<tr>
<th>Gross Profit (¥ billion)</th>
<th>Income from Equity Method Investment (¥ billion)</th>
<th>Net Income (Loss)*1 (¥ billion)</th>
<th>Total Assets (¥ trillion)</th>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.4</td>
<td>16.3</td>
<td>2.0</td>
<td>163</td>
<td>1.0%</td>
</tr>
<tr>
<td>37.7</td>
<td>17.3</td>
<td>-0.5</td>
<td>173</td>
<td>2.7%</td>
</tr>
<tr>
<td>25.3</td>
<td>16.3</td>
<td>-8.6</td>
<td>173</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

#### Metals Group

<table>
<thead>
<tr>
<th>Gross Profit (¥ billion)</th>
<th>Income from Equity Method Investment (¥ billion)</th>
<th>Net Income (Loss)*1 (¥ billion)</th>
<th>Total Assets (¥ trillion)</th>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>139.1</td>
<td>16.3</td>
<td>3.6</td>
<td>163</td>
<td>4.1%</td>
</tr>
<tr>
<td>414.8</td>
<td>17.3</td>
<td>3.7</td>
<td>173</td>
<td>1.7%</td>
</tr>
<tr>
<td>2.7</td>
<td>16.3</td>
<td>-8.6</td>
<td>173</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

---

#### Year Ended March 2017 Net Income*1 ¥440.3 billion

- **Gross profit** ¥380.0 billion
- **Income from investments accounted for using the equity method** ¥23.2 billion
- **Net income** ¥23.4 billion
- **Total assets** ¥1.0 trillion
- **ROA** *2 2.3%
- **No. of employees (Consolidated)** 1,680
- **No. of employees (Parent company)** 565
- **No. of consolidated subsidiaries and equity-method affiliates** 221

---

#### Holding Company’s Financial Results

- **Net income** ¥13.7 billion
- **Total assets** ¥60.2 billion
- **ROA** 4.2%
- **No. of employees (Consolidated)** 1,478
- **No. of employees (Parent company)** 443
- **No. of consolidated subsidiaries and equity-method affiliates** 210

---

#### Other, Adjustments and Limitations

- **Gross profit** ¥25.3 billion
- **Net income** ¥102 billion
- **Total assets** ¥2.1 trillion
- **ROA** 2.3%
- **No. of employees (Consolidated)** 11,867
- **No. of employees (Parent company)** 684
- **No. of consolidated subsidiaries and equity-method affiliates** 189

---

**Note:**

- *1 Net income includes income from investments accounted for using the equity method and income from investments accounted for using the proportionate consolidation method.
- *2 ROA is calculated as net income divided by average total assets.
- *3 Figures in parentheses indicate the number of employees.
- *4 Equity-method affiliates include subsidiaries consolidated using the equity method and associates accounted for using the proportionate consolidation method.
- *6 Other, Adjustments and Limitations include equity-method affiliates of energy business group, equipment leasing companies, and other financial activities.

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**Source:** MITSUBISHI CORPORATION INTEGRATED REPORT 2017
### Machinery Group

<table>
<thead>
<tr>
<th>Gross Profit and Income from Equity Method Investment</th>
<th>Net Income*, Total Assets and ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>Total Assets (¥ trillion)</td>
</tr>
<tr>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>ROA*2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>198.0</td>
<td>2.9%</td>
</tr>
<tr>
<td>25.1</td>
<td>0.9</td>
</tr>
<tr>
<td>182.1</td>
<td>2.9</td>
</tr>
<tr>
<td>5.3</td>
<td>0.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended March 2017 Net Income*1 (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>414.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of employees (Consolidated)*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,815</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of employees (Parent company)*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>668</td>
</tr>
</tbody>
</table>

### Chemicals Group

<table>
<thead>
<tr>
<th>Gross Profit and Income from Equity Method Investment</th>
<th>Net Income*, Total Assets and ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>Total Assets (¥ trillion)</td>
</tr>
<tr>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>ROA*2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>112.6</td>
<td>2.3%</td>
</tr>
<tr>
<td>15.4</td>
<td>0.9</td>
</tr>
<tr>
<td>113.0</td>
<td>2.9%</td>
</tr>
<tr>
<td>12.1</td>
<td>0.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended March 2017 Net Income*1 (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>198.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of employees (Consolidated)*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,169</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of employees (Parent company)*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>666</td>
</tr>
</tbody>
</table>

### Living Essentials Group

<table>
<thead>
<tr>
<th>Gross Profit and Income from Equity Method Investment</th>
<th>Net Income*, Total Assets and ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>Total Assets (¥ trillion)</td>
</tr>
<tr>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>ROA*2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>505.0</td>
<td>3.2%</td>
</tr>
<tr>
<td>20.2</td>
<td>0.9</td>
</tr>
<tr>
<td>473.2</td>
<td>3.2%</td>
</tr>
<tr>
<td>34.9</td>
<td>0.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended March 2017 Net Income*1 (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>473.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROA*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of employees (Consolidated)*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>39,633</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of employees (Parent company)*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,103</td>
</tr>
</tbody>
</table>

### Notes

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, 2017. The number of Corporate Staff Section employees not shown on this page was 3,713 on a consolidated basis and 1,447 on a parent company basis. Accordingly, the total number of employees was 77,164 on a consolidated basis and 6,233 on a parent company basis.
4. Data as of March 31, 2017. Figures include companies consolidated by subsidiaries. Not shown on this page are 7 consolidated subsidiaries and equity-method affiliates belonging to the Business Service Group, 19 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,274.
5. The environment-related business of the Global Environmental & Infrastructure Business Group has been managed as a business group in the same way as the infrastructure-related business since the fiscal year ended March 2017. Accordingly, the environment-related business has been presented under Global Environmental & Infrastructure Business, having previously been included in Other, and segment information for previous consolidated fiscal years has been restated.
The Global Environmental & Infrastructure Business Group is working to help build a sustainable society and enhance the company’s corporate value through businesses in the infrastructure field, which has high public significance and growth potential.

### Progress on Midterm Corporate Strategy 2018

<table>
<thead>
<tr>
<th>Power Business</th>
<th>Infrastructure Business</th>
<th>Environmental Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Drove portfolio optimization by re-profiling assets</td>
<td>• Steadily generated earnings from projects</td>
<td>• New business initiatives</td>
</tr>
<tr>
<td>Sold certain power generation assets (U.S.) and power transmission assets (Europe)</td>
<td>Began FPSO* operations (Brazil, USA), among other initiatives</td>
<td>Distributed solar power generation business (U.S.-based Nexamp)</td>
</tr>
<tr>
<td>Invested in new gas-fired thermal power projects (U.S.) and new offshore wind power projects (Europe)</td>
<td>Participated in airport privatization projects worldwide</td>
<td>Power trading business (Ireland-based ElectroRoute)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Established joint venture in the battery services business with France-based Électricité de France (EDF) (France-based Neorion Capital)</td>
</tr>
</tbody>
</table>

### Future Growth and Priorities

<table>
<thead>
<tr>
<th>Power Business</th>
<th>Infrastructure Business</th>
<th>Environmental Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthen functions to refine business management</td>
<td>• A growing number of opportunities in the energy infrastructure business, mainly in North America</td>
<td>• Develop next-generation lithium-ion batteries</td>
</tr>
<tr>
<td></td>
<td>Strength initiatives in the electricity value chain</td>
<td>Initiatives in anticipation of growth in markets for automotive and industrial batteries</td>
</tr>
<tr>
<td></td>
<td>Initiatives to realize a low-carbon society (expand renewable energy)</td>
<td>Businesses for power consumers</td>
</tr>
<tr>
<td></td>
<td>Address the diversification of power purchasers (from long-term contracts to market sales)</td>
<td>Initiatives to address technological innovation in battery storage and distributed power generation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop new business domains (hydrogen-related businesses, etc.)</td>
</tr>
</tbody>
</table>

### Risks and Opportunities Surrounding the Entire Group

- **Moves to build a low-carbon society**
  - Further growth in renewable energy
- **Demand for energy infrastructure**
  - Firm growth in demand in the infrastructure sectors of emerging countries, despite the impact of sluggish oil prices
- **Changes in power supply systems**
  - Falling renewable energy costs, and growing adoption of distributed power generation due to technological innovation in storage batteries
- **Shale Revolution**
  - Low gas price environment and opportunities in gas-fired thermal power generation remain in place

### Global Environmental & Infrastructure Business Group

- **Environmental Business Div.**
  - Environmental Energy Business Dept.,
  - Environment Business R&D Dept.,
  - Power Services Business Dept.
- **New Energy & Power Generation Div.**
  - International Power Generation Dept.,
- **Infrastructure Business Div.**
  - Water Business Dept.,

* FPSO: Floating Production, Storage & Offloading

Courtesy of SBM Offshore
The Valley Power Station, a gas-fired thermal power station currently under construction in the U.S., will start operations in 2018, and sell power to electricity markets in the state of New York, where it is located.

**Risks and Opportunities**

**Shift to a Low-Carbon Society**

Conventional power generation portfolios centered on fossil fuels that have a high environmental impact are being re-examined, and opportunities for renewable energy businesses and clean gas-fired thermal power generation businesses are growing.

**Changes in Power Supply Systems**

In step with the falling cost of renewable energy and advances in storage battery technology, demand is projected to expand for small-scale distributed power generation to consumers, augmenting the current power supply systems that transmit and distribute power from large-scale power sources to consumers.

**Value Creation Initiatives**

**Gas-Fired Thermal Power Generation**

Considering the increasing number of opportunities to sell power to electricity markets, we will work to strengthen our power trading functions, in conjunction with collaborating with upstream natural gas businesses.

**Renewable Energy and Power Transmission**

We will continue to push ahead with the offshore wind power business, where we have a strong track record in Europe and which continues to offer growth prospects, along with the offshore power transmission business, which underpins the former business.

MC is undertaking the power generation businesses, where it builds and owns power generation facilities and sells power to consumers, the electricity markets and other users, and the power transmission business, where it delivers power generated by offshore wind farms to on-shore power consumption sites. Through these businesses, MC is determined to tackle the challenge of realizing a low-carbon society.
Helping to Build Clean and Efficient Next-Generation Power Supply Systems through the Distributed Power Generation and Battery Business

MC is focusing on the distributed power generation business, which includes solar power generation facilities installed on the rooftops of homes and commercial facilities and on idle land. At the same time, we are taking steps to increase power procurement options for our customers by combining the battery business, where we have been engaged in manufacturing and development activities, with the distributed power generation business. We will create environmental value by helping to build next-generation power supply systems based on an accurate grasp of changes in the environment surrounding the power business accompanying the increase in renewable energy.

### Risks and Opportunities

Automotive lithium-ion batteries are expected to see continued growth in demand, in conjunction with increasingly fierce competition due to the rapid pace of technological innovation. Moreover, in addition to lithium-ion batteries for automotive applications, growing needs are anticipated for energy storage solutions that are able to adjust the balance of power supply and demand in step with further expansion in the introduction of renewable energy and growth in the distributed power business.

### Value Creation Initiatives

MC will primarily focus on the following three businesses.

- We have invested in Nexamp, a U.S.-based distributed solar power generation business, and will promote business in the U.S. through this company.
- Together with Eneco, an integrated energy company from the Netherlands, we plan to launch services for the control reserve market and for renewable energy producers using a large-scale storage battery system in Germany.
- We entered into an alliance with AES Corporation, a leading global energy storage solutions provider. We will expand business leveraging the large-scale energy storage platforms developed by AES and its expertise.

MC is engaged in the manufacture and sales of lithium-ion batteries through its business investee Lithium Energy Japan. We will push ahead with these activities by taking full advantage of our global marketing network, as well as by utilizing our global value chain covering lithium resources and materials.
Description of Business Activities

Business Expansion Initiatives of the Global Environmental & Infrastructure Business Group

Myanmar Mandalay International Airport Operation Business
Currently executing a concession to operate the Mandalay International Airport in Myanmar for 30 years, including operation, rehabilitation, and maintenance of airport facilities such as terminal buildings and runways.

MC Retail Energy Co., Ltd.
Established as a joint venture with Lawson, Inc., MC Retail Energy is developing an electricity retailing business targeting households under the "Machi-Ene" electricity services brand in Japan.

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 the water industry.

South Staffordshire Plc (Water Business)
A U.K. water company providing comprehensive water services (water intake to distribution and billing). It also provides water-related technical and retail services through over 30 offices in the U.K.

Collaboration with Calik Enerji of Turkey
MC is pushing ahead with a strategic partnership, including the exchange of personnel, with Calik Enerji Sanayi ve Ticaret A.S. (Calik Enerji), a subsidiary of Çalık Holding, one of the leading conglomerates in Turkey.

FPSO Business
Under the partnership with SBM Offshore N.V., operating a floating vessel used for the production and storage of oil and gas.

Lithium-Ion Battery Business
New Energy & Power Generation Business
Water Business
Transportation Infrastructure Business
Plant Engineering Business

Metito Holdings Limited (Water Business)
Under the partnership with SBM Offshore N.V., operating a floating vessel used for the production and storage of oil and gas.

Collaboration with Calik Enerji of Turkey
MC is pushing ahead with a strategic partnership, including the exchange of personnel, with Calik Enerji Sanayi ve Ticaret A.S. (Calik Enerji), a subsidiary of Çalık Holding, one of the leading conglomerates in Turkey.
Industrial Finance, Logistics & Development Group

The Industrial Finance, Logistics & Development Group will build business models by harnessing financing functions in the four sectors of merchant banking, leasing, real estate and urban development, and logistics.

Progress on Midterm Corporate Strategy 2018

- Optimized business fields and earnings models
- Reallocated management resources by revising business plans and investment portfolios
- Realigned the promotion framework for the asset management business

Future Growth and Challenges

- Establish new core businesses for the Group
  - Drive the urban development business forward
  - Step up collaboration between development and operation in the real estate business
  - Strengthen and rebuild business platforms in the leasing business and logistics business

Risks and Opportunities Facing the Industrial Finance, Logistics & Development Group

Risks

- Financial markets
  - Global financial market movements, such as rising interest rates
- Real estate markets
  - Sudden shifts in the real estate markets
- Logistics market
  - Changes in global logistics volume, industry restructuring driven by cutting-edge technologies and other factors
- Others
  - Geopolitical risks, etc.

Opportunities

- Drive the urban development business forward by capturing growth in emerging countries, primarily the ASEAN countries
- Expand areas and asset classes for investment in the real estate business
- Expand share in the industry by strengthening and rebuilding business platforms in the leasing business and logistics business

Industrial Finance, Logistics & Development Group

- Asset Finance & Investment Div.
  Merchant Banking Dept.,
  General Leasing Dept.,
  Auto Leasing Dept.,
  Aviation Business Dept.

- Real Estate Business Div.
  Myanmar Urban Development Dept.,
  China Real Estate Development Dept.,
  ASEAN Real Estate Development Dept.,
  Infrastructure Finance Dept.,
  Real Estate Asset Management Dept.,
  Domestic Real Estate Development Dept.,
  North America Real Estate Development Dept.

- Logistics Business Div.
  Logistics Business Dept.,
  Dry Bulk Business Dept.
Risks and Opportunities

**Risks**
- Markets overheating in connection with a decline in the supply of properties
- Markets destabilization due to changes in the policies of major countries

**Opportunities**
- Expand asset classes for investment
- Increase in business opportunities capturing economic growth in emerging countries
- Stronger interests of Japanese investors in investing in overseas real estate

Strategy for Investment Areas and Asset Classes

Urban Development Project in Myanmar (Yoma Central)

MC and Mitsubishi Estate Co., Ltd. are promoting an urban development project through a partnership with First Myanmar Investment Co., Ltd. and Yoma Strategic Holdings Ltd., two affiliates of the Serge Pun & Associates Ltd. Group (SPA Group), a major Myanmar-based conglomerate.

Through this project, MC and its partners will supply high-value-added urban infrastructure in fast-growing Myanmar, with the aim of contributing further to the country’s development.

* Project Outline
A project to develop a new “landmark” in Downtown Yangon
This project will involve constructing two office buildings, one condominium, and one building combining a hotel and serviced apartments, with commercial facilities being installed on the lower floors of each building (total floor area of approximately 22,000 m²).

Value Creation Initiatives

We will press ahead with mixed-use urban development projects that integrate real estate and social and transportation infrastructure in emerging countries, primarily in the ASEAN region, which offers prospects for economic growth over the medium and long terms.

In addition, home buying demand is growing in line with the increase in the number of middle income earners in emerging countries. We will also work to meet the home buying needs of these middle income earners.
Enhancing Corporate Value by Supporting the Growth of Companies through Private Equity Funds

Through the private equity business, MC will work to jointly solve various issues faced by companies, helping to enhance their corporate value over the medium and long terms.

Risks and Opportunities

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Global financial market movements</td>
<td>• Increasing needs for utilizing private equity funds to address the shortage of successors to family-owned companies</td>
</tr>
<tr>
<td>• Materialization of geopolitical risks</td>
<td>• Expansion in the private equity market driven by an increase in corporate carve out deals and the introduction of Japan’s Stewardship Code</td>
</tr>
</tbody>
</table>

Average Age and the Replacement Rate for CEOs of Family-Owned Companies in Japan

- Replacement rate
- Average age

Initiatives by Marunouchi Capital

Marunouchi Capital Inc. was jointly established by MC and Mitsubishi UFJ Financial Group, Inc. to manage private equity funds. Marunouchi Capital identifies the needs of companies in Japan that have been unable to realize their full potentials due to various management issues and uses the global business resources of MC to enhance the corporate value of its portfolio companies.

Value Creation Initiatives

Going forward, we will push ahead with the private equity business targeting:

- the U.S. market, which represents over 60% of the global private equity market and
- the ASEAN region, which is expected to have steady economic growth and offers prospects for further growth.
Main Business Expansion Initiatives of the
Industrial Finance, Logistics & Development Group

Private Equity Business (USA)
One Rock Capital Partners, LLC
Buyout Fund Targeting Middle-Cap Companies in North America

Aircraft Leasing Business (Japan)
MC Aviation Partners Inc.
Leading Company in Japan’s Aircraft Leasing Business
MC Aviation Partners Inc. is one of the largest aircraft leasing companies in Japan. It provides a full range of aircraft leasing services globally to flexibly meet its clients’ needs.

Real Estate Development (USA)
Diamond Realty Investments, Inc. (DRI)
Real Estate Investment Company with Proven Track Records
Diamond Realty Investments, Inc. (DRI) has invested in more than 130 real estate development projects in the U.S., the largest real estate market in the world.

General Logistics Business (Japan)
Mitsubishi Corporation LT Inc. (MCLOGI)
A Global Logistics Enterprise
Mitsubishi Corporation LT Inc. (MCLOGI) has been conducting businesses globally in Japan, China, Asia, Western countries and elsewhere for more than 60 years since its establishment in 1954.

Real Estate Asset Management (Japan)
Mitsubishi Corp.-UBS Realty Group
One of Japan’s Leading Real Estate Asset Management Companies with Three Listed REITs
Mitsubishi Corp.-UBS Realty Group has entered into asset management agreements to manage three listed REITs, including Japan Retail Fund Investment Corporation, the first retail property REIT in Japan.
The Energy Business Group will strongly drive further growth by creating business opportunities through measures strengthening the energy value chain and expanding global marketing.

Progress on Midterm Corporate Strategy 2018

Basic Policy: Optimize the business portfolio to deliver consistent profits even in a low oil price environment

- Enhance competitiveness through increased cost efficiency
  Final investment decision to advance the development of the Tangguh LNG Train 3 Expansion Project (Indonesia) based on significant cost reduction

- Asset portfolio re-profiling
  Sales of North American shale gas asset (Cordova), E&P-related shares, etc.

- Organizational optimization
  Reorganization to optimize trading businesses (petroleum, carbon, LPG)

Future Growth and Priorities

- Launch prospective projects in the natural gas business
  Wheatstone LNG Project in Australia, Cameron LNG Project in the U.S., Tangguh LNG Train 3 Expansion Project in Indonesia

- Strengthen the natural gas business value chain and create new LNG demand
  Invest in energy infrastructure (LNG receiving terminals, regasification facilities, etc.) in countries introducing LNG, and pursue the LNG fuel supply business for ships, among other initiatives

Risks and Opportunities for the Entire Group

- Resource prices
  Fluctuations in oil and gas prices

- Geopolitical risk
  Trends in major oil- and gas-producing countries

- Climate change
  Trends in demand for various fossil fuels in step with the transition to a low-carbon society

- Changes in business models
  Strengthening of the natural gas business value chain

Energy Business Group

- Energy Resources Div. A
  Brunei Oil & Gas Business Dept.,
  Malaysia Oil & Gas Business Dept.,
  Indonesia Oil & Gas Business Dept.,
  Australia Oil & Gas Business Dept.

- Energy Resources Div. B
  LNG Operations Dept.,
  Global Marketing Dept.,
  Canada Oil & Gas Business Dept.,
  Americas Oil & Gas Business Dept.,
  Middle East/Africa Oil & Gas Business Dept.,
  Europe/Russia Oil & Gas Business Dept.

  Global Trading Business Dept.,
  Petroleum Products Dept.,
  Utility & Industrial Fuel Dept.,
  Carbon Materials Dept.,
  Petroleum Coke Dept.,
  LPG Business Dept.

A Continuously Evolving Business Capturing Macro Trends in the Energy Industry

Since its involvement in Japan’s first supply of LNG from Alaska in 1969, MC has been undertaking LNG production, transportation, trading, import agency services in Japan and other operations for about 50 years. Looking ahead, we will help to create and expand demand for natural gas through energy infrastructure investments, the LNG fuel supply business for ships and other initiatives.

**Trends in global LNG demand**

- Future demand is forecast to grow for natural gas, which has relatively lower greenhouse gas emissions compared to other fossil fuels, considering changes such as the transition to a low-carbon society.
- Future demand is forecast to increase substantially primarily in Asia (China, India and Southeast Asia).
- On the supply side, the launch of new LNG projects primarily in Australia and North America is in progress.

We will pursue business opportunities while keeping a close eye on future trends in demand.

**Value Creation Initiatives**

Basic Approach: The Three Principles of being “Protective,” “Progressive” and “Proactive”

- **“Protective”**
  - Strengthen the value chain in the natural gas business
  - Pursue cost efficiencies in existing businesses and new projects

- **“Progressive”**
  - Develop new LNG markets with energy infrastructure investments
  - Push ahead with new business models such as the LNG fuel supply business for ships

- **“Proactive”**
  - Refine competitiveness by promoting existing LNG expansion projects and re-profiling assets

(For specific examples, please see page 64.)
Leveraging its business platform developed in the LNG business for over 50 years, MC will keep embracing the challenge of new initiatives, such as fulfilling a leadership role in project development and operation as the largest shareholder of PT. Donggi Senoro LNG in Indonesia.

**Pursue New Business Models and Create New Demand**

**LNG Tolling-type Business**
We will advance business at U.S.-based Cameron LNG, as a liquefaction and processing contractor LNG business being resilient to changing market conditions.

**New LNG Market Development**
We will focus on the creation of demand through the development of new LNG markets.

**LNG Fuel Supply Business for Ships**
We undertake an LNG fuel supply business for ships, for which demand is expected to increase based on growing concerns over climate change.

**Expand Global Gas Marketing and Strengthen Sales Capabilities**

**Strengthen the North American Gas Value Chain**
In 2016, MC acquired full control of CIMA ENERGY, LTD., a North American gas marketing company. In the course of promoting our LNG projects, we will bolster our cooperation with CIMA ENERGY in an effort to increase the strength and stability of our North American value chain, which spans from production to sales.

**Expand Global Gas Marketing**
In 2013, MC established Diamond Gas International Pte. Ltd. (DGI) as a wholly owned LNG sales subsidiary in Singapore. Eyeing projected growth in demand for LNG and an anticipated increase in the number of countries introducing LNG, we work to upgrade and expand our global marketing activities.

**Launch Prospective Projects and Pursue Initiatives for Expansion Projects**

We plan to start LNG production at Wheatstone LNG in Australia in fiscal 2017, and Cameron LNG in the U.S. in fiscal 2018. Furthermore, we aim to enhance our competitiveness through expansion of existing LNG projects, such as the Tangguh LNG Train 3 Expansion Project, projected to start production in 2020.
### Main Business Expansion Initiatives of the Energy Business Group

**Energy Resources Business**
- Petroleum, Carbon, and LPG Business

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#### Description of Business Activities

**Involvement in LNG Projects**

**Existing Projects**

<table>
<thead>
<tr>
<th>Project</th>
<th>Beginning of Production</th>
<th>Annual Production Capacity (Million Tons)</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>1979</td>
<td>B C D</td>
</tr>
<tr>
<td>Malaysia I (Satu)</td>
<td>1983</td>
<td>8.4</td>
<td>JERA, Tokyo Gas, Saibu Gas</td>
<td>Malaysia LNG</td>
<td>Petronas (90%), Sarawak Gov. (5%), MC (5%)</td>
<td>1978</td>
<td>B C</td>
</tr>
<tr>
<td>Malaysia II (Duas)</td>
<td>1995</td>
<td>9.6</td>
<td>Tohoku Elec., Tokyo Gas, Shizuoka Gas, Sendai City Gas Authority, JX Holdings, Korea Gas, CPC</td>
<td>Malaysia LNG Duas</td>
<td>Petronas (80%), Shell (10%), OA (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 Elec., 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 Holdings (10%), MC (4%), JAPEX (1%)</td>
<td>2000</td>
<td>A B C</td>
</tr>
<tr>
<td>Oman</td>
<td>2000</td>
<td>7.1</td>
<td>Osaka Gas, Korea Gas, Itoho Corp.</td>
<td>Oman LNG</td>
<td>Oman Gov. (51%), Shell (30%), Total (5.54%), MC (2.73%), etc.</td>
<td>1993</td>
<td>B C</td>
</tr>
<tr>
<td>Qalhat</td>
<td>2005</td>
<td>3.3</td>
<td>Oman 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>
<td></td>
</tr>
<tr>
<td>Russia Sakhalin II</td>
<td>2008 (year-round production), LNG: 2009</td>
<td>9.6</td>
<td>JERA, Tokyo Gas, Kyushu Elec., Toho Gas, Hiroshima Gas, Tohoku Elec., Saibu Gas, Osaka Gas, Korea 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>A B C D</td>
</tr>
<tr>
<td>Indonesia Tangguh*²</td>
<td>2009</td>
<td>7.6</td>
<td>Tohoku Elec., Kansai Elec., SK E&amp;S, POSCO, Fujian LNG, Sempra Energy, etc.</td>
<td>Tangguh JV</td>
<td>BP (37.2%), MIBBerau [MC = INPEX–56.44%] (16.3%), CNOC (13.9%), Nippon Oil Exploration Berau (12.2%), 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, Tokyo Gas, Kyushu Elec., etc.</td>
<td>PT Donggi Senoro LNG</td>
<td>Southmax LNG Development Ltd (MC / Korea Gas = 75-25) (59.9%), PT Pertamina Hulu Energi (29%), PT Medco LNG Indonesia (11.1%)</td>
<td>2007</td>
<td>A B C</td>
</tr>
</tbody>
</table>

**Total** | 78.8 | 7.79 |

#### Projects under Construction

<table>
<thead>
<tr>
<th>Project</th>
<th>Beginning of Production</th>
<th>Annual Production Capacity (Million Tons)</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 Elec., Kyushu Elec., etc. (incl. Equity Lifting)</td>
<td>Wheatstone Sellers</td>
<td>Chevron (45.1%), KUFPEC (13.4%), Woodside (33%), Kyushu Ers. (1.464%), PIF (1%, 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 (Sellers)</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>

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

*2 A third LNG process train with 3.8 million tons per annum production capacity is under construction at the Tangguh LNG Facility. It is scheduled to start production in the middle of 2020.
The Metals Group aspires to contribute to the sustainable development of the world in which we live through the stable supply of high-quality, competitive mineral resources and steel products to the global market.

<table>
<thead>
<tr>
<th>Field</th>
<th>Progress on Midterm Corporate Strategy 2018</th>
<th>Future Growth and Challenges</th>
</tr>
</thead>
</table>
| Commodities (Mineral Resources) | • Improved portfolio resilience by assets reshuffling  
• Enhanced competitiveness by continuous cost reduction and productivity improvement | • Further improve our cost position across assets  
Make them resilient to downturn and enable them to capture tailwinds, providing upside in a rising market |
| Businesses (Steel Products and Mineral Resources Trading) | • Reorganized domestic operations while strengthening overseas processing facilities and sales network (Steel Products Trading)  
• Diversified and expanded products sourcing by leveraging MC’s operating assets (Mineral Resources Trading) | • Capture demand primarily from emerging markets  
Further increase steady earnings base |

Risks and Opportunities Facing the Metals Group

• Mineral resources prices  
• Demand outlook for mineral resources and steel products primarily in emerging markets  
• Escalation of geopolitical risk  
• Structural changes driven by technological innovation including AI and IoT
At the Metals Group, we train future leaders who are self-motivated and those who can follow through self-identified tasks. For example, at BMA’s coal mines and port terminal, our young employees are working hard on the ground every day alongside local professionals in a number of areas to enhance the asset value. The training program has become a virtuous cycle as the first generation of BMA secondees now hold key management positions such as Division COO at MC headquarters or CEO of MDP. In all generations, MC has talented individuals who are well-versed in mining operations. This is critically important in successfully managing the mineral resources business.

BMA, one of the world’s largest metallurgical coal suppliers, was established as a 50-50 joint venture between Mitsubishi Development Pty (MDP) and resources major BHP in 2001. BMA owns and operates seven coal mines and a port terminal in Queensland, Australia. BMA primarily produces high-quality metallurgical coal, and has a market share of approximately 30% in the global seaborne market. MC is striving to further enhance BMA’s value through MDP, which it established in 1968.

At MDP, 60 staff are working together as a team in the Australian mineral resources industry. In the BMA business, MDP, together with its strategic partner BHP, is involved in all stages across the metallurgical coal supply chain, including production, export, and sales. My first assignment to BMA was 16 years ago when the joint venture was initially formed, and thereafter I also worked for MDP. The wealth of experience I gained is still very much helpful to me today. Going forward, I am committed to giving my best to maximize the value of BMA.

Koichi Seri / MDP Managing Director & CEO
Value Creation Initiatives

For metallurgical coal, which is a raw material for blast furnace steelmaking, major risks include the emergence of alternative materials to steel and new steelmaking technologies which may displace blast furnaces. However, there are a number of hurdles from cost and technical perspectives for these risks to materialize, meaning it would require a very long time before they become relevant. And even if they become relevant, medium- to long-term demand for metallurgical coal is projected to remain strong and we see the impact on high-quality metallurgical coal demand that BMA produces to be limited. BMA plans to turn these risks into opportunities as its coal mines, underpinned by abundant mineral resources, together with its privately owned port terminal allow for a phased expansion to fulfill stable supply to the customers around the world.

Risks and Opportunities

- Emergence of alternative materials to steel
- Emergence of new steelmaking technologies displacing blast furnaces
- BMA’s abundant mineral resources and reserves
- Enhance competitiveness through organic growth of BMA
- Increase in crude steel demand in growing markets such as India
- Tightening of supplies triggered by:
  - curtailment of high-cost mines in North America and others
  - depletion of high-quality metallurgical coal

Value Creation Initiatives

BMA has a market share of approximately 30% in the global seaborne market for high-quality metallurgical coal and owns prime assets that sit in the top one-third of the cost curve. Maximizing its asset value by cost reduction and improved operating efficiency is its key objective going forward along with the fulfillment of environmental, societal and economic values. We are committed to proactively pursuing initiatives such as investment in greenhouse gas reduction technologies and contribution to local economies.

Specific Initiatives

Economic Value
- Integrated Remote Operation Centre for coal mines and port operations
- Production optimization by the Caval Ridge Southern Circuit project

Environmental Value
- Investment in greenhouse gas reduction technology through industry groups

Societal Value
- Contribution to local governments through payment of royalties and taxes
- Contribution to local economies through job creation
Main Business Expansion Initiatives of the Metals Group

Main Mineral Resources-Related Projects

<table>
<thead>
<tr>
<th>Products</th>
<th>Project</th>
<th>Country</th>
<th>Annual Production Capacity*1</th>
<th>Main Partners</th>
<th>MC’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metallurgical Coal</td>
<td>BMA</td>
<td>Australia</td>
<td>Metallurgical coal, etc. 69 mt**2</td>
<td>BHP</td>
<td>50.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>BHP, Rio Tinto</td>
<td></td>
</tr>
<tr>
<td>Copper</td>
<td>Escondida</td>
<td>Chile</td>
<td>Copper 1,200 kt</td>
<td>BHP, Rio Tinto</td>
<td>8.25%</td>
</tr>
<tr>
<td></td>
<td>Los Pelambres</td>
<td>Chile</td>
<td>Copper 410 kt</td>
<td>Lukis Group (AMSA)</td>
<td>5.00%</td>
</tr>
<tr>
<td></td>
<td>Anglo American Sur</td>
<td>Chile</td>
<td>Copper 354 kt**3</td>
<td>Anglo American</td>
<td>20.4%</td>
</tr>
<tr>
<td></td>
<td>Antamina</td>
<td>Peru</td>
<td>Copper 450 kt</td>
<td>BHP, Glencore, Teck</td>
<td>10.00%</td>
</tr>
<tr>
<td></td>
<td>Quellaveco</td>
<td>Peru</td>
<td>Planned Annual Production:</td>
<td>Copper 220 kt</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>feasibility study in progress</td>
<td>Peru</td>
<td>Copper 300 kt</td>
<td>PT Freeport Indonesia, Mitsubishi Materials, JX Nippon Mining &amp; Metals</td>
<td>9.50%</td>
</tr>
</tbody>
</table>

*1 Production capacity shows 100% volume of the project.
*2 As BMA’s annual production capacity is not public, the production volume of the fiscal year ended March 2017 is used here.
*3 As Anglo American Sur’s annual production capacity is not public, the production volume of the fiscal year ended March 2017 is used here.
Leveraging MC’s business functions and networks, the Machinery Group will boldly tackle business model transformation and focus on sectors and regions expected to grow in the future.

### Progress on Midterm Corporate Strategy 2018

- Shifted management resources to achieve a strong portfolio
  - Revised the strategic significance of each business within the Machinery Group
  - Drove portfolio optimization by re-profiling assets

### Future Growth and Priorities

- **Improve the profitability of existing businesses**
  - Administer businesses separately by brand and establish an efficient operational structure through the restructuring of the automotive business in Indonesia
- **Strengthen inter-business collaboration**
  - Strengthen inter-business collaboration with MC playing a leading role from an industry-wide perspective
- **Initiatives to address new businesses and business model transformation**
  - Capitalize on growth markets: Expand the construction machinery rental business to the ASEAN region, among other initiatives
  - Drive business model transformation and inter-business collaboration using cutting-edge technologies

### Risks and Opportunities Surrounding the Entire Group

#### External Environment
- **Factors that could affect growth**
  - Slowing economic growth in emerging countries
  - Changes in lifestyles, including the sharing economy
  - Drastic changes in the business environment, such as the spread of electric vehicles
- **Factors that must be watched closely**
  - The possibility of sudden economic disruptions
  - Changes in the source of added value in the value chain
  - Abrupt changes in competitive conditions due to the spread of AI, IoT and other such technologies

#### Internal Environment
- **The shift toward “managing” businesses**
  - Provide business site experience at earlier career stages and expand and upgrade those experiences in order to accelerate the development of management professionals
  - Rigorously allocate management resources according to the business lifecycle
- **Stay on top of changes in the business environment**
  - Consider reorganization to strengthen functions

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**Machinery Group**

### Industrial Machinery Business Div.
- Elevator & Escalator Operation & Marketing Dept.
- Industrial Equipment Business Dept.
- Construction Equipment & Rental Business Dept.

**Ship & Aerospace Div.**
- Ship and Offshore Dept.
- Defense and Aerospace Dept.

**Automotive Business Div.**
- ASEAN & South West Asia Automotive Dept.
- North Asia Automotive Dept.
- Europe, Middle East & Africa Automotive Dept.
- Americas & Australia Automotive Dept.
- Automotive Retail & Mobility Service Dept.

**Isuzu Business Div.**
- Isuzu ASEAN Dept.
- Isuzu Europe, Middle East, Americas & Oceania Dept.
- Isuzu Asia Dept.
Achieving Further Expansion by Addressing Growth and Changes throughout the Market

MC has built a solid value chain encompassing production, distribution, automobile finance, IT services and other functions, led by Krama Yudha Tiga Berlian Motors (KTB) and PT Mitsubishi Motors Krama Yudha Sales Indonesia (MMKSI). In Indonesia, MMKSI conducts the wholesale distribution of Mitsubishi Motors vehicles, whereas KTB conducts the wholesale distribution of Mitsubishi Fuso Truck and Bus Corporation vehicles.

Risks and Opportunities

In Indonesia, the automotive market has remained sluggish in recent years. However, if the Indonesian government executes infrastructure investment and other policies as planned, this is expected to stimulate demand in areas such as construction, and we believe that this will lead to a gradual recovery in the markets for regular commercial and light commercial vehicles. Moreover, Indonesia covers the world’s fourth largest population and the country still has a lower per-capita automobile ownership rate than in developed countries. Accordingly, we believe that the Indonesian automotive market offers high growth potential.

Current Status of the Automobile Business in Indonesia

Effective April 2017, the production and distribution operations for the brands of Mitsubishi Motors Corporation and Mitsubishi Fuso Truck and Bus Corporation have been administered separately, in order to establish a more specialized and efficient operational structure and expand business in Indonesia, where the automotive market is expected to see continued growth.

**Mitsubishi Fuso Truck and Bus Corporation (MFTBC)**

KTB will continue in its current form as an exclusive producer and distributor of Fuso vehicles. Following this restructuring, MC will continue to dispatch a president and other management personnel to KTB, in an effort to drive sustained growth. It is expected that the new structure, which will involve stronger management support from MFTBC, coupled with an improved production system and the use of locally sourced parts, will help strengthen competitiveness.

**Mitsubishi Motors Corporation (MMC)**

In April 2017, the new distribution company MMKSI will begin operations, along with the start of operations of PT Mitsubishi Motors Krama Yudha Indonesia (MMKI), a new Mitsubishi Motors vehicle plant. The opening of MMKI will facilitate the introduction of new models, including a new multi-purpose vehicle (MPV) that will enter production in autumn 2017, and the expansion of MMC’s product lineup, and is expected to lead to increased market share and greater profits for MMC as the company continues to strengthen its sales network. Additionally, we will work to launch exports from MMKI from 2018, which will enable us to make a stronger contribution to the Indonesian economy.
New Company Provides Services Utilizing Drones

SkymatiX, a joint venture that we launched last October, collects data from drones, satellites, and other aerial devices, and analyzes it with cloud-based technologies to provide comprehensive remote sensing services for industrial use. In the future, SkymatiX will provide data platform services that leverage the extensive data it collects (“big data”) in combination with emerging technologies such as IoT. By utilizing advanced technologies and the know-how of its parent companies, SkymatiX will promote the spread of remote sensing technologies while supporting the development of a wide range of industries.

Automobile Business in Indonesia

Value Creation Initiatives

The automotive markets of certain emerging countries, including Indonesia and Russia, have remained largely flat. However, we will continue to strengthen our business platforms, centered on Indonesia, which remains a crucial market for us. At the same time, we will work to expand sales in the markets of other emerging countries such as China. We also plan to reinforce our business in mature markets such as Western Europe, eyeing these markets as stable earnings sources over the medium and long terms. In addition, Mitsubishi Motors Corporation has joined the Renault-Nissan Alliance. With this in mind, we will consider various ways of maximizing synergies together with Mitsubishi Motors Corporation.

Eyeing the major changes reshaping the environment surrounding the automotive industry, we will seek to further expand our business fields centered on existing distribution and automobile finance operations over the medium and long terms. In the process, we aim to expand earnings and attain sustained growth across the entire automotive value chain.
Main Business Expansion Initiatives of the Machinery Group

In March 2017, MC held an inspection tour of a domestic business site of its consolidated subsidiary NIKKEN CORPORATION for securities analysts and institutional investors.

MC presented an outline of the rental equipment market and a briefing on its businesses. In addition, MC provided the participants with an opportunity to better appreciate how MC is harnessing its strengths through initiatives to promote management of businesses.

MC will continue to hold similar tours of its business sites worldwide to promote stakeholders’ understanding of our business initiatives and involvement in managing businesses. This is one important way through which we believe that stakeholders can grasp and positively evaluate the vision MC seeks to achieve by promoting various businesses.
In the chemicals industry, which has expansive interfaces with the clothing, food, and housing sectors, the Chemicals Group is pursuing new businesses by taking full advantage of its solid market interfaces in the industry.

Progress on Midterm Corporate Strategy 2018

- Shifted to an operational structure designed to conceptualize and realize businesses by identifying opportunities to create value from a synoptic view of the entire chemicals industry value chain, based on the Group's front-line execution capabilities developed through trading activities (Reorganization from four to three divisions)
- Raised the sought-after efficiency of some businesses according to the business lifecycle, along with accelerating new businesses to attain sizable growth

Future Growth and Priorities

<table>
<thead>
<tr>
<th>Division</th>
<th>Focus Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemicals</td>
<td>Create sizable businesses by securing competitive feedstock</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>Capture further added value through value chain integration</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>Strengthen and expand business domains in the fields of food and health</td>
</tr>
</tbody>
</table>

Risks and Opportunities Surrounding the Entire Group

**Risks**

There are concerns about resource and environmental risks, as well as geopolitical risk, which could have an impact on the production and sales of chemicals. In order to convert those risks into business opportunities, the Chemicals Group will further enhance its ability to adapt to changes in the business environment.

**Opportunities**

Three Forms of Value Generated by the Power of Chemistry

- **Economic value**
- **Societal value**
- **Environmental value**

Chemistry enables the creation of value-added materials and products from feedstock, thereby helping to solve issues facing humanity and to improve living standards.

Key Examples

- The industrialization of textiles led to the widespread availability of clothing, a daily necessity.
- Agricultural productivity improved dramatically in line with the increased supply of fertilizer made possible by the synthesis of ammonia.

The Chemicals Group will successfully maximize chemical value in MC’s fields of expertise, with the aim of building a business with a strong presence.

- We will capture the opportunities presented by structural imbalances arising from interfaces with other industries, as well as within the chemicals industry and between regions.
- We will create high-value-added businesses by organically connecting business opportunities.

Chemicals Group

- **Petrochemicals Div.**
- **Basic Chemicals Div.**
  - Chlor-Alkali Dept., Alcohol Chemicals Dept., PVC Dept., Inorganic Chemicals Dept., Fertilizer Dept.
- **Life Sciences Div.**
Delivering Added Value through Good Taste and Health

The Chemicals Group is focused on the life sciences business, positioning it as a core pillar of its growth strategy. We are developing high-value-added businesses centered on food science from the perspectives of food and health.

Food's primary function is to provide nutrition; it also provides value through the second and third functions of having a great taste and maintaining health. In order to generate these two forms of value, the food science business develops food ingredients from natural materials and combines them to design (blend) flavors that fit market needs.

Leveraging R&D capabilities that utilize Group-wide synergies, we will expand the food science business primarily in Asia by delivering solutions to support the crafting of tastes and flavors.

Risks and Opportunities

We will capture growth in both the overseas and Japanese markets as our business opportunities. Growth in overseas markets will be driven by emerging countries centered on Asia. Growth in the Japanese market will track increased demand for ready-made meals and dining out, supported by the aging of society and increased participation of women in the workforce.

Meanwhile, risks could be presented by the entry of Chinese companies and other players brandishing low manufacturing costs, and downward pricing pressure reflecting the commoditization of products. However, in the food science business, MC supplies various ingredients and formulations that are clearly differentiated in terms of manufacturing methods and other features. Therefore, we believe that the aforementioned risks will have a negligible impact on the business.

Value Creation Initiatives

In addition to providing great taste, we will upgrade and expand ingredients and formulations that deliver value in terms of health benefits, along with expanding into downstream businesses through various approaches, including collaboration with MC’s Living Essentials Group. By doing so, we aim to create even more value.
Methanol Business

A Global Business to Solve the Issues Faced by Emerging Countries

Methanol is made mainly from natural gas, and is used in a wide range of products, including adhesive agents, agricultural chemicals, paints, and synthetic fabrics, making it essential to our daily lives. In 1992, MC established Metanol de Oriente, METOR, S.A. (METOR), one of the world’s largest methanol production companies, in Venezuela, a nation that boasts abundant natural gas reserves. METOR was established together with a Japanese manufacturer and Venezuelan state-owned companies. Backed by one of the largest market shares in trading that leverages METOR’s products, MC is expanding this methanol business with a strong global presence.

In order to drive further business expansion, MC has established Caribbean Gas Chemical Limited (CGCL) in Trinidad and Tobago, with the aim of starting methanol production within the fiscal year ending March 31, 2019.

**Strategic Significance**

Venezuela boasts abundant natural gas reserves and is the world’s sixth largest LNG exporter. However, the Shale Revolution in North America, to which Venezuela exports most of its LNG, has brought about a changed business environment in its LNG business. Accordingly, a top priority for Venezuela is to develop its chemicals industry with a focus on adding value to and diversifying the natural gas sector. By harnessing its business experience in Venezuela, MC will work to help address the pressing issues facing the country.

**Competitive Advantages**

The competitive advantages of this business lie in access to competitive natural gas supplied by state-owned corporate partners, stable operations by Japanese manufacturer with extensive experience, and global sales capabilities provided by MC.

**Value Creation Initiatives**

Based on its track record of business development and management in Venezuela and Trinidad and Tobago, along with its global presence in trading, MC will work to expand the scale of business by consistently launching projects that further enhance its leadership role.

**Risks and Opportunities**

There are concerns about intensified competition fueled by moves to ramp up production capacity, including the launch of new production plants using North American shale gas as feedstock.

Meanwhile, the global demand for methanol is currently around 80 million tons and this demand is projected to grow steadily by around 4–5% per year. With expectations of applications for clean energy to replace crude oil, and for petrochemical feedstock, the supply-demand environment is expected to remain sound for the long term.

**Methanol Production Business in Trinidad and Tobago**

<table>
<thead>
<tr>
<th>Establishment</th>
<th>METOR</th>
<th>CGCL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production capacity</td>
<td>1.60 million tons per year</td>
<td>1.00 million tons per year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partners</th>
<th>METOR</th>
<th>CGCL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi Gas Chemical Company, Inc., Pequiven (state-owned petrochemicals company) and others</td>
<td>Mitsubishi Gas Chemical Company, Inc., Mitsubishi Heavy Industries, Ltd., National Gas Company of Trinidad and Tobago Ltd (NGC) and others</td>
<td></td>
</tr>
</tbody>
</table>

* Scheduled to start production in March 2019.
Main Business Expansion Initiatives of the Chemicals Group

Value Chain of the Chemicals Group

Petrochemicals
- Ethylene
- Ethylene glycol
- Polyethylene
- Plastics products

Basic Chemicals
- Ethylene glycol
- Benzene
- Paraxylene
- Sulphur & sulphuric acid
- Industrial salt
- PVC materials
- Polyvinyl chloride (PVC)

Life Sciences
- Chemical & compound fertilizer
- Food ingredients & additives

Market
- Packaging materials
- Interior materials
- Coating & adhesives
- Automotive & home electronics IT
- Cosmetics & detergent
- Fertilizer
- Pharmaceutical & agrochemical
- Food ingredients
- Bio business
The Living Essentials Group will strive to create value based on a consumer-first perspective by providing a safe and stable supply of daily necessities.

Progress on Midterm Corporate Strategy 2018

**Strengthened businesses that will become future growth drivers and took steps to advance to the next stage of growth**

<table>
<thead>
<tr>
<th>Food Products Business</th>
<th>• Established MC Agri Alliance Ltd., a joint venture in sales of food products to Japan, with Olam International Limited</th>
</tr>
</thead>
</table>
| Retail Business        | • Strengthened cooperation with Lawson, Inc.  
                         | • Established a business alliance with ALBIS Co., Ltd.                                         |
| Healthcare Business    | • Formed a hospital management joint venture in Myanmar                                      |

**Future Growth and Priorities**

• **Expand businesses that capture consumer needs**
  Strive to create value based on a consumer-first perspective, promoting businesses that also help to solve environmental and regional issues

• **Strengthen businesses that have a strong competitive edge in the global market**
  Sustainably develop new growth businesses by establishing a globally competitive business platform

• **Accelerate business expansion in the global market**
  Expand businesses closely attuned to regional communities in collaboration with leading business partners in growth markets such as Myanmar and Indonesia

**Risks and Opportunities Surrounding the Entire Group**

• Decrease in the volume of demand in line with the declining population and the aging of society with fewer children in the Japanese market

• Growing demand in emerging countries, led by Asian nations, and concerns about stable food supplies

• Increasingly diverse and sophisticated consumer needs, and a stronger interest in food safety and reliability

• Add value to the MC Group’s sustainable and traceable supply chain
Driving Business Forward from a Consumer-First Perspective

The Living Essentials Group conducts businesses that are closely connected to people’s daily lives. Therefore, we must supply products and services that offer value that is recognized and embraced by consumers. Doing so is essential to the Living Essential Group’s growth.

We obtain feedback directly from consumers through our retail businesses, such as the Lawson convenience store chain. This feedback is reflected in our raw material procurement and processing, product manufacturing and distribution businesses. Through this process, we are optimizing and driving forward all of our businesses from a consumer-first perspective.

Cermq
Sustainable salmon farming business

Cermq is one of the world’s leading salmon farming companies. The company is working to supply consumers with safe and delicious salmon that can be enjoyed. Cermq has earned a strong reputation in areas such as the protection of marine resources and transparent corporate activities. Notably, Cermq’s initiatives have gained recognition as examples of actions that are closely aligned with the United Nations’ Sustainable Development Goals (SDGs).

Mitsubishi Shokuhin Co., Ltd.
Promoting the optimization of distribution through MILAI, a next-generation core information system

Mitsubishi Shokuhin has introduced MILAI, a next-generation core information system. The system uses an open platform to centralize and increase the transparency of food-related information. The use of MILAI will help Mitsubishi Shokuhin to enhance its food distribution operations by removing overburden, waste, and inconsistency from those operations.

Loyalty Marketing, Inc.
Helping to build a consumer society free of inefficiencies through marketing solutions

Loyalty Marketing provides Ponta, a coalition loyalty program that spans people’s daily lives and lifestyle infrastructure. The Ponta service gives the company an expansive marketing base. Loyalty Marketing is working to expand business not only in Japan, but also in Indonesia and other countries.

Risks and Opportunities Surrounding the Food Business

Japanese Market
Decrease in the volume of demand, along with diversifying and increasingly sophisticated consumer needs

Increasingly sophisticated and diverse performance requirements across all businesses, from upstream to downstream. This includes balancing the need to ensure sustainability through such means as reducing environmental impact, and achieving price competitiveness.

Overseas Markets
Quantitative and qualitative expansion in the volume of demand

In emerging countries, the food market is expanding both in quantitative and qualitative terms in step with population growth and economic development, with growing needs for safe and reliable food.

Value Creation Initiatives

We will accurately monitor consumer trends by expanding our interfaces with consumers, and integrating the expansive range of products, functions and expertise held by the MC Group. By doing so, we will aim to create value in beneficial ways for consumers and communities in a manner unique to MC.
Aiming to Grow Together with Regional Communities

MC is expanding businesses that are closely attuned to regional communities in emerging countries with high growth potential.

In Myanmar, MC is collaborating with local partners to undertake food businesses that integrate local needs and the company’s expertise cultivated in Japan. In 2017, MC established a hospital management company in the country. Our activities in the hospital business will help to improve overall medical standards in Myanmar.

Risks and Opportunities

- Expansion in demand in step with population growth and economic development
- MC’s global network and expertise in overseas businesses
- Country risk, underdeveloped social infrastructure, low income levels

Value Creation Initiatives

Based on a model of "local production for local consumption" that addresses the needs and cultures unique to each market, MC will provide products and services that meet Japanese standards of quality, thereby contributing to regional development.

Examples of Business Expansion Initiatives in Myanmar

Food-Related Business

In 2015, MC established Lluvia Limited (Lluvia) as a joint venture with Capital Diamond Star Group (CDSG) in Myanmar. Lluvia operates food-related businesses, including a wheat flour business that has Myanmar’s top share and a beverage business with strong market recognition. We will contribute to the stable supply of food and the development of the food industry in Myanmar by enhancing existing businesses and creating new businesses within Lluvia through knowledge transfer from MC and its network of partners.

Hospital Business

In 2017, MC agreed to form a hospital management joint venture with CDSG and Yee Shin Holdings in Myanmar, with plans to construct a 300-bed general hospital in Yangon. Through this joint venture, we will provide high-quality healthcare services closely attuned to the regional community, with a view to creating both societal and economic value.
Main Business Expansion Initiatives of the Living Essentials Group

Food Business of the Living Essentials Group

Marine Products

- Cermac (Norway, Chile, Canada: Salmon & Trout)

Soybeans

- Agrex (USA, Brazil, Australia: Grains)

Sugar

- Leading Producer

Starch

- Leading Producer

Wheat

- Leading Producer

Coffee

- Leading Producer

Cocoa

- Leading Producer

Edible Nuts

- Leading Producer

Rice

- Leading Producer

Other Products

- Leading Producer

*1 Indonesia, Singapore, Thailand, India
*2 Indonesia, Malaysia, Vietnam
DATA SECTION
This section presents management data to provide stakeholders with a detailed understanding of MC.

- P84 Organizational Structure
- P86 Global Network
- P88 Business Globalization Initiatives
- P91 Initiatives by the Domestic Network
- P92 Human Resource Initiatives
- P96 MC’s Corporate Philanthropy Activities
- P99 Sustainability Promotion Framework
- P100 Compliance
- P102 Internal Control System
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- P108 Financial Measures
- P109 ESG Data
- P110 Members of the Board and Audit & Supervisory Board Members
- P112 Executive Officers
- P113 General Information
- P114 Corporate Information
Organizational Structure (As of October 1, 2017)

* Organizational structure of the Head Office
Global Network
(As of September 1, 2017)

Mitsubishi Corporation (Head Office)
Domestic Network
Overseas Network
(excluding project offices and annex offices in Japan)

MC’s Regional CEOs

Head Office

Tokyo

Network (Location of MC Operations)

Japan (Number of offices: 26)
Including 10 annex offices
Sapporo
Sendai
Nagoya
Niigata
Toyama
Shizuoka

Overseas (Number of offices and subsidiaries: 190)
Including 35 project offices

[North America]
New York
San Francisco
Seattle
Silicon Valley
Los Angeles
Houston
Washington, D.C.
Dallas
Pittsburgh
Boston
Tucson
Vancouver
Toronto
Mexico City
Querétaro

[Latin America]
Guatemala City
Panama City
Quito
Lima
Santa Cruz
Bogotá
Santiago
Caracas
Asunción
Buenos Aires
São Paulo
Rio de Janeiro
Belo Horizonte
Santos
Paranagua
Havana

[Europe & Africa]
London
Madrid
Paris
Brussels
Amsterdam
Düsseldorf
Frankfurt
Berlin
Milan
Oslo
Prague
Stockholm
Warsaw
Bucharest
Belgrade
Athens
Sofia
Moscow
Vladivostok
Yuzhno-Sakhalinsk
Kiev
Johannesburg
Dakar
Casablanca
Abidjan
Algiers
Lagos
Tunis
Maputo
Nairobi
Addis Ababa
Dar es Salaam
### Number of Consolidated Subsidiaries and Equity-method Affiliates by Operating Segment
(As of March 31, 2017)

<table>
<thead>
<tr>
<th>No. of Consolidated Subsidiaries and Equity-method Affiliates</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Environmental &amp; Infrastructure Business Group</td>
<td>221</td>
<td></td>
</tr>
<tr>
<td>Industrial Finance, Logistics &amp; Development Group</td>
<td>201</td>
<td></td>
</tr>
<tr>
<td>Energy Business Group</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>Metals Group</td>
<td>189</td>
<td></td>
</tr>
<tr>
<td>Machinery Group</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>Chemicals Group</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Living Essentials Group</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td>Corporate Staff Section</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Regional Subsidiaries</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,274</td>
<td></td>
</tr>
</tbody>
</table>

(Note 1) Number of employees at the parent company and all of its consolidated subsidiaries: 77,164
(NumberOf employees at the parent company alone: 6,233)
(Note 2) The number of companies subject to consolidation includes affiliates for which subsidiaries implement consolidated accounting procedures.
The conditions surrounding the international community are in a constant state of flux, making it even more difficult to accurately assess global trends. In these times, we must swiftly respond to changes in the business environment in order to strengthen the MC Group’s businesses around the world and capture new business opportunities. MC has built up an optimal global network to serve as a foundation for its activities worldwide, which enables it to establish a systematic process for grasping changes in the external environment from both the development and defensive standpoints. This means promoting business and managing risk to enhance MC’s ability to respond to those changes. The foundation for those activities is the MC Group’s global network. This expansive network consists of more than 200 offices and subsidiaries, and approximately 1,200 group companies in some 90 countries and regions around the world.

MC is evolving its business model towards “managing” businesses. Under this business model, we will generate substantial value by deepening our involvement in the management of our portfolio of group companies. I believe that the use of MC offices and subsidiaries to support business activities as a regional leader of the MC Group is essential to achieving that goal. MC offices and subsidiaries function as nodes in the MC Group’s global network, which is made up of group companies in each region.

The group companies, MC offices and subsidiaries in each region are working closely with each other to promote collaboration with leading regional partners and to identify new growth opportunities. In addition, the intelligence acquired by fusing the knowledge gained through regional businesses and the knowledge obtained from talented personnel is vital to promoting business globally in an era marked by abundant change.

We will drive further evolution in our global network as we shift towards “managing” businesses, thereby helping to improve the MC Group’s business value on a consolidated basis.

Systematic Process for Responding to Changes in the External Environment

- **Acquire**
  - Accurately and swiftly grasp changes in the business environment
  - Swiftly detect changes in the business environment, opportunities and risks through a global business presence
  - Share information with related parties as quickly as possible and undertake rapid initial responses as necessary

- **Analyze**
  - Transform information into intelligence
  - Analyze the impact on the MC Group’s existing businesses, the prospects for the development of new business opportunities and other matters through close cooperation between the Head Office and regional network
  - Develop proprietary intelligence in the process by fusing information and knowledge obtained from leading local partners and experts

- **Apply**
  - Reflect intelligence in decision-making
  - Make crucial business decisions by accurately determining opportunities and risks in promoting existing and new businesses through the application of intelligence
  - Apply intelligence to improving the corporate value of the MC Group as a whole, by reflecting it in necessary initiatives, the design of programs and risk management

Message from the Senior Executive Vice President, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management
MC Group’s Global Network

MC has built a network to drive its next phase of major growth by constantly enhancing its ability to respond to change in tandem with fostering collaboration through the efficient and effective assignment of roles among MC offices and subsidiaries, group companies and the Head Office.

**Head Office**
- Take full advantage of information obtained from the global network
- Execute decision-making aimed at maximizing corporate value

**MC Offices and Subsidiaries**
- Supply intelligence that contributes to new business opportunities and management by integrating local knowledge
- Tangentially support the growth of group companies

**Group Companies**
- Achieve growth by “managing” businesses
- Acquire intelligence closely tied to front-line business activities

Status of the MC Group’s Global Network

Host countries of MC offices and subsidiaries and companies subject to consolidation
Host countries of MC offices and subsidiaries
Host countries of MC companies subject to consolidation
Host country of the Head Office (Japan)
Examples of the Initiatives of the Global Network in Various Regions

**North America: Initiatives Targeting Advanced Technologies**
MC is strengthening its local network to promote Group-wide initiatives and collaboration with different business sectors. We thereby seek to capitalize on cutting-edge technologies at the forefront of global innovation, such as AI and IoT, to drive new growth.

**Europe and Africa: Initiatives Targeting Emerging Markets**
Through its network of 11 MC offices and subsidiaries in Africa, MC is advancing various initiatives to identify business opportunities by, for example, leveraging its knowledge of the renewable energy business amassed in Europe. These initiatives seek to drive the medium- to long-term growth of the MC Group in conjunction with helping to enhance environmental value and societal value.

**Middle East and Central Asia: Initiatives with Partners**
Çalık Holding, one of the leading conglomerates in Turkey, and MC have built up a relationship of trust based on a track record of collaboration over many years. Going forward, the two companies will continue to promote further collaboration with a view to spurring regional business expansion in Middle Eastern and Central Asian countries, as well as in Africa.

**Asia & Oceania: Initiatives to Capture New Business Opportunities**
In Asia & Oceania, MC is undertaking various businesses to capitalize on the growth of this region. Group companies, MC offices and subsidiaries in various countries are working together to constantly explore new business opportunities by accurately grasping regional political and economic trends, initiatives by various companies, regulatory changes and other developments.

**East Asia: Intelligence Initiatives**
As China becomes more and more globally influential, trends in the country will have an increasingly significant impact on MC’s business. In tandem with deepening interaction with leading companies, the Chinese government and other parties, MC’s network provides timely information on political and economic conditions such as the Belt and Road Initiative and Chinese industrial developments, as well as trends in policies on electric vehicles, urbanization and other matters.

**Latin America: Initiatives to Expand Business Fields**
MC is promoting Group-wide initiatives through such means as collaboration between group companies, MC offices and subsidiaries. The goal is to reinforce and expand business in infrastructure, personal consumption and other areas, as well as in sizable existing businesses involved in resources and food.

**Latin America: Initiatives to Expand Business Fields**
MC is promoting Group-wide initiatives through such means as collaboration between group companies, MC offices and subsidiaries. The goal is to reinforce and expand business in infrastructure, personal consumption and other areas, as well as in sizable existing businesses involved in resources and food.
MC’s domestic network is working to advance the business on an MC Group consolidated basis, with a view to realizing the vision set forth in Midterm Corporate Strategy 2018.

Specifically, we have assigned managers to oversee activities on a consolidated basis for each business group. We have also drawn up initiatives linked to business strategies for each business group and for each business investee and have begun executing those initiatives.

Moreover, in construction projects in Japan, we have produced results by fostering collaboration with related business investees in areas such as the sale of building materials. Similarly, we will promote mutual collaboration in fields such as retail and healthcare, as part of efforts to foster collaboration with business groups and various sites in Japan.

We recognize that Japan is now standing on the threshold of a major turning point. More specifically, Japan has an aging population with fewer children, which is becoming apparent in the form of labor shortages. Also, falling populations in regions outside major cities is causing many of these regions to fall further behind the major cities. Still, Japan remains our primary market. We are finding that new businesses harnessing AI and IoT are being developed, and new business opportunities that will spur changes in lifestyles are also emerging, driven by the desire for a higher quality of life primarily among affluent senior citizens. We will pursue unified management on a consolidated basis as we remain closely attuned to these changes in the environment. At the same time, we will seek to develop new businesses with a view to fostering collaboration with various regions across Japan.

### Examples of Initiatives

#### Building a Consolidated Platform

We are focusing on building a consolidated platform in order to spur collaboration between MC and business investees, plus collaboration among the business investees themselves. With the parent company’s sites playing a pivotal role in this effort, we are taking actions such as holding MC Group Network Conferences in each region and publishing an internal Group newsletter. Additionally, we are working to enhance intelligence on a consolidated basis by holding information exchange meetings on general affairs, human resources, budget control and other matters, and hosting events such as group training sessions and seminars.

#### Supplying Information on Candidate Sites for the Stores of Lawson, Inc.

New store development is a crucial priority for Lawson, Inc. as it seeks to rise above fierce competition in the convenience store industry. We are collaborating with Lawson on store development in each region by leveraging the MC Group’s network, which spans many different business sectors and regions. By sharing information on Lawson’s store development strategy among Group companies, we assist Lawson in such ways as introducing promising candidate sites for its stores. We have already produced results by helping Lawson to open stores adjoining hospitals, hotels and gas stations, along with opening ordinary stores.
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.

As part of these efforts, we will work to further enhance the development of management professionals, with a view to realizing the corporate vision laid out in Midterm Corporate Strategy 2018. In addition, we will take steps to introduce new work styles that allow us to enhance diversity management, women’s empowerment, and work productivity and efficiency. This is to ensure that 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, regardless of gender, age, nationality, etc. Our actions will be directed toward the goal of “Fostering Our Employees’ Maximum Potential.”

These priorities are being implemented not only by the Global Human Resources Department at the MC Head Office, but also in cooperation with the human resources departments of MC’s offices and subsidiaries and Group companies. The entire MC Group will continue to strengthen its Group-wide human resources functions and framework.

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.

MC provides employees with a wide range of experience in a stepwise and systematic manner through on-the-job training (OJT) measures including assigning employees to MC’s offices and subsidiaries and MC Group companies worldwide, and transferring them across departments and groups.

For off-the-job training (Off-JT), MC has put in place numerous stepwise training programs designed to develop the abilities needed by management professionals to undertake management at the consolidated level. These programs cover skills in areas such as finance, M&As, and leadership, as well as knowledge needed to work overseas and at Group companies.
At MC, we are working in close cooperation with MC’s offices and subsidiaries and Group companies to strengthen our Group-wide human resources functions and framework in order to reinforce human resource practices on a consolidated, global basis.

MC’s basic approach to human resources is to maximize the potential of highly talented and motivated employees regardless of gender, age, nationality or other attributes, and to compensate them based on their performance. This approach is also shared on a consolidated, global basis. Although frameworks and systems differ by country and business, we seek to raise the efficiency of office and subsidiary management, ensure the objectivity and transparency of the human resources framework, and effectively manage and assign talented employees.

Sharing MC Values

The MC Group Gateway Program has been held since 2010. An orientation program for employees of MC offices, subsidiaries and Group companies, it is designed to share MC’s corporate principles and values, and to foster greater understanding of the MC Group. So far, about 2,600 employees have taken part in the program (about 500 per year), which is held eight times a year in Tokyo. It is a bilingual program, with content delivered in both Japanese and English. Similar orientation programs are being held in other regions.
Supporting Women’s Careers at MC

In order to encourage women to develop and continue their careers, MC has a track record of 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 previously left their positions to accompany their spouses’ domestic or international job transfers. MC has drawn up the following action plan to develop an environment that offers even stronger support for women’s careers.

In addition to this action plan, we will support women’s careers throughout the MC Group.

**Action Plan**

**Period:**
April 1, 2016 to March 31, 2021

**Target 1:** Aim to recruit more women as professional staff.

**Target 2:** Offer further career support for women.

**Target 3:** Increase the percentage of women in management-level positions to 10% or more by the year ending March 2021.

**Target 4:** Aim to achieve 100% utilization of Paid Childbirth Leave or other similar childcare systems by men.

**Target 5:** Organize training programs and seminars on “supporting women’s careers,” “new work styles,” and “work-home balance support systems.” Improve the content of management training programs to increase awareness.

**Percentage of Women in Management-Level Positions**

<table>
<thead>
<tr>
<th>FY</th>
<th>Percentage of Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>09</td>
<td>3.1</td>
</tr>
<tr>
<td>10</td>
<td>3.8</td>
</tr>
<tr>
<td>11</td>
<td>4.7</td>
</tr>
<tr>
<td>12</td>
<td>5.4</td>
</tr>
<tr>
<td>13</td>
<td>6.4</td>
</tr>
<tr>
<td>14</td>
<td>7.1</td>
</tr>
<tr>
<td>15</td>
<td>7.9</td>
</tr>
<tr>
<td>16</td>
<td>8.7</td>
</tr>
<tr>
<td>17</td>
<td>9.4</td>
</tr>
<tr>
<td>18</td>
<td>10.8</td>
</tr>
</tbody>
</table>

* As of April 1 each year

**Re-Employment System for Employees Who Left to Accompany Spouses’ Domestic or International Job Transfers**

Providing that certain conditions are met, MC will re-employ those who previously left the company due to their spouses’ domestic or international job transfers. This system was introduced to enable these personnel to restart their careers at MC by making the most of their prior experience and skills.

**Number of applicants to the Re-Employment System for Employees Who Left to Accompany Spouses’ Domestic or International Job Transfers**

| Year ended March 2017 | 10 |

**Diversity Management**

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.
- Reap the benefits of workforce diversity by embracing and applying different perspectives and ideas to its management practices, business creations and regional developments.
- Improve organizational performance by ensuring an inclusive professional work environment.

**Main Certifications**

**Platinum Kurumin**

In January 2017, MC received “Platinum Kurumin” certification from the Ministry of Health, Labour and Welfare. The “Platinum Kurumin” certification is awarded to “Kurumin” certified companies that have executed measures to support employees’ childcare needs at a higher standard.

**L-boshi**

In January 2017, MC received “L-boshi (second level)” certification from the Ministry of Health, Labour and Welfare in recognition of its efforts in promoting women’s participation and career advancement.
Human Resource Initiatives

New Work Styles Befitting MC
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 aims to ensure each organization and individual autonomously practices work styles that best suit respective needs.

While taking into consideration the uniqueness of each organizational and individual initiative due to diversified business environments, we are implementing measures to improve the annual paid leave utilization rate and to curtail the excessive amount of overtime work.

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.

Employee Health Management
Central to MC’s employee health management is that it has established in-house medical clinics. The MC Head Office clinic’s medical departments include internal medicine, ophthalmology, dermatology, otolaryngology, orthopedics, neurology, and its own diagnostic center. Through these facilities, MC encourages employees to receive early check-ups and treatment, providing medium- to long-term health management in conjunction with health examinations. In addition, MC is working with physicians and nutritionists to provide employees with guidance on the prevention of lifestyle-related diseases and metabolic syndrome.

MC also supports employees’ mental health, with a focus on preventive measures and early treatment. In addition to self-checks and stress checks that individuals can use to better manage their own mental health, MC’s medical clinic is equipped with a neurology department, an internal support desk to assist both workplaces and individuals and an outside counseling desk that can be used by employees and their family members to field consultations at an early stage, and to provide support together with workplaces.

Supporting Employees with Family Responsibilities
MC has been improving its internal systems so that employees can better balance childcare, family care and other family responsibilities with their careers. To create a comfortable and supportive atmosphere that understands and encourages the active use of these systems, MC will further focus on building a corporate culture that embraces diverse work styles.

Since the summer of 2015, MC has been providing the "MC Gakudo" service for employees with children in elementary school. This service provides day camps for children during their schools’ long vacation periods.

Employment of Persons with Impairments
As part of its CSR and diversity initiatives, MC has a long and proud history of employing persons with impairments. Together with its special-purpose subsidiary, Mitsubishi Shoji & Sun Co., Ltd., MC will continue its efforts in expanding career opportunities for persons with various impairments, while maintaining the statutory employment rate for them.

---

### Supporting Employees with Family Responsibilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Year Ended March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees who took Paid Childbirth Leave</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Number of employees who shortened work hours for childcare</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Number of employees who took Paid Childcare Leave</td>
<td>211</td>
<td></td>
</tr>
<tr>
<td>Number of employees who took Paid School Events Leave</td>
<td>252</td>
<td></td>
</tr>
<tr>
<td>Number of participants in the &quot;MC Gakudo&quot; service (Total No. of people)</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td>Number of employees who took Paid Family Care Leave</td>
<td>196</td>
<td></td>
</tr>
</tbody>
</table>

### Employment of Persons with Impairments

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Statutory Employment Rate</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.92</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2.05</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2.11</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2.23</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2.11</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2.12</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2.06</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2.19</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.41</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2.48</td>
<td></td>
</tr>
</tbody>
</table>

*As of June 1 each year.

*The statutory employment rate of persons with impairments (private-sector companies) was raised from 1.8% to 2.0% on April 1, 2013.
In keeping with our belief that MC’s sustainable growth cannot be achieved without realizing a sustainable society, we address our Key Sustainability Issues through both business and philanthropy activities.

MC engages 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: Conserving the Natural Environment and Growing Together with Local Communities.

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 MC’s overall pursuit of businesses that generate value for societies.

Employee Volunteer Activities
MC places great emphasis 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 by holding in-house volunteer programs during lunch hours.

In addition, MC launched a series of relief activities in the immediate aftermath of the Great East Japan Earthquake in 2011, and as of March 31, 2017, more than 4,500 employees had 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 awarded not only for volunteer work organized by MC, but also for activities undertaken independently by employees during their private time outside of 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 March 2017, roughly 30 different sporting events were conducted, including sports classes for children with impairments and classes for training volunteers to assist at sporting events for athletes with impairments. In addition, three of our employees are active in para-sports (as of July 1, 2017).
Support through Charitable Foundations

**Mitsubishi Corporation Disaster Relief Foundation**

MC created a ¥10 billion 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.

**Investing in the Future of the Areas Affected by the Disaster**

MC’s activities in the fields of industry revival and job creation involve providing financial support (loans). This money must be repaid; an obligation that creates an appropriate sense of tension which we believe contributes to business continuity. However, a key difference from ordinary financing is that, in principle, the loan can only be extended for up to 10 years (free of interest). In addition, as the business gets on track and starts to make profits, MC receives a portion as a distribution of profits. However, this profit distribution is not retained in the foundation, but is instead donated to regional governmental organizations and other reconstruction support funds in line with our basic policy, so that it can be reused for activities to support the reconstruction of areas impacted by the disaster. By establishing a system to recirculate the reconstruction funds, MC is promoting further progress towards independence for the regional economies.

**Examples of Support**

**Hamanto Fisheries Cooperative (Ishinomaki, Miyagi Prefecture)**

- **Ishinomaki Shinkin Bank**
  - Request for cooperation
  - Distribution of profit

- **Mitsubishi Corporation Disaster Relief Foundation**
  - Loan

- **Hamanto**
  - Local seafood products
  - High-quality merchandise
  - Establishment of the Jyusanhama brand

- **Sales outlet**
  - Provision of high-quality merchandise
  - Recognition of the Jyusanhama brand

- **Consumers**
  - Mail-order sales

**Mitsubishi Corporation East Japan Earthquake Recovery Fund**

<table>
<thead>
<tr>
<th>Fiscal years ended March 2012–March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Revival and Job Creation</td>
</tr>
<tr>
<td>¥2.0 billion</td>
</tr>
<tr>
<td>Donations, Volunteer Activities, etc.</td>
</tr>
<tr>
<td>¥2.5 billion</td>
</tr>
<tr>
<td>Support Recovery Grants</td>
</tr>
<tr>
<td>¥1.0 billion</td>
</tr>
<tr>
<td>Provision of Scholarships</td>
</tr>
<tr>
<td>¥10.0 billion</td>
</tr>
</tbody>
</table>

**Mitsubishi Corporation Disaster Relief Foundation**

(established in April 2015)

| Industrial Revival and Job Creation     |
| ¥1.0 billion                            |
| Scholarships                            |
| ¥1.2 billion                            |
| Fukushima Winery Project, etc.          |
| ¥3.5 billion                            |
| ¥1.3 billion                            |
Mitsubishi Corporation Foundation for the Americas and 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 is helping to improve fisheries management, strengthen biodiversity conservation and contribute to climate change research in the Amazon Basin through support for the Wildlife Conservation Society’s Amazon Waters Initiative.

To help tackle poverty in developing countries, the MCFEA is supporting the Lighting Up Lake Victoria Project developed by the U.K. NGO Renewable World. This project provides support to rural off-grid communities by enabling them to gain access to renewable energy systems. Specifically, the project provides five solar-powered micro-grids, which have a lifespan of 25 years, that provide community members with clean and affordable energy.

For details, please see MC’s website (http://www.mitsubishicorp.com/jp/en/csr/contribution/).

Mitsubishi Corporation International Scholarship for Studies in Japan

MC has been offering this scholarship program since 1991 with the aim of assisting international students who are studying at Japanese universities and are expected to become future global leaders. In 2008, MC expanded the scope of the program to cover approximately 100 students each year. As of the year ended March 2017, a total of 1,207 students had been awarded these scholarships.

Support for University Students around the World

In addition to the Mitsubishi Corporation International Scholarship for Studies in Japan, MC started the MC International Scholarship in 2000 with the aim of supporting overseas university students. As of the year ended March 2017, a total of 7,089 students have been awarded these scholarships. Aiming to help nurture the young leaders of tomorrow, MC will continue to provide various support in educational fields around the world.
Sustainability Promotion Framework

MC recognizes that simultaneous generation of economic, environmental and societal value is essential for the MC Group’s growth. The Company has established the CSR & Environmental Affairs Committee, which is chaired by the Corporate Functional Officer for Corporate Sustainability and attended by other Corporate Functional Officers, all business group CEOs, and the General Manager of the Corporate Strategy & Planning Department. This committee discusses basic policies and other sustainability-related matters, and submits them for discussion or reports them to the Executive Committee and the Board of Directors. MC has also established the CSR & Environmental Affairs Advisory Committee which is tasked with evaluating MC’s sustainability performance and providing expert advice from an external perspective. Through this committee, MC strives to ascertain the latest trends and stakeholder expectations of the company.

**CSR & Environmental Affairs Committee**
Advisory body to the Executive Committee that discusses basic policies related to all environmental and social topics.

**Members**
Chair: Corporate Functional Officer, Corporate Sustainability
Members: Corporate Functional Officers, all business group CEOs, General Manager of the Corporate Strategy & Planning Dept.

**CSR & Environmental Affairs Advisory Committee**
Advisory body reporting to the Corporate Functional Officer on general environmental and social topics.

**Members**
Chair: Corporate Functional Officer, Corporate Sustainability
Members: 11 external experts working in fields related to climate change, human rights, etc.

**CSR & Environmental Affairs Advisory Committee**
MC provides an overview of its corporate sustainability initiatives to the committee members who represent a variety of different stakeholder groups, and receives their advice and proposals for improving stakeholder communication. Moreover, the Company holds tours of business sites for committee members in order to deepen their understanding of the company’s businesses. At the CSR & Environmental Affairs Advisory Committee meeting held in May 2017, the Company received feedback about its initiatives and disclosure related to various fields including MC’s Key Sustainability Issues, climate change and supply chain management.

**Eiichiro Adachi**
Counselor, The Japan Research Institute, Limited

**Mizue Unno**
Managing Director, So-Tech Consulting, Inc.

**Takeshi Okada**
Representative Director, Imabari Yume-Sports

**Keiko Katsu**
Freelance newscaster

**Hiroshi Kito**
President, University of Shizuoka

**Kaori Kuroda**
Executive Director, CSO Network Japan

**Takejiro Sueyoshi**
Special Advisor to the UNEP Finance Initiatives in the Asia Pacific Region

**Yasushi Hibi**
Director of Japan Program, Conservation International

**Toru Nakashizuka**
Specially Appointed Professor, Research Institute for Humanity and Nature

**James E. Brumm**
Former Executive Adviser, Mitsubishi International Corporation

**Peter D. Pedersen**
Co-founder, E-Square Inc.

**On-site Observation Tour**
In autumn of 2016, MC held an on-site tour of a tuna farming business operated by an MC Group company in the Goto Islands of Nagasaki Prefecture. The committee members were shown the company’s state-of-the-art initiatives that are helping to maintain wild fish stocks, and gained an understanding of the important role that this business plays in supplying a stable source of protein for a growing global population.
Compliance

Message From the Chief Compliance Officer

MC defines compliance as observance of laws, rules, regulations, international standards and internal regulations, and respect for generally accepted standards for conducting business, and works to prevent any actions that violate compliance.

Under the Three Corporate Principles, which constitute MC’s corporate philosophy, the MC Group as a whole is working to strengthen its global compliance system within the consolidated Group framework in order to accommodate ever-evolving laws, regulations and social conditions. For example, in relation to antitrust and anti-bribery restrictions, we’ve worked on developing a global whistleblower system among all of our domestic/overseas sites and subsidiaries from fiscal 2016. This is because the abovementioned restrictions may cause a major impact to the MC group, and bring into question the responsibility of MC, as the parent company of the violating subsidiary.

We are also focused on cultivating a strong sense of ethics in our employees by continuing to carry out a range of compliance-related measures, as a part of our efforts to further enhance our soundness as a corporate group.

Particularly at our operating companies in Japan and overseas, compliance-related issues differ with the business and region, so we and our overseas regional subsidiaries provide support in various forms to strengthen the compliance systems at the operating companies and increase their level of autonomy.

MC Internal Rules and Regulations

The Three Corporate Principles

"Shoki Hoko": Corporate Responsibility to Society
"Shoji Komei": Integrity and Fairness = Compliance
"Ritsugyo Boeki": Global Understanding through Business

Corporate Standards of Conduct
1. Aim of Corporate Business Activities
2. Fairness and Integrity in Corporate Business Activities
3. Respect for Human Rights and Employees
4. Information Security and Disclosure
5. Consideration for Environmental Issues
6. Contribution to Society

Code of Conduct

Basic Rules for the Organization and Implementation of Compliance
Code of Prohibition against Improper Payments or Other Types of Benefits

Under the Three Corporate Principles, which constitute MC’s corporate philosophy, the MC Group as a whole is working to strengthen its global compliance system within the consolidated Group framework in order to accommodate ever-evolving laws, regulations and social conditions. For example, in relation to antitrust and anti-bribery restrictions, we’ve worked on developing a global whistleblower system among all of our domestic/overseas sites and subsidiaries from fiscal 2016. This is because the abovementioned restrictions may cause a major impact to the MC group, and bring into question the responsibility of MC, as the parent company of the violating subsidiary.

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Compliance Framework

* An internal whistleblower system that enables anyone to make a report anonymously.
Group Initiatives for Strengthening Compliance

<table>
<thead>
<tr>
<th>Top Message</th>
<th>Communication of MC Group compliance policies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Compliance-related messages from the President and the Chief Compliance Officer are distributed internally and publicly (refer to &quot;Mitsubishi Corporation Compliance Report&quot;* at the URL provided below)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reinforcement of Systems</th>
<th>Compliance-related support and coordination for subsidiaries and overseas regional subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Support for compliance measures based on subsidiary business areas and regional characteristics</td>
</tr>
<tr>
<td></td>
<td>• Promotion of more rigorous compliance systems and measures required of subsidiaries and overseas regional subsidiaries</td>
</tr>
</tbody>
</table>

| Reinforcement of anti-bribery systems | • Reinforcement of prior due diligence process when employing agents |
|                                       | • Reinforcement of prior due diligence process when making donations or accepting short-term interns |
|                                       | • Distribution of Anti-Corruption Handbook to all MC Group companies |
|                                       | • Introduction and development of global internal whistleblower systems to all MC Group companies |

| Knowledge and Awareness-raising | Compliance discussions |
|                                | • Total of 2,507 discussions held in the fiscal year ended March 2017 at MC, overseas regional subsidiaries and subsidiaries (95 companies in Japan, 34 companies overseas) with a total of 23,006 participants |

| Compliance and e-learning | • Training implemented in the fiscal year ended March 2017 at MC for 7,317 employees and subsidiaries in Japan for 12,852 employees at 100 companies; sign written commitments to the Mitsubishi Corporation Code of Conduct |

| Compliance-related seminars | • Total of 468 seminars on compliance related to preventing a breach (or potential breach) of anti-trust laws and anti-bribery laws held in the fiscal year ended March 2017 (68 at MC Group sites in Japan, and 151 at overseas sites) |

| Measurement of Effectiveness | Compliance awareness survey |
|                             | • Effects of company compliance policies measured in the fiscal year ended March 2017 at subsidiaries in Japan (55 companies) |
|                             | • To be conducted at MC also in the fiscal year ending March 2018 |

| Continuous monitoring | • The Chief Compliance Officer meets regularly with compliance officers to confirm their response to various issues |
|                      | • Issues, measures and their progress, etc., reported and shared at Compliance Committee meetings held twice yearly |

Improvement and Promotion of Internal Whistleblower Systems

MC has developed various internal whistleblower systems for the early detection of violations and improprieties, and works to ensure that they function appropriately.

This entails not only establishing multiple systems but also creating internal rules based on related laws and regulations, raising the awareness of potential users, educating employees in charge of the systems, ascertaining and raising employee awareness through compliance awareness surveys, and disclosing the number of reports made along with other related information.

In particular, the number of reports made decreased significantly in the fiscal year ended March 2014, as efforts were made to raise awareness, which resulted in reports increasing more than threefold. This has helped to more quickly resolve compliance violations and potential violations and to further enhance measures to prevent a reoccurrence.

Number of Reports Received by MC
(No. of reports)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>14</td>
<td>22</td>
<td>34</td>
<td>46</td>
</tr>
</tbody>
</table>

* For more details on our compliance initiatives, please refer to “Mitsubishi Corporation Compliance Report” on our website.
Internal Control System (System for Ensuring Proper Business)

The Board of Directors of MC has resolved the basic policy of establishing the following internal control systems for MC, as a whole MC Group including its subsidiaries, to improve the 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.

Internal Control Framework

Operating Status of Internal Control System in the Year Ended March 31, 2017

Every year, the MC Group conducts monitoring of the development and operating status of its internal control system and, in light of these results, implements improvements or helps subsidiaries implement improvements. Further, details of the operating status of the internal control system are reported to the Board of Directors.

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. They 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 that must be stored 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.

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 and assessing the risk-return profile of each project in accordance with company-wide policies and procedures. Projects are executed and managed on an individual basis in accordance with this approach. Further, in response to the progress of projects or changes in the external environment, MC conducts periodic verification of risk-return profiles.

In addition to managing risk on an individual project basis, MC assesses risk on a consolidated basis with respect to risks that are capable of being monitored quantitatively and manages these risks properly, making reassessments as necessary.

In the year ended March 31, 2017, MC partially revised its internal system concerning country risk countermeasures, and further reflected the political,
regulatory and other risks regarding evaluations of the creditworthiness of individual countries. In so doing, MC deepened its risk management techniques that enable it to efficiently make decisions.

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 people are required to submit reports regularly. In addition, the President and CEO works in a cycle where 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.

In the year ended March 31, 2017, MC established Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing as its new management strategy for the three years beginning with the year ended March 31, 2017. The strategy is designed to generate sustainable business value, and takes into account various environmental factors that are expected to have an impact on MC’s operations, including a world economic slowdown, changes in commodity markets, heightened geopolitical risks, and industry changes caused by technological innovations such AI and IoT (the so-called “Fourth Industrial Revolution”). In line with this strategy, MC has established policies to achieve the strategy in each business, and is making progress with associated measures.

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 on a consolidated basis regarding the various laws and regulations. Regarding codes of conduct for officers and employees, for all 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.

In the fiscal year ended March 31, 2017, MC introduced and is gradually expanding a global internal whistleblower system that enables all officers and employees in each domestic and overseas organization and subsidiary to report directly from the country in which they operate any concern about a breach (or potential breach) of anti-trust laws and anti-bribery laws that would have a significant impact on the management of the MC Group.

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 in line with the information disclosure policy that was examined 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.

MC strives to ensure proper business conduct by subsidiaries that conform to laws, the Articles of Incorporation and internal regulations, by sending Directors to sit 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 Member
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 shall bear the necessary expenses to ensure the auditing effectiveness.
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 to 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 it 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 assignment of personnel to assist them. Moreover, the Audit & Supervisory Board regularly creates opportunities to hold discussions with respected individuals brought in from outside MC. The knowledge gained and external perspectives are put to good use in audit activities.

### Basic Policy for the Construction of an Internal Control System in the Year Ending March 31, 2018

The content of the basic policy of establishing internal control systems in the year ending March 31, 2018 adopted at a meeting of the Board of Directors on May 9, 2017 are as follows.

#### Basic Policy for the Construction of an Internal Control System

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 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. **If Employees Are Required to Assist in the Duties of Audit & Supervisory Board Members, Items Concerning the Said Employees**
   
   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 Who Assist 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.
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 also ensure that subsidiaries are thoroughly informed about 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 an Audit & Supervisory Board Member submits 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 Member shall endeavor to communicate with internal related departments and independent auditors, collect information, and conduct investigations, and related departments shall cooperate with these efforts.

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
Financial 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.

<table>
<thead>
<tr>
<th>Results of Operations:</th>
<th>2008.3 (U.S. GAAP)</th>
<th>2009.3 (U.S. GAAP)</th>
<th>2010.3 (U.S. GAAP)</th>
<th>2011.3 (U.S. GAAP)</th>
<th>2012.3 (U.S. GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>¥ 6,450,654</td>
<td>¥ 6,156,365</td>
<td>¥ 4,540,793</td>
<td>¥ 5,206,873</td>
<td>¥ 5,565,832</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,172,665</td>
<td>1,465,027</td>
<td>1,016,597</td>
<td>1,149,902</td>
<td>1,127,860</td>
</tr>
<tr>
<td>Income from investments accounted for using the equity method</td>
<td>155,614</td>
<td>163,256</td>
<td>117,857</td>
<td>167,002</td>
<td>192,418</td>
</tr>
<tr>
<td>Net income (loss) attributable to owners of the parent**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>471,262</td>
<td>370,987</td>
<td>275,787</td>
<td>464,543</td>
<td>452,344</td>
</tr>
</tbody>
</table>

Financial Position at Year-End:

| Total assets | 11,638,265 | 10,837,537 | 10,803,702 | 11,272,775 | 12,588,320 |
| Working capital**4 | 1,429,764 | 1,613,776 | 1,780,008 | 2,012,098 | 1,709,310 |
| Borrowings (less current maturities)**3 | 3,096,818 | 3,467,766 | 3,246,029 | 3,188,749 | 3,760,101 |
| Equity attributable to owners of the parent**3 | 2,832,293 | 2,359,397 | 2,926,094 | 3,233,342 | 3,507,818 |

Interest-Bearing Liabilities:

| Gross interest-bearing liabilities**3 | 4,183,592 | 4,879,397 | 4,154,692 | 4,257,563 | 5,016,383 |
| Net interest-bearing liabilities**4 | 3,443,861 | 3,567,633 | 2,968,151 | 2,947,308 | 3,647,408 |

Cash Flows:

| Net cash provided by operating activities | 327,712 | 558,226 | 761,573 | 331,204 | 550,694 |
| Net cash used in investing activities | (352,480) | (693,550) | (138,502) | (262,601) | (1,100,913) |
| Free cash flow | (25,768) | (135,324) | 623,071 | 68,603 | (550,219) |
| Net cash provided by (used in) financing activities | 69,700 | 650,608 | (755,347) | 76,749 | 599,059 |
| Net cash flows | 43,932 | 515,284 | (132,276) | 145,352 | 48,840 |

Per Share Information:

| Basic (yen, U.S. dollars) | 284.06 | 225.88 | 167.85 | 282.62 | 274.91 |
| Diluted (yen, U.S. dollars) | 282.79 | 225.38 | 167.46 | 281.87 | 274.30 |
| Cash dividends per share (yen, U.S. dollars) | 56.00 | 52.00 | 38.00 | 65.00 | 65.00 |
| Equity per share attributable to owners of the parent (yen, U.S. dollars) | 1,725.74 | 1,436.11 | 1,780.37 | 1,966.66 | 2,130.89 |
| Payout ratio**5 (% | 20 | 23 | 23 | 23 | 24 |

Common Stock:

| Number of shares outstanding at year-end**6 (thousands of shares) | 1,641,203 | 1,642,904 | 1,643,532 | 1,644,074 | 1,646,173 |

Financial Measures:

| ROE**6 (% | 16.5 | 14.3 | 10.4 | 15.1 | 13.4 |
| ROA**6 (% | 4.1 | 3.3 | 2.5 | 4.2 | 3.8 |
| Net DER**7 (times | 1.2 | 1.5 | 1.0 | 0.9 | 1.0 |
| DOE**8 (times | 3.2 | 3.3 | 2.4 | 3.5 | 3.2 |

Stock Price Information:

| Stock price (annual average) (yen, U.S. dollars) | 3,110 | 2,299 | 1,969 | 2,102 | 1,840 |
| Price earnings ratio (PER)**10 (times | 11.18 | 10.51 | 12.11 | 7.68 | 6.73 |
| Price book-value ratio (PBR)**10 (times | 1.9 | 1.7 | 1.1 | 1.1 | 0.9 |

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 fiscal years ending March 2013 and March 2014 due to the change from U.S. GAAP to IFRS).
*6 Excluding treasury stock held by the Company.
Figures from the year ended March 2008 through the year ended March 2011 have been retrospectively adjusted to reflect a change in year-end at certain consolidated subsidiaries. However,

1) No retrospective adjustments have been made to figures in the year ended March 2009 or prior years for gross interest-bearing liabilities, net interest-bearing liabilities and net debt-to-equity ratio.
2) No retrospective adjustments have been made to figures for the year ended March 2008 for cash flows.

### Financial Measures:

<table>
<thead>
<tr>
<th>Common Stock:</th>
<th>2013.3 (U.S. GAAP)</th>
<th>2014.3 (IFRS)</th>
<th>2015.3 (IFRS)</th>
<th>2016.3 (IFRS)</th>
<th>2017.3 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock price (annual average) (yen, U.S. dollars)</td>
<td>¥ 6,009,887</td>
<td>¥ 7,635,168</td>
<td>¥ 7,669,489</td>
<td>¥ 6,925,582</td>
<td>¥ 6,425,761</td>
</tr>
<tr>
<td>Basic (yen, U.S. dollars)</td>
<td>1,029,657</td>
<td>1,054,933</td>
<td>1,186,005</td>
<td>1,209,894</td>
<td>1,098,877</td>
</tr>
<tr>
<td>Net income (loss) attributable to owners of the parent per share:</td>
<td>164,274</td>
<td>167,840</td>
<td>168,356</td>
<td>203,818</td>
<td>(175,389)</td>
</tr>
<tr>
<td>Cash dividends per share (yen, U.S. dollars)</td>
<td>360,028</td>
<td>323,457</td>
<td>361,359</td>
<td>400,574</td>
<td>(149,395)</td>
</tr>
<tr>
<td>Price book-value ratio (PBR)</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>
</tr>
<tr>
<td>Price earnings ratio (PER)</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>
</tr>
<tr>
<td>Equity attributable to owners of the parent*1</td>
<td>4,179,698</td>
<td>4,517,107</td>
<td>5,067,666</td>
<td>5,570,477</td>
<td>4,952,516</td>
</tr>
<tr>
<td><strong>Total assets</strong></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>
</tr>
<tr>
<td><strong>Revenues</strong></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>
</tr>
<tr>
<td><strong>Net income (loss) attributable to owners of the parent</strong></td>
<td>403,313</td>
<td>453,327</td>
<td>381,576</td>
<td>798,264</td>
<td>700,105</td>
</tr>
<tr>
<td>(752,477)</td>
<td>(791,026)</td>
<td>(300,502)</td>
<td>(154,852)</td>
<td>(503,854)</td>
<td>(179,585)</td>
</tr>
<tr>
<td>(349,164)</td>
<td>(337,699)</td>
<td>81,074</td>
<td>643,312</td>
<td>196,251</td>
<td>403,419</td>
</tr>
<tr>
<td>401,687</td>
<td>388,366</td>
<td>(118,485)</td>
<td>(305,334)</td>
<td>(364,528)</td>
<td>(752,162)</td>
</tr>
<tr>
<td>52,523</td>
<td>50,667</td>
<td>(37,771)</td>
<td>338,078</td>
<td>(168,277)</td>
<td>(348,743)</td>
</tr>
<tr>
<td><strong>2013.3: 1,647,158</strong></td>
<td><strong>2014.3: 1,647,158</strong></td>
<td><strong>2015.3: 1,648,541</strong></td>
<td><strong>2016.3: 1,620,384</strong></td>
<td><strong>2017.3: 1,584,595</strong></td>
<td><strong>1,585,480</strong></td>
</tr>
<tr>
<td><strong>Nine-year average: 1.9%</strong></td>
<td><strong>2013.3: 218.66</strong></td>
<td><strong>2014.3: 218.18</strong></td>
<td><strong>2015.3: 218.18</strong></td>
<td><strong>2016.3: 218.18</strong></td>
<td><strong>2017.3: 218.18</strong></td>
</tr>
<tr>
<td><strong>Price book-value ratio (PBR) 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 per share attributable to owners of the parent.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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 the 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.
### ESG Data

#### Number of Board Members

(Unit: person)

<table>
<thead>
<tr>
<th>Year</th>
<th>Outside Directors</th>
<th>In-house Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>2016</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>2017</td>
<td>13</td>
<td>5</td>
</tr>
</tbody>
</table>

#### Number of Employees (consolidated)

(Unit: person)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4,703</td>
<td>1,619</td>
<td>6,322</td>
</tr>
<tr>
<td>2016</td>
<td>4,678</td>
<td>1,612</td>
<td>6,290</td>
</tr>
<tr>
<td>2017</td>
<td>4,629</td>
<td>1,604</td>
<td>6,233</td>
</tr>
</tbody>
</table>

#### GHG Emissions (consolidated)

(Unit: thousand t-CO₂)

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 (excluding 6.5 gases)*2</th>
<th>Scope 2 (excluding 6.5 gases)*1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3,354</td>
<td>1,553</td>
<td>5,907</td>
</tr>
</tbody>
</table>

#### Environmental Performance (non-consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Emissions** (Unit: thousand t-CO₂)</th>
<th>Energy Consumption (Unit: GJ)</th>
<th>Electricity Consumption (Unit: MWh)</th>
<th>CO₂ Emissions from Logistics** (Unit: t-CO₂)</th>
<th>Paper Consumption** (Unit: sheets)</th>
<th>Energy Consumption (Unit: GJ)</th>
<th>Electricity Consumption (Unit: MWh)</th>
<th>CO₂ Emissions from Logistics** (Unit: t-CO₂)</th>
<th>Paper Consumption** (Unit: sheets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>14.0</td>
<td>332,650</td>
<td>27,640</td>
<td>60,058</td>
<td>65,837,377</td>
<td>58,554,479</td>
<td>55,908,344</td>
<td>56,419</td>
<td>41,722</td>
</tr>
<tr>
<td>2016</td>
<td>15.8</td>
<td>346,170</td>
<td>31,764</td>
<td>56,588</td>
<td>58,554,479</td>
<td>55,908,344</td>
<td>55,908,344</td>
<td>56,588</td>
<td>41,722</td>
</tr>
<tr>
<td>2017</td>
<td>18.4</td>
<td>346,170</td>
<td>373,805</td>
<td>56,419</td>
<td>58,554,479</td>
<td>55,908,344</td>
<td>55,908,344</td>
<td>56,419</td>
<td>41,722</td>
</tr>
</tbody>
</table>

#### Waste Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste produced (Unit: kg)</th>
<th>Waste recycling rate (Unit: %)</th>
<th>Water Consumption (Unit: m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>668,557</td>
<td>98.3</td>
<td>41,722</td>
</tr>
<tr>
<td>2016</td>
<td>664,178</td>
<td>98.3</td>
<td>40,253</td>
</tr>
<tr>
<td>2017</td>
<td>645,355</td>
<td>98.3</td>
<td>39,753</td>
</tr>
</tbody>
</table>

#### Lost time injuries frequency rate (frequency rate of injuries)**12

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0.28</td>
</tr>
<tr>
<td>2016</td>
<td>0.88</td>
</tr>
<tr>
<td>2017</td>
<td>0.45</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 (Unit: %)**1</th>
<th>Average years of service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>2015</td>
<td>4,703</td>
<td>1,619</td>
<td>6,322</td>
</tr>
<tr>
<td>2016</td>
<td>4,678</td>
<td>1,612</td>
<td>6,290</td>
</tr>
<tr>
<td>2017</td>
<td>4,629</td>
<td>1,604</td>
<td>6,233</td>
</tr>
</tbody>
</table>

### GHG Emissions (consolidated)

(Unit: thousand t-CO₂)

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 (excluding 6.5 gases)*2</th>
<th>Scope 2 (excluding 6.5 gases)*1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3,354</td>
<td>1,553</td>
<td>5,907</td>
</tr>
</tbody>
</table>

#### Energy Consumption (Unit: GJ)**3

<table>
<thead>
<tr>
<th>Year</th>
<th>2015.3</th>
<th>2016.3</th>
<th>2017.3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Data</td>
<td>Data</td>
<td>Data</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>2015</td>
<td>4,703</td>
<td>1,619</td>
<td>6,322</td>
</tr>
<tr>
<td>2016</td>
<td>4,678</td>
<td>1,612</td>
<td>6,290</td>
</tr>
<tr>
<td>2017</td>
<td>4,629</td>
<td>1,604</td>
<td>6,233</td>
</tr>
</tbody>
</table>

#### Electricity Consumption (Unit: MWh)**4

<table>
<thead>
<tr>
<th>Year</th>
<th>2015.3</th>
<th>2016.3</th>
<th>2017.3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Data</td>
<td>Data</td>
<td>Data</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>2015</td>
<td>4,703</td>
<td>1,619</td>
<td>6,322</td>
</tr>
<tr>
<td>2016</td>
<td>4,678</td>
<td>1,612</td>
<td>6,290</td>
</tr>
<tr>
<td>2017</td>
<td>4,629</td>
<td>1,604</td>
<td>6,233</td>
</tr>
</tbody>
</table>

#### GHG Emissions (consolidated)

(Unit: thousand t-CO₂)

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 (excluding 6.5 gases)*2</th>
<th>Scope 2 (excluding 6.5 gases)*1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3,354</td>
<td>1,553</td>
<td>5,907</td>
</tr>
</tbody>
</table>

---

**1** Effective from the fiscal year ended March 2017, emissions from projects with high community impact, including power generation and heat generation (utility business), as well as joint operations (jointly managed projects), were included in the calculations.

**2** The following metrics were adopted as the basis for calculating greenhouse gas emissions.

- Direct CO₂ emissions from fuel consumption
- Emissions of greenhouse gases from business activities other than CO₂ from energy sources (6.5 gases)


**4** Indirect CO₂ emissions from electricity consumption, etc.

**5** The number of employees who began taking the type of leave during each fiscal year (As of June 1 of the fiscal year)

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

**7** As of June 1 of the fiscal year

**8** The number of employees who began taking the type of leave during each fiscal year

**9** Employees working at the Head Office and domestic branches (excluding managers, corporate advisers and contract employees)

**10** Employees at head office and Japanese branches (excluding seconded from other companies)

**11** Employee awareness surveys are taken every three years to obtain a snapshot of employee motivation and organizational vitality. The findings are used to improve management and employee engagement (Do you work with enthusiasm and take pride in/admire your company?) in the survey.

**12** Calculated based on standards set by the Japan’s Ministry of Health, Labour and Welfare. Employees at head office and Japanese branches (excluding corporate advisers and contract employees).

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Please see the following link to access the details on our website:

Members of the Board and Audit & Supervisory Board Members
(As of July 1, 2017)

Members of the Board

Ken Kobayashi
2016 Member of the Board, MC (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, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (Concurrently) Regional CEO, Asia & Oceania (present position)
1978 Joined MC

Yasuhiro Hirotö
2017 Executive Vice President, Corporate Functional Officer, Regional Strategy for Japan (Concurrently) General Manager, Kansai Branch (present position)
2016 Executive Vice President, Corporate Functional Officer, Corporate Communications, Corporate Administration, CSR & Environmental Affairs, Legal, Human Resources, Chief Compliance Officer
2014 Executive Vice President, Corporate Functional Officer, Corporate Communications, Corporate Administration, CSR & Environmental Affairs, Legal, Human Resources
1980 Joined MC

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, Hitotsubashi University (present position)
2004 Professor, Dept. of International Liberal Arts, Tokyo Jogakkan College (resigned in March 2013)
1975 Joined Tokyo Gas Co., Ltd. (resigned in March 2015)

Hideaki Omiya
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
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 2012)

Audit & Supervisory Board Members

Hideyuki Nabeshima
2014 Senior Audit & Supervisory Board Member, MC (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 (Attorney-at-Law)

Ikue Nishikawa
2016 Audit & Supervisory Board Member, MC (present position)
2012 Professor, Faculty of Business & Commerce of Kio University (resigned in March 2017)
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)
Kazuyuki Masu*1
2017 Executive Vice President, Corporate Functional Officer, Chief Financial Officer, IT (present position)
2016 Corporate Functional Officer, Executive Vice President, Chief Financial Officer
1982 Joined MC

Iwao Toide
2017 Executive Vice President, Corporate Functional Officer, Business Investment Management, Corporate Sustainability (present position)
1981 Joined MC

Akira Murakoshi
2017 Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources (present position)
1982 Joined MC

Masakazu Sakakida*1
2017 Executive Vice President, Corporate Functional Officer, Corporate Administration, Legal (Concurrently) Chief Compliance Officer (present position)
1981 Joined MC

Akitaka Saiki*2
2017 Member of the Board, MC (present position)
2016 Retired from Ministry of Foreign Affairs of Japan
1976 Joined Ministry of Foreign Affairs of Japan

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 Tokyo Stock Exchange, Inc. and other stock exchanges in Japan as well as selection criteria for Outside Directors specified by MC.

Please refer to “Selection Criteria for Outside Directors and Outside Audit & Supervisory Members” on the MC website for thoughts regarding independence in selection criteria for Outside Directors.

*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 Tokyo Stock Exchange, Inc. and other stock exchanges in Japan as well as selection criteria for Outside Audit & Supervisory Board Members specified by MC.

Please refer to “Selection Criteria for Outside Directors and Outside Audit & Supervisory Members” on the MC website for thoughts regarding independence in selection criteria for Outside Directors.
Executive Officers
(As of October 1, 2017)

President and Chief Executive Officer
Takehiko Kakiuchi*

Senior Executive Vice President
Eiichi Tanabe*
Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (Concurrently) Regional CEO, Asia & Oceania

Executive Vice Presidents
Kazushi Okawa
Group CEO, Machinery Group

Yasuhiro Hirota*
Corporate Functional Officer, Regional Strategy for Japan (Concurrently) General Manager, Kansai Branch

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) Plc.

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

Kazuyuki Masu*
Corporate Functional Officer, Chief Financial Officer, IT

Takeshi Hagiwara
Group CEO, Chemicals Group

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

Yutaka Kyoya
Group CEO, Living Essentials Group

Iwao Toide
Corporate Functional Officer, Business Investment Management, Corporate Sustainability

Akira Murakoshi
Corporate Functional Officer, Corporate Communications, Human Resources

Masakazu Sakakida*
Corporate Functional Officer, Corporate Administration, Legal (Concurrently) Chief Compliance Officer

Senior Vice Presidents
Mitsuyuki Takada
General Manager, Global Strategy & Coordination Dept.

Keisuke Hoshino
Seconded to Mitsubishi Corporation RM Japan Ltd. (President and CEO)

Koichi Wada
General Manager, Nagoya Branch

Tsutomu Takanose
Deputy General Manager, Kansai Branch

Katsuhito Ito
President, Mitsubishi Corporation (Hong Kong) Ltd.

Mitsumasa Icho
General Manager, Business Investment Management Dept.

Takajiro Ishikawa
Seconded to Mitsubishi Heavy Industries, Ltd. (Seconded to Mitsubishi Heavy Industries America, Inc. (Senior Executive Vice President))

Yasuteru Hirai
Regional CEO, East Asia (Concurrently) President, Mitsubishi Corporation China Co., Ltd. (Concurrently) General Manager, Beijing Branch

Noboru Tsuji
Division COO, Automotive Business Div.

Norikazu Tanaka
Division COO, Mineral Resources Investment Div. (Concurrently) General Manager, MDP Dept.

Fuminori Hasegawa
Division COO, Energy Resources Div. A

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
General Manager, Corporate Staff Section Management Dept.

Tsunehiko Yanagihara
EVP, Mitsubishi Corporation (Americas) (Work location: Silicon Valley)

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
Division COO, Steel Business Div.

Katsuya Nakanishi
Regional CEO, Middle East & Central Asia (Concurrently) General Manager, Business Division, Headquarters for the Middle East and Central Asia

Jun Nishizawa
Division COO, Energy Resources Div. B

Tatsuo Nakamura
General Manager, Strategic Planning Office, Automotive Business Div.

Osamu Takeuchi
Division COO, Petrochemicals Div.

Kazunori Nishio
Division COO, Retail Div.

Koji Kishimoto
Division COO, Life Sciences Div.

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

Yoshinori Katayama
Division COO, New Energy & Power Generation Div.

Yoshifumi Hachiya
General Manager, Corporate Accounting Dept.

Hisashi Ishimaki
Division COO, Ship & Aerospace Div.

Takuya Kuga
Division COO, Real Estate Business Div.

Yasumasa Kashiwagi
Division COO, Fresh Food Products Div.

Hiromi Haba
Mitsubishi Corporation (Americas), SVP, Energy Business Group

Norio Saigusa
President, Mitsubishi Company (Thailand), Ltd. (Concurrently) President, Thai-MC Company, Limited (Concurrently) General Manager, Vientiane Liaison Office

* Indicates a Representative Director.
General Information
(As of March 31, 2017)

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, 2017

<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, 2016</td>
<td>1,590,076,851</td>
<td>272,565</td>
</tr>
<tr>
<td>Change</td>
<td>–</td>
<td>(29,895)</td>
</tr>
<tr>
<td>As of March 31, 2017</td>
<td>1,590,076,851</td>
<td>242,670</td>
</tr>
</tbody>
</table>

Principal Shareholders
Shareholding (Rounded down to the nearest thousand shares)

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>Number of shares (thousands)</th>
<th>Investment ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>130,812</td>
<td>8.25</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>77,548</td>
<td>4.89</td>
</tr>
<tr>
<td>Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</td>
<td>74,534</td>
<td>4.70</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>64,846</td>
<td>4.08</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)</td>
<td>32,276</td>
<td>2.03</td>
</tr>
<tr>
<td>Ichigo Trust Pte. Ltd.</td>
<td>29,683</td>
<td>1.87</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>27,207</td>
<td>1.71</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT – TREATY 505234</td>
<td>23,129</td>
<td>1.45</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td>
<td>22,275</td>
<td>1.40</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td>
<td>20,314</td>
<td>1.28</td>
</tr>
</tbody>
</table>

Note: The investment ratio is computed by excluding 4,556,494 shares of treasury stock held by Mitsubishi Corporation and rounded to two decimal points.

Number of Shareholders

<table>
<thead>
<tr>
<th>Year ended March 2017</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></td>
<td>2</td>
<td>6,513,301</td>
<td>560,741</td>
<td>1,247,225</td>
<td>5,152,930</td>
<td>2,421,797</td>
</tr>
</tbody>
</table>

Shareholder Composition
(Shareholding Ratio)

<table>
<thead>
<tr>
<th>Year ended March 2017</th>
<th>0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>41.0%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>3.5%</td>
</tr>
<tr>
<td>Securities companies</td>
<td>7.8%</td>
</tr>
<tr>
<td>Other companies</td>
<td>32.4%</td>
</tr>
<tr>
<td>Foreign companies, etc.</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 2012</th>
<th>0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>40.5%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>3.7%</td>
</tr>
<tr>
<td>Securities companies</td>
<td>8.7%</td>
</tr>
<tr>
<td>Other companies</td>
<td>30.1%</td>
</tr>
<tr>
<td>Foreign companies, etc.</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 2007</th>
<th>0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>40.0%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>4.8%</td>
</tr>
<tr>
<td>Securities companies</td>
<td>11.7%</td>
</tr>
<tr>
<td>Other companies</td>
<td>32.2%</td>
</tr>
<tr>
<td>Foreign companies, etc.</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

Data Section
Corporate Information
(As of March 31, 2017)

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: 6,233
Consolidated: 77,164

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

Number of Shareholders: 242,670

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: (212) 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.
From the year ended March 2014, Mitsubishi Corporation has prepared its consolidated financial statements based on International Financial Reporting Standards (IFRS). Unless stated to the contrary, the information given in this Integrated Report is also based on IFRS. Please refer to “Financial Section of Integrated Report 2017” for detailed information for the year ended March 2017.


<Website Information>
Mitsubishi Corporation Integrated Report 2017 (Online Version)

<Sustainability Information>

* This report contains standard disclosures from the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.