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Mitsubishi Corporation (MC) seeks to simultaneously generate economic, societal and environmental value through all of its businesses, while creating sustainable corporate value.
Mission & Corporate Philosophy

• The Three Corporate Principles serve as the MC Group’s core philosophy and underpin its commitment to fair, responsible, and global business practices.

• By pooling its collective capabilities, the MC Group strives to fulfill societal needs and meet stakeholder expectations by simultaneously generating economic, societal, and environmental value.

Adaptability

• The MC Group prides itself in adapting to our ever-evolving world, anticipating and responding to changes in geopolitical, economic and industrial landscapes, the last two of which are being increasingly driven by innovations in technology.

Consolidated Growth Strategy

• The MC Group includes approximately 1,400 enterprises (as of September 2018), and as the MC Group works to raise their consolidated earnings, it remains equally committed to growing their individual corporate value, while simultaneously generating three values.

• By leveraging the diverse expertise found throughout its network of group companies and more than 150 Business Units, MC shall continue to innovate and inspire global industries.

• MC shall optimize its portfolio by dynamically allocating management resources based on its level of engagement in each business. Sizeable growth investments are companywide commitments to develop next-generation earnings drivers.

• The MC Group is dedicated to rearing the highest quality of management professionals, ethically grounded leaders with the foresight to identify new seeds of growth and the execution skills to germinate them.

• Regardless of how our world evolves, there will always be opportunities to deliver goods and services that meet societal needs and improve our quality of life. This recognition is the very foundation of MC’s consolidated growth strategy.

The MC Group Will Deliver Sustainable Growth by Fulfilling Societal Needs

The MC Group aims to deliver sustainable growth by adapting to changes in the business environment and fulfilling societal needs in due consideration of the United Nations’ Sustainable Development Goals (SDGs). To achieve this aim, the MC Group shall rely on three core strengths, namely its collective capabilities to adopt a holistic view of industry, its foresight to identify new seeds of growth, and its execution skills to germinate them.

Simultaneously generating economic value, environmental value and societal value through our businesses
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. Since then, the Mitsubishi group of companies has adhered to the spirit of the Three Corporate Principles as the source of inspiration for its business activities and as guidelines for its initiatives to fulfill our responsibilities toward the global environment and society.

Mitsubishi Corporation understands that an enterprise cannot continue to prosper without consideration for its environmental performance. The company will support efforts of its employees to contribute to society.

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.

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.

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Mitsubishi Corporation will maintain principles of transparency and openness, conducting business with integrity and fairness.

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Mitsubishi Corporation’s core strengths in four key corporate areas—Management, Human Capital, Intellectual Capital, and Network—will enable the company to harness the synergies of its businesses as it works to raise their consolidated earnings. By pooling its collective capabilities, the MC Group strives to deliver solutions through businesses with integrity and fairness.

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Our Path to Value Creation

MC has pursued the creation of value by flexibly transforming its business models in accordance with changes in the external business environment.

Trading Phase
From its foundation to the 1980s, MC was primarily involved in the trading and distribution business. The Company supported a wide range of industries by serving as a "middleman," connecting suppliers and buyers across international borders in order to respond to market changes and customer needs. Given the underlying expansion of trading volumes for numerous industries throughout Japan's period of rapid economic growth up to the 1980s, MC, with trading commissions as its primary revenue source, saw its financial performance steadily improve.

In the mid-1980s, a strong yen pushed Japan into a recession, which was followed by the economic bubble and its subsequent collapse. During this period, the business environment surrounding sogo shosha became increasingly severe, as the notion that such intermediaries were perceived as unnecessary. Under these circumstances, MC decided to step out from its role as a middleman by striving to maintain and, where possible, expand its trading volumes by executing minority investments in upstream and downstream fields, as well as by enhancing its existing functions in order to provide added value as a trader and distributor.

Trading Evolution Phase
Entering into the new millennium, value chain dynamics for industry as a whole began to change, and it became necessary to transform the trading business model completely. MC sought a new way forward by pursuing business models that transcended the bounds of the traditional trading business. By accelerating business investments, MC embarked upon a new course of more proactively managing businesses.

Business Model Transformation Phase
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Business Management Phase
Due to a shift in the market environment for natural resources, MC recorded its first ever net loss for the fiscal year ended March 2016. Given the heightened volatility of the natural resources business, from the following fiscal year, MC has worked to rebalance its resources and non-resources businesses under Midterm Corporate Strategy 2018. Furthermore, MC is endeavoring to shift its business model from investing, which had traditionally been conducted to facilitate the increased trading of raw materials and other products, to a model of "managing" businesses by becoming more deeply involved in operations and leveraging MC's unique management capabilities in order to actively generate value and drive growth.
Message from the President and CEO

Leadership

Breakthrough Value Creator


Here, I will explain our new strategy in detail.

Takehiko Kakiuchi
Member of the Board, President and CEO
First, I will explain the external environment that has shaped Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model.

To start, we expect to see more advances being made in digital technologies and more platform businesses emerging, trends that will likely trigger business model reforms that will cut across various industries. In fact, such developments are already underway in the automotive and power industries, and it is fair to say that we are now truly in the midst of the Fourth Industrial Revolution. It would not be a stretch to suggest that in the future, the world economy will be driven by these new businesses. These changes have also brought new challenges, some faced by general society, such as how to better protect personal information, and others faced by corporations, such as how to adapt existing business models. Determining the best approaches to digitization and platform businesses is a crucial issue for MC as well. Our choices related to these issues will no doubt play a big role in shaping our Company’s future.

Another factor that demanded our attention in conceiving this strategy is the world’s ever-changing geopolitical dynamics. It appears that the US and China trade tensions will not ease for some time, but despite that, it is unlikely that the world economy will enter a major recession, nor will their situation pose any threat to the fundamentals of economic development. Even with some restrictions on Chinese exports to the US, domestic demand remains robust in China and its economic influence on other countries continues to grow, so we see the possibility of a major slowdown as low. Furthermore, demand is healthy in the US and around the world, and the shift in manufacturing from China to other countries will very likely stimulate those economies. Looking forward, I am confident that changes in supply chains will create opportunities and ultimately invigorate the world economy.

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There are concerns that the friction caused by the contrasting political and economic structures in the US and China might eventually escalate into a geopolitical confrontation, but we see little likelihood of that happening anytime soon, and we expect the world economy to continue growing at its current pace. That said, the Company must nonetheless consider worst-case scenarios when analyzing its portfolio, including incidental military conflicts.

MC’s new midterm corporate strategy aims to realize triple-value growth* through its business management model, while responding to global developments such as changes in the geopolitical landscape and the rapid advance of digital technology. The strategy has the following four components.

* Simultaneously generating economic, societal and environmental value through our businesses

![A Tide of Business Model Transformation Sweeping across Industries and a Changing Geopolitical Landscape — Awareness of the External Environment Shaping Our Strategy —](image)

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**Assessing Changes in the Business Environment**

**Message from the President and CEO**

**A Tide of Business Model Transformation Sweeping across Industries and a Changing Geopolitical Landscape**

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**MC’s new midterm corporate strategy aims to realize triple-value growth* through its business management model, while responding to global developments such as changes in the geopolitical landscape and the rapid advance of digital technology. The strategy has the following four components.**

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**1. Business Portfolio Strategy**
- Portfolio-Based Decision-Making
- Strategy Creation through Multi-Dimensional Portfolio Analyses

**2. Growth Mechanisms**
- Value-Added Cyclic Growth Model & Improved ROE
- Enhancement of New Business Concepts & Digital Strategies

**3. HR System Reforms**
- Continuous Development of Highly Skilled Management Professionals
- Redesigned Evaluation and Compensation Systems to Ensure Reciprocal Growth Between the Company and Employees

**4. Financial Targets & Capital Policy**
- Financial Target for the Fiscal Year Ending March 31, 2022: ¥900 billion
- Financial Discipline and Extension of Progressive Dividend Scheme

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MITSUBISHI CORPORATION INTEGRATED REPORT 2018
FRONT LINES OF VALUE CREATION FRAMEWORK SUPPORTING VALUE CREATION REFERENCE INFORMATION
As mentioned before, we have a responsibility to stay on top of the changing times and proactively adapt our portfolio to find the optimal structure for each period.

Under the new strategy, MC will be implementing a framework of portfolio-based decision-making to enable a holistic view across numerous industries. We will then determine which fields we need to be more proactive in and where we need to replace our assets, based on changes in our operating environment.

MC’s portfolio will be structured as a 12-sector matrix, with upstream, midstream and downstream areas along the vertical axis, and four categories along the horizontal axis—Living, Mobility & Infrastructure, Energy & Power Generation and Services—the last of which will include businesses in IT, logistics, finance and so on.

Provided MC improves its performance according to its current business plan, it should generate approximately three trillion yen in capital over the next three years. Our biggest challenge over that period will be determining the allocation and management of that capital.

MC is strong in the Living, Mobility & Infrastructure, and Energy & Power Generation categories, but from here on, developing businesses in the downstream areas where MC has yet to firmly establish itself will be a matter of urgency.

Meanwhile, more and more heavyweights backed by large customer bases are jostling for position in the Services sectors, where market growth is accelerating due to the rapid deployment of digital technologies. Midterm Corporate Strategy 2021 will give MC a three-year window to determine whether or not it should enter those sectors.

We will optimize our business portfolio by applying MC’s unique multi-dimensional matrix. By considering not only quantitative aspects, but also vantage points such as region, industry presence and management engagement, we will develop a structure for constantly considering the best form for our portfolio.
MC’s objective is to identify Potential Growth Sources, nurture them into Growth Drivers, and increase their value to create next-generation Core Businesses. When we are no longer able to add value to a particular business, we will redirect capital to other businesses where we can add value. This virtuous growth cycle has long defined MC’s approach.

Naturally, MC will continue this cycle, but moving forward it will be even more focused on maintaining an optimal portfolio balance. Should any of its businesses reach a point where the Company is no longer able to add value, MC will not hesitate to divest from and replace that business, even if it is a Core Business. MC must be financially disciplined, but at the same time forward-looking, in order to identify attractive Growth Driver candidates that could represent the Company’s next generation of Core Businesses. Asset replacements will generate capital gains, meaning that as long as MC can continue this cycle, it can expect to maintain or even grow its return on equity (ROE).

MC’s strengths are its holistic view across numerous industries, its expertise in conceiving new businesses, and its wealth of management talent to run them. I am confident that by applying those strengths to the full extent, the Company will be able to take its cyclical growth model to another level.
Ten-Group Structure Underpinning the Business Portfolio Strategy

Most of MC’s Business Groups have been around for many years, and the walls between them have gradually widened. Those walls must start coming down, and my feeling is that we must act now. So with that in mind, I decided to reorganize all of MC’s Business Groups to promote Companywide unity and adaptability.

To build MC’s envisioned portfolio and boost its growth potential, operations that are capable of standing on their own as Core Businesses will form new Business Groups. Furthermore, some operations will be integrated in industries where we feel MC’s redefined position could leverage new business opportunities. Following these reorganizations, MC will have ten Business Groups, three more than it has at present. Its most important challenge will be to foster reciprocal growth between the Company and its employees, so a fundamental driver behind these reorganizations is to stimulate career development throughout MC.

Six of the new Business Groups will represent Core Businesses: Natural Gas, Mineral Resources, Automotive & Mobility, Food Industry, Consumer Industry and Power Solution. MC’s near-term policies in all six of those Groups have been clarified, and the Company’s primary mission will be to build on its existing strengths. The mission in the other four Groups (Industrial Materials, Petroleum & Chemicals, Industrial Infrastructure and Urban Development) will be three-pronged and much more challenging. Firstly, these Groups will seek to identify Potential Growth Sources emerging from MC’s redefined position in each industry. Secondly, they will generate growth by integrating businesses from fresh perspectives. Thirdly, they will rearrange or restructure businesses in which additional growth is unlikely. MC’s history has shown us that the more complex the operating environments, the greater the opportunity for professional development, so naturally my expectations are high for our people working in these four Groups. I will be looking to them to produce MC’s next generation of Growth Drivers and Core Businesses. Each of these missions was formulated based on MC’s guiding philosophy, the Three Corporate Principles, and on its pledge to simultaneously generate economic, societal and environmental value. I would like us to continue to reflect upon these principles whenever we consider specific strategies going forward.

With all of that said, MC’s structure will not be set in stone. Should any developments in the external operating environment or business strategies warrant it, the Company will adapt as necessary. We must become an extremely flexible organization. MC’s corporate structure will also be rearranged to focus on the main themes of its new midterm strategy, namely its business portfolio, HR development and digital strategies. In addition to placing greater weight on the work done by the Investment Committee and the Human Resources Development Committee, MC will be establishing a Digital Strategy Committee that will report directly to the Executive Committee. This new committee will be responsible for exploring Companywide strategic digital initiatives.

New Structure from April 2019

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<td>Mineral Resources</td>
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<td>Industrial Infrastructure</td>
<td>• Plant Engineering • Industrial Machinery • Ship &amp; Aerospace</td>
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<td>Automotive &amp; Mobility</td>
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<td>Food Industry</td>
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<td>Consumer Industry</td>
<td>• Retail • Apparel &amp; S.F.A. • Healthcare &amp; Distribution • Logistics Business</td>
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<td>Power Solution</td>
<td>• Environmental Business • New Energy &amp; Power Generation</td>
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<tr>
<td>Urban Development</td>
<td>• Urban Infrastructure • Urban Development • Asset Finance</td>
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*3 Business Groups are being newly organized as of April 2019.

*2 Other committees reporting to the Executive Committee: Business Strategy Committee, Management Strategy Meeting, Sustainability & CSR Committee, Compliance Committee, Disclosure Committee

*1 In charge of Group administration departments is to be increased from seven to eight.
Missions of the New Business Groups

**Natural Gas**
The demand for liquid natural gas (LNG), a principal source for both power generation and industrial applications, is growing. However, energy mix diversification driven by changes to the industrial structure, including the liberalization of the Japanese gas and power market, is increasing demand for the role of LNG supply/demand matching and adjustment. Our mission is to improve our value by meeting the needs of this new era.

**Industrial Materials**
Against a backdrop of an increasingly competitive environment, diversifying materials needs are likely to present new business opportunities. Our mission is to redefine the role MC can play in providing solutions to the industries in which it operates and focus resources in areas where the Company can leverage its strengths and capabilities.

**Petroleum & Chemicals**
The transition to a low-carbon society and increasing importance of environmental action continue to have an impact on the petroleum and chemicals industries. Our mission is to find solutions to global issues by concentrating on Core Businesses in these industries where MC can demonstrate its strengths and functions.

**Mineral Resources**
With metallurgical coal and copper as our main pillars, our mission is to further enhance the cost competitiveness and the quality of our world-class assets, while delivering long-term sustainability for our business in terms of both the environment and supply stability.

**Industrial Infrastructure**
More and more market players are looking to go digital and reduce their environmental footprints. Our mission is to redefine MC’s position in each industry by leveraging its existing machinery, ship and plant engineering sales businesses and transitioning to high-value-added business models providing solutions for these industries.

**Automotive & Mobility**
Our mission is to capture demand and leverage MC’s formidable business foundations in the evolving automotive and mobility industries, which are embracing digital technologies and services encapsulated by CASE (Connected, Autonomous, Sharing and Electric). The Group will endeavor to build business models aimed at solving people- and goods-related mobility issues.

**Food Industry**
Our mission is to help solve the societal challenges surrounding supply chains and build a stable and sustainable business model. The Group also contributes to Japanese companies by expanding their high-quality products and services into overseas markets, thereby creating new growth opportunities.

**Consumer Industry**
Our mission is to spearhead solutions to societal challenges in the retail and distribution industries and maximize the value of MC’s physical assets as social infrastructure, including its network of retail stores. The Group will also effectively combine its physical assets with digital technologies to build consumer-oriented retail and distribution platform businesses.

**Power Solution**
Our mission is not only to contribute to stable power supplies, but also to create new added value for power customers by combining renewables and other environmentally friendly energy sources with digital technologies.

**Urban Development**
Our mission is to establish high-value-added and large-scale businesses, through combining MC’s expertise in areas including urban development, infrastructure development and asset finance to meet societal and environmental needs such as urbanization and reduced carbon footprints.

Enhancement of New Business Concepts & Digital Strategies

When reviewing the business landscape, we will reassess MC’s portfolio from top to bottom from a holistic industry viewpoint while keeping in mind industry restructuring, technical innovations and other global megatrends to identify Potential Growth Sources.

MC will be appointing General Managers for Business Creation to all ten of its Business Groups, which will allow it to be even more proactive in identifying Potential Growth Sources. We will also be setting up a Business Creation Office in our Corporate Strategy & Planning Department, the mission of which will be to pick up potential opportunities that may be overlooked by the Business Groups and their various divisions. Internal systems and protocols will be put in place to facilitate collaborations between this new office and the Business Groups.

Establishment of the Business Creation Office and Digital Strategy Department

As I touched on earlier, the growing influence of platform businesses and the spread of new technologies such as electronic payments and 5G mobile communications systems are evidence of how rapidly the business world is changing. We have entered a new era, when digital technologies will be essential, not only for identifying Potential Growth Sources, but also for raising the value of MC’s current businesses. Part of MC’s new midterm strategy will be to address these developments via its Digital Strategy Committee, and the Company will also be appointing a Chief Digital Officer (CDO) and setting up a Digital Strategy Department under the CDO’s charge. General Managers for Digital Strategy will also be assigned to each of the Business Groups. The Digital Strategy Committee will work closely with the Business Creation Office and the Groups’ General Managers for Business Creation to promote business model reforms at MC Group companies and new business development in the areas outlined in orange in MC’s Business Portfolio Strategy matrix*, namely all of the Services sectors as well as all downstream businesses.

* Please refer to the Business Portfolio Strategy matrix on page 15.
With the rapid pace of change in MC’s operating environment and increasingly common industry integration, societal needs are starting to change in a big way. In order to develop human resources capable of responding to such developments, MC has been considering an overhaul to the HR system over the past three years, and will now undergo its first major reform in some 20 years.

The overarching objective of Midterm Corporate Strategy 2021 is “Achieving Growth Through Business Management Model.” To achieve that objective, MC must accelerate the development of future management professionals by providing them with varied experience, by being more meritocratic and by ensuring that the right people are assigned to the right positions. A key theme of MC’s strategy will be utilizing its management talent more broadly throughout the MC Group.

Becoming a management professional demands certain know-how and expertise, and up to now, MC has required its employees to have around 20 years of experience before they can be promoted to such positions. However, going forward, the Company will ensure that its people gain basic management competencies within their first 10 years, so that they can be appointed to management positions at an appropriate time, regardless of age.

To accomplish that objective, MC will be creating broader grade categories that will enable it to appoint and utilize its human assets more flexibly. Posts and personnel above a certain level will be managed Companywide rather than at the Business Group level, so as to speed up the development and deployment of management professionals throughout the Company.

Under its new strategy, MC will also be more meritocratic, and employee remuneration will be based on the job level difficulty and performance. Furthermore, MC will be providing share-based compensation in addition to cash remuneration packages for certain employees in order to foster reciprocal employee-Company growth.

MC’s evaluation system will also be changing. While the basis for employee evaluations will continue to be made by their direct superiors, the Company will also introduce a multilayered evaluation framework to ensure that employee performance is assessed from numerous perspectives, which will help MC to assign the right people to the right positions. One of the most important missions of all superiors will be to closely follow their employees’ progress and support their growth.

These reforms will ensure that employees share an ambition to grow as management professionals, and MC will do its utmost to help that happen. As a result, MC as a whole, including its Group companies, should grow as well.
MC’s earnings targets for the fiscal year ending March 2022, the final year of its new midterm strategy, will be 650 billion yen in business-related segments and 250 billion yen in market-related segments, for a total of 900 billion yen.

With respect to the sectors in the upper-left quadrant of its 12-sector portfolio matrix\(^1\), namely the upstream and midstream Living, Mobility & Infrastructure and Energy & Power Generation categories together with the downstream Living category, where MC already has a strong presence, the Company will be selectively investing to make its existing businesses even more competitive. I am confident that such an approach will generate steady growth for MC and enable it to achieve 900 billion yen in earnings over the course of Midterm Corporate Strategy 2021, even from expanding its existing businesses alone. With that in mind, the Company will be aiming for an even higher double-digit ROE.

However, this earnings target is merely a checkpoint on MC’s journey to new growth. To make even greater progress, MC must nurture new Core Businesses in the L-shaped portion of its portfolio matrix covering all of the Services sectors and downstream businesses\(^2\).

With regard to shareholder returns, MC will be continuing its progressive dividend scheme aligned to sustained profit growth and aiming to increase its dividend payout ratio from 30% to 35%.

For the fiscal year ending March 2019, we have announced an annual dividend of ¥125 per share, up ¥10 from our forecast of ¥115 per share made at the announcement of our second quarter results. Future dividend increases will be determined by taking into account a comprehensive range of factors, including our cash flow performance. We will continue our capital allocation policy, which is based on the investment leverage ratio\(^*\), and we also plan to flexibly buy back our stock while considering financial discipline in order to increase our total return ratio.

\(^1\) Please refer to the Business Portfolio Strategy matrix on page 15.

\(^2\) Please refer to the areas outlined in orange in the Business Portfolio Strategy matrix on page 15.

**Dividend Policy**

With respect to shareholder returns, MC will be continuing its progressive dividend scheme aligned to sustained profit growth and aiming to increase its dividend payout ratio from 30% to 35%.

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\(^*\) Please refer to Establishment of the Investment Leverage Ratio on page 79.

**An Even Higher Double-Digit ROE and Development of New Core Businesses**

**Capital Policy**

**Investment Plan**

- Invest as necessary regardless of Business Group performance
- Charter break from "me-too followers" investment practice
- Maintain optimal asset balance in business-related and market-related segments (at least 70% in business-related segment)

**Cash Out**

- New Investments for Growth
- Cash Flow from Divestments
- Shareholders’ Returns
- Financial Discipline

**Cash In**

- Cash Flow from Operations
- Cash In

**Divestment Plan**

- Choose to generate cash flow for new investments
- Assign divestment target to each Business Group

**Dividend Policy**

- 80 yen
- 110 yen
- 125 yen
- 125 yen

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\(^*\) Please refer to Establishment of the Investment Leverage Ratio on page 79.
Mitsubishi Corporation (MC) has always moved ahead of the trends and changes in the times to create new value. This feature focuses on three of the workplaces where we apply bold ideas and execution ability to create value that exceeds our customers’ expectations.

Breakthrough Innovation 1
Clean Energy for a Low-Carbon Society

Breakthrough Innovation 2
The Challenge of Development and Innovation in the Automotive Industry

Breakthrough Innovation 3
Putting Consumers First in the Food Business
Breakthrough Innovation 1

Clean Energy for a Low-Carbon Society

Stable Supply of Environmentally Friendly LNG

Natural gas has relatively low greenhouse gas emissions compared to other fossil fuels. By stimulating greater demand for this fuel, we will help realize a low-carbon society.

Renewable Power Generation Business

Our power business is helping to realize a low-carbon society by making use of all kinds of renewable energy sources, both large and small in scale, including solar, wind, and biomass, to meet the needs of each region.

Upstream gas development
Liquefaction and sales
Transport

Natural Gas

Providing clean energy

Upstream gas development

Donggi Senoro LNG Project in Indonesia

MC has been involved in the development, liquefaction (conversion to LNG), and transportation of natural gas for 50 years, starting with its involvement in Japan’s first LNG supply from Alaska in 1969. Now, with the transition to a low-carbon society expected to create further demand for natural gas, we are working to further enhance the value chain for this business, aiming to ensure a stable supply for Asia, centered on Japan.

Breakthrough Point 1

Management Personnel Supporting the Provision of Clean Energy

Donggi Senoro LNG Project in Indonesia

MC has a 45% stake in the Donggi Senoro LNG Project as the project operator. It is the first LNG project to be run entirely by Asian countries—Japan, Indonesia, and South Korea—with no participation from oil majors. Since the start of operations in August 2015, the project has been producing a steady 2 million tons of LNG per annum, which is sold to power and gas companies in Japan and South Korea. In 2017, the project became one of the most stably operated LNG plants in the world.

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MC has played a leading role in the project, from the proposal of a liquefaction business to plant design, construction and operation. Moreover, it is our duty to remain constantly alert on site and continue safe, stable operations. With a multinational environment, we encourage respect for diverse cultures and values, and drive personal improvement through friendly competition among employees. As we go about our work, we think about how we can strengthen our sense of team unity in order to become a world-class LNG operator.

In recognition of its outstanding efforts to achieve the Sustainable Development Goals (SDGs), the project received the Indonesian IDGs Award 2018*. In recognition of its outstanding efforts to achieve the Sustainable Development Goals (SDGs), the project received the Indonesian IDGs Award 2018*. In recognition of its outstanding efforts to achieve the Sustainable Development Goals (SDGs), the project received the Indonesian IDGs Award 2018*. In recognition of its outstanding efforts to achieve the Sustainable Development Goals (SDGs), the project received the Indonesian IDGs Award 2018*.

Diamond Generating Europe (DGE/UK)

MC’s wholly owned subsidiary DGE was established in 2012 to participate in the European power generation business. Since then, DGE has dispatched management teams into the project companies to take hands-on control of every aspect for each project, from business development to financing, construction, and operations. We have been able to develop our management capabilities to match Europe’s leading companies by sharing our knowledge and effort, and we now work together with those leading companies in the fast-growing field of offshore wind power generation. Over the past few years, we have made huge progress particularly in winning series of new projects, and I have felt DGE growing day by day. Going forward, we will continue sending our management personnel to the front lines of our project companies with the goal of building a more robust portfolio. We also expect to see offshore wind power generation make inroads in other regions, such as Asia, the US, and Japan. This will provide an opportunity for MC to expand its corporate value through the power business in Europe, which is at the forefront of the renewable energy field. We will also utilize the knowledge acquired through our European operations in other areas to propel our worldwide power business.
Breakthrough Innovation 1

Breakthrough Point 2

Portfolio of Effective Assets

Securing LNG Supplies and Strengthening Our Bases in the Pacific

The transition to a low-carbon society is expected to increase the stable demand for LNG, mainly in developing Asian countries. MC has a responsibility to provide a stable supply of cleaner energy by securing a supply of LNG and strengthening its bases in the Pacific, which offers good access to these areas.

Decision to Invest in LNG Canada

In October 2018, MC decided to invest in an LNG project in the province of Kitimat, British Columbia in Canada, together with Shell, PETRONAS, PetroChina and KOGAS. The project has a production capacity of 14 million tons per annum, of which MC has a share of 2.1 million tons. We will use this to provide a supply of LNG to consumers in Japan and the rest of Asia.

Start of Production at Cameron LNG

The Cameron LNG Project in Louisiana, US, is scheduled to start production in 2019 (capacity of 12 million tons per annum). MC invested in liquefaction operating company Cameron LNG (CLNG) through Japan LNG Investment, a joint venture with NYK Line. In addition, MC has concluded a liquefaction contract with CLNG for 4 million tons per annum. As shale gas production increases, we will sell the growing supply of North American gas in the form of LNG to consumers primarily in Japan, as well as in emerging markets in Asia.

Breakthrough Point 3

New Business Anticipating Market Changes

Strengthening Demand and Supply Adjustment Functions Incorporating Emerging Market Needs

Primary energy demand is growing in emerging markets, particularly in Asia, driven by economic growth. This is driving a need to switch from coal and oil to natural gas, which is more environmentally friendly. MC will capture this surging demand for natural gas while responding flexibly to changes in demand in Japan.

Participation in an LNG Receiving Terminal Project in Bangladesh

MC acquired 25% of the shares in Summit LNG Terminal Co. (Pvt) Limited (SLNG) to participate in an LNG receiving terminal project that uses a Floating Storage and Regasification Unit (FSRU) in Bangladesh. Under the project, SLNG will install an FSRU 6 km off the coast of the island of Maheshkhali in the Cox’s Bazar District of the Chittagong Division in Bangladesh, where it will receive and regasify approximately 3.5 million tons of LNG per annum procured by Petrobangla, the national oil and energy company. The project is expected to start operations around March 2019.

Aiming to Build a Sustainable Portfolio

With sites in the US, Asia, Europe, and Japan, MC has been expanding its power generation business, which promotes local production for local consumption, in accordance with the energy policies and industry trends in each country. In Europe, the leading area for the offshore wind power generation business, we are also engaged in the offshore power transmission business, delivering power generated offshore to consumer locations. We will continue to build a solid portfolio centered on clean, gas-fired power generation and renewable energy. In tandem, we aim to have at least 20% of our power generation come from renewables by 2030.

By staying on top of changes in markets and regulations in each area and by continually pursuing new business models, MC aims to achieve sustainable growth and to disseminate knowledge gained across all areas.

Creating New Business Models

Distributed Solar Power Generation Business (Nexamp)

MC invested in Nexamp in 2016 and began participating in the company’s management. Since then, the distributed power generation operator has grown to become one of the leading operators in the US. MC will continue working to expand the business further while embarking on new challenges such as the provision of services using energy storage systems.

Power Trading Business (ElectroRoute)

MC’s subsidiary ElectroRoute trades power and transmission rights in the electricity markets of nine European countries. It provides power-trading services related to renewable energy to support power utilities in achieving optimal sales as well as to help meet the needs of consumers purchasing electricity. We will support the spread of renewable energy through power trading.

Global Hydrogen Supply Chain Demonstration Project

MC is working to establish technologies to support transportation and supply of large volumes of hydrogen from overseas, which are required for the full introduction of large-scale hydrogen power generation. As the focus on reducing greenhouse gas emissions intensifies going forward, these technologies will support large-scale power generation using hydrogen, which does not emit CO₂ during combustion.
The Challenge of Development and Innovation in the Automotive Industry

MC has grown its automotive business by focusing on sales and financing of passenger and commercial vehicles, while keeping pace with changes among automakers such as overseas expansion and business growth. As the automotive industry is confronted with epoch technological innovations, we will seek further growth by transforming our business model to leverage the functions and networks we have built up over the years.

Breakthrough Point 1

The Value Chain from Upstream to Downstream

In Indonesia, MC handles Mitsubishi Motors and Mitsubishi Fuso Truck and Bus Corporation vehicles, while in Thailand, we handle Isuzu Motors vehicles, both of which are key markets where future growth is anticipated. In both countries, we are deeply involved in the entire value chain (upstream–midstream–downstream) including automobile production, distribution, financing and after-sales service. MC has years of experience in sales and marketing activities, which make up the central core of the value chain. This has given us a firm grasp of customer needs in each region, and we bolster our product and branding capabilities by incorporating that feedback in our products and services.

Looking ahead, we will strengthen our business infrastructure in Indonesia and Thailand, while aiming to expand the value chain even further into emerging markets such as China, Russia, India, the Philippines, Malaysia and Vietnam.

Breakthrough Point 2

Market Entry, Distribution and Service Network

MC has had a presence in the automotive markets in Indonesia and Thailand, the leading automobile production sites in ASEAN, since their beginning. We began with import and distribution over 50 years ago and steadily expanded the dealership and after-sales service networks and formed close ties with individual and corporate customers through community connections. We have earned a strong reputation by providing high quality services to customers all over these countries through our extensive nationwide networks.

At the same time, we have worked with manufacturers to promote the local assembly of vehicles and engines. Moreover, we have also strengthened our local procurement of parts, thereby contributing to the growth of the local automotive industry and creating employment.

Contributing to the Community by Supplying Water

In Thailand, TIS aims to coexist with the local community by engaging in CSR activities. For example, municipal water supplies are not yet available in many schools and other educational institutions throughout Thailand, and TIS is supplying water towers and fountains for these facilities and the surrounding communities.

Since the start of the project in 2013, TIS has supplied tanks in 31 locations. These are making a huge contribution in the local communities by providing them with the water they need for daily life.
Breakthrough Innovation 2

Breakthrough Point 3

Management Personnel Striving to Transform the Automotive Industry

The very structure of the automotive industry is about to change dramatically as a result of an epochal technological innovation referred to as “CASE” (Connected, Autonomous, Shared/Service, Electric). How are we to respond to this wave of change here in Indonesia, where we have grown the automotive business over many years around the core businesses of distribution, automobile financing, and local assembly? Faced with the pressing need to determine our path forward, I have been thinking daily about how to create new businesses. As I do so, the most important focus for me is customer needs. The answer can always be found with the customer. Our dealers and staff gather customer feedback from the front lines, and I visit our branches myself to hear directly from customers. This helps with creating businesses and making management decisions.

Grasping the massive environmental changes surrounding the automotive industry in recent times, we will increase our earnings throughout the entire value chain and aim for sustainable growth by further expanding our business domains, centered on our existing distribution and financing businesses.

Mobility Initiatives in a Wide Range of Business Fields

MC will capture new demand created by the advance of the mobility industry through various initiatives in a wide range of business fields.

A Generational Shift from Ownership to Sharing

Capturing Needs around Vehicle Sharing

MC engages in the auto leasing business through Mitsubishi Auto Leasing Corporation, a joint venture with Mitsubishi UFJ Lease & Finance Company. In addition to financing in the form of leases, our services include business process outsourcing for vehicle management and maintenance, telematics for vehicle operation management as well as safe driving instruction and risk management through a package including insurance services. We provide these and other services in combination with a multi-brand auto leasing business.

As we are making a transition from an era of vehicle ownership to a “shared” era, where people simply use vehicles only when they are needed, we will capture the anticipated needs associated with this shift through our leasing business.

Growth in Demand for Battery Services with Electrification of Mobility

Battery Services for EV Buses

Countries in Europe and other areas are moving forward with the introduction of EV buses to mitigate environmental impact. MC has moved in step by promoting service businesses, including EV bus and charging station rental to transport bureaus and operators in European cities in partnership with French power company Electricité de France (EDF). We will encourage the spread of electric mobility by providing services such as financing, maintenance and management, operation, and charging optimization to alleviate the financial burden and solve efficiency issues associated with the introduction of EV buses.

Growth in global copper demand is expected to remain steady, fueled by the development of power networks and other infrastructure in emerging countries and by growth in the global electric vehicle market centered around China. Copper constitutes one of the core areas of MC’s mineral resources business, through highly cost competitive mining assets in Chile and Peru, MC aims to continue providing a stable supply of copper in keeping with the needs of society.

Lithium battery demand continues to grow for use in automotive industry and storage applications, driven by the spread of EVs as well as growth in renewable energy generation and distributed power supplies. MC and its business partner, GO Fusion, are working together to promote a lithium-ion battery manufacturing and distribution business to meet anticipated growth in the market.

Donating Trucks to Support Development of Mechanics

FUSO Vocational Education Program (Indonesia)

KTB donated Mitsubishi Fuso trucks to 11 vocational schools in Indonesia and taught FUSO standard technologies to teachers and students. From July to August 2018, 550 students took part in our skills contest, which aims to further improve student’s automotive skills and knowledge.

By providing real trucks as educational materials, we are contributing to the development of future mechanics by enabling their practical learning.
Putting Consumers First in the Food Business

Breakthrough Point 1

A Retail Business for Enriching Consumer Lifestyles

MC will optimize all operations from the consumer’s perspective by identifying needs in its retail business and reflecting them in its materials procurement and processing, product manufacturing, and distribution businesses.

Product Development Based on Consumer Needs

MC made Gourmet Delica Co., Ltd., a subsidiary in October 2018. Gourmet Delica is a manufacturer and seller of pre-cooked foods such as lunch boxes and steamed rice products. It has excellent production technology and product development capacity, and has supplied Lawson, Inc. for nearly 30 years. The MC Group will leverage its combined capabilities to further strengthen Gourmet Delica’s manufacturing and development functions with a view to assisting further product enhancement at Lawson.

Data-Based Consumer Value Creation

Loyalty Marketing, Inc. operates Ponta, a coalition loyalty program with an expansive marketing base that connects all aspects of daily life. The Ponta service enables consumers to accumulate points at multiple affiliated stores using a single card. Combining this with various data such as member data and usage information, Loyalty Marketing provides marketing services that accurately reflect consumer needs.

MC aims to provide a secure, safe supply of food products through sustainable procurement of ingredients. We are also making a unique contribution to consumers and their communities by reflecting direct feedback from consumers through our retail businesses into our corporate functions.

Breakthrough Point 2

A Sustainable, Traceable Food Business

MC is strengthening the supply chain of its sustainable and traceable food business in order to supply food securely and safely to consumers in Japan and overseas.

Food Materials Business

MC and Olam International Limited, a major agricultural company in Singapore with strong capabilities in production and procurement of sustainable food materials, jointly established MC Agri Alliance Ltd. (MCAA) in 2016, which imports, sells, and develops food materials in Japan. MCAA sells products certified by third parties such as the Rainforest Alliance (RA) and Fair Trade, as well as food materials under Olam’s proprietary sustainability program. RA-certified coffee imported by MCAA is used for Lawson, Inc.’s MACHI café products. MCAA will continue to work with Olam to promote the spread of sustainable materials and products as part of a solution to societal issues.

US Food Business

Sesaco Corporation has been a subsidiary of MC since 2011 and is currently engaged in building a traceable supply chain for sesame seeds in the US by modernizing a traditional crop that has been reliant on manual harvest due to the inherent shattering nature of the sesame capsule. Sesaco has developed varieties of sesame with capsules that are shatter resistant, enabling mechanical harvesting and enhancing productivity and traceability.

In 2017, Sesaco acquired a tahini processing plant, and is working to add value through the concept of local production for local consumption in the US, a major consumer of sesame products.

One of Sesaco’s customers for sesame supply is MC subsidiary TH Foods Inc. This company is creating new demand in the US market by combining Japanese technology for baking thin, perfectly crisp rice crackers with Sesaco’s sesame.
Breakthrough Innovation 3

Management Resources Supporting Food Material Production at the Ground Level

Sesame is recognized as an environmentally friendly crop in the US, since it is resistant to low moisture conditions and requires less agricultural inputs than other crops. Sesame’s business has a strong sense of mission on two fronts: winning trust from consumers through the stable supply of a healthy ingredient and contributing to farmers’ production programs by providing whole-crop contracts for a valuable rotation crop that improves the soil and extends resources. Sesame comes across various issues every day in its operations, which cover everything from production to processing. For example, I will always remember the time when the silo bags used for storing bulk sesame were damaged by large hailstones that caused over 10,000 punctures. In preparation for a major rainstorm forecasted to occur a few days later, we worked together with plant employees out in the open to repair the damaged bags, sharing a communal sense of satisfaction at having ensured a safe supply to our customers.

As a manager, I remind daily of the importance of frequently visiting our operations on the ground, making rapid decisions, and ensuring those decisions are always put into action. We will now turn our attention to strengthening the manufacturing side of our business as well. Our goal is to develop the sesame business in response to increasingly diverse and advanced consumer needs.

Business Development in Emerging Consumer Markets

MC will develop food business based on local production for local consumption in emerging markets that have high potential, combining local needs with expertise cultivated in Japan. In the process, we will contribute to societal development and improved quality of life for local communities.

Indonesia

MC formed a business alliance with leading Indonesian retailer PT Sinar Sesaco (Alfa Group) in 2011. With support from Alfa Group’s retail and distribution networks, we conduct business related to living essential goods, such as bread, snacks, beverages, instant noodles, seasonings and disposable diapers.

In 2017, MC and Rokko Butter Co., Ltd. established PT EMINA CHEESE INDONESIA, and began the manufacture and sale of cheese in 2018. Using technological capabilities developed in Japan, we will supply consumers with cheese suited to local tastes, aiming to create healthy dining scenes full of smiles.

Myanmar

In 2015, MC invested in Lluvia Limited, a joint venture with Capital Diamond Star Group in Myanmar. Lluvia operates food-related businesses including wheat flour business that has Myanmar’s top share and a coffee business enjoying strong recognition under the PREMIER brand. The company is also engaging in new business development, including the food terminal business and instant noodle business, to contribute to developing a secure and safe food supply in Myanmar.

Aiming for an Even More Sustainable Supply of Food

Effective Use of Limited Resources

Mitsubishi Corporation Life Sciences Limited is an MC subsidiary that operates a food science business manufacturing and selling sauces, dressings and other seasonings. These are made by processing and adding unprocessed extracts manufactured by themselves and Japan Farm Holdings Inc., an MC subsidiary. Going forward, we will make full use of limited resources generated by the meat and marine product businesses, such as bones, meat cuts and shells derived from the MC Group and its partners, to manufacture ingredients and formulas for food products. In the process, we aim to maximize added value throughout the value chain.

Meeting Future Growth in Demand for Protein with Spirulina

MC’s joint bio-venture investment, Tavelmout Corporation, is developing and selling products made using production and food processing technologies for algae, especially Spirulina. Spirulina is rich in protein and nutrients. It has exceptional protein content of 65% (by dry weight) and is rich in vitamins, minerals, dietary fiber and more.

Tavelmout has accumulated many years of research into processing technologies for Spirulina, and has successfully developed a product called Raw Spirulina that makes full use of the algae’s characteristics of being highly rich in protein and nutrients.

Through investment in Tavelmout, which aims to mass produce and globally promote spirulina, MC will contribute to diversifying sustainable sources of protein.
We introduce our framework for continuously supporting corporate value creation with a solid management platform and developing it even further, focusing on the perspectives of our management platform, management capital, and initiatives to ensure sustainable growth.

Management Platform
Corporate Governance
Risk Management
Compliance
Management Capital
Human Capital
Network
Customer and Partner Capital
Intellectual Capital
Initiatives to Ensure Sustainable Growth
**Corporate Governance**

**MC’s Basic Policy on Corporate Governance**

MC’s corporate philosophy is embodied in the Three Corporate Principles. 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 an important management issue 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, Outside Audit & Supervisory Board Members and Outside Members. At the same time, MC uses the executive officer system, etc., for prompt and efficient decision-making and business execution.

**Corporate Governance Framework** (As of July 1, 2018)

As a company based on the Audit & Supervisory Board Member System, MC’s Board of Directors has the dual functions of decision-making and supervision with regard to business execution. In the future, the Company plans to further enhance the board’s monitoring function. Furthermore, as consolidated management deepens, the board will monitor the status of consolidated strategies and management more closely.

Specifically, the Board of Directors will lead MC’s sustainable growth by 1) enhancing its deliberations on Company-wide strategies and particularly important matters by concentrating on important projects and 2) taking a more sophisticated approach to monitoring of Corporate Staff Section and Business Group management and business investors.

(For details of the “Revisions of Board of Directors Regulations and Operation” implemented in May 2018, please refer to pages 54-55.)

**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 company 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 Governance, Nomination and Compensation Committee, and outside MC with the depth of experience and high levels of knowledge and expertise needed for fulfilling their duties.

**Number of Independent Outside Directors/Directors**

5/13

**Number of Female Directors/Directors**

1/13

*Based on the status as of July 1, 2018

**Matters Deliberated by the Board of Directors**

In order to lead MC’s sustainable growth and increase mid- and long-term corporate value, the Board of Directors deliberates on important management issues, such as management strategies, and will supervise business execution through reports by directors of the status of their duties. In addition, matters requiring a resolution by the Board of Directors in accordance with laws and regulations and the Articles of Incorporation. Each year, the board checks on valid and efficient business execution in conformity with laws, regulations and the Articles of Incorporation. Each year, the board checks on 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 (meets twice monthly), as a management decision-making body to take responsibility for business execution. Further, the Board of Directors strives to construct an internal control system for increasing corporate value by conducting appropriate, valid and efficient business execution in conformity with laws, regulations and the Articles of Incorporation. Each year, the board checks on the implementation of the internal control system and makes ongoing improvements and enhancements.
Select Topics Discussed by the Governance, Nomination and Compensation Committee in the Fiscal Year Ended March 2018

- Discussing evaluation results of the effectiveness of the Board of Directors.
- Discussing the requirements and selection process for candidates for Directors and Audit & Supervisory Board Members.
- Discussing review of remuneration levels for Directors, Audit & Supervisory Board Members and Executive Officers, the proposed policy for payment of Company-wide performance-linked bonuses, and operating policy proposal for the President’s performance evaluation and other matters.
- Discussing revision of the rules and operating policy for the President’s Performance Evaluation Committee.
- Discussing revision of the system for the appointment of retired executives to advisory positions.
- Discussing rules and operations for the Board of Directors.
- Discussing the appointment of retired executives to advisory positions.
- Discussing the proposal to revise rules and operations for the Board of Directors.
- Discussing the system for the appointment of retired executives to advisory positions.

Japanese Members (as of July 31, 2018)

<table>
<thead>
<tr>
<th>Member</th>
<th>Nationality</th>
<th>Title</th>
<th>Years served</th>
<th>Principal area of specialization and background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ken Kobayashi*</td>
<td>Chairman of the Board</td>
<td>Japan</td>
<td>20 years</td>
<td>Political science and international diplomacy</td>
</tr>
<tr>
<td>Takahiko Kakuchi</td>
<td>President and CEO</td>
<td>Japan</td>
<td>3 years</td>
<td>Political science and international diplomacy</td>
</tr>
</tbody>
</table>

Overseas Members (as of July 31, 2018)

<table>
<thead>
<tr>
<th>Member</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>2 years</td>
<td>Ambassador Armitage previously served as Special Envoy to Jordan and United States Deputy Secretary of State. He was widely experienced in foreign diplomacy, is a leading expert on Asia and Japan within the U.S.A, 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>10 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>18 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, Samsung Logistics Network</td>
<td>5 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>5 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>Philippines</td>
<td>Chairman and CEO, Ayala Corporation</td>
<td>18 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>

President’s Performance Evaluation Committee

The President’s Performance Evaluation Committee has been established as a subcommittee to the Governance, Nomination and Compensation Committee, comprising the same Chairman and Outside Members as the parent committee to deliberate the assessment of the President’s performance.
Audit & Supervisory Board Members/Audit & Supervisory Board

The Audit & Supervisory Board comprises all of the Audit & Supervisory Board Members responsible for auditing the decision-making processes and management performance of Directors 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 based on many years of experience working within MC, while Outside Audit & Supervisory Board Members conduct audits from a neutral and objective perspective based on extensive experience in their respective fields of expertise, to ensure that management is sound. In addition, the Audit & Supervisory Board passes resolutions on matters required by law and other important issues, and each Audit & Supervisory Board Member reports and shares information on the status of audit activities.

### Audit Plans

Every year, the Audit & Supervisory Board draws up an audit plan prior to the start of the audit year. The audit plan establishes important items for each year. In the fiscal year ended March 31, 2018, the Audit & Supervisory Board identified the following three important items and conducted various audit activities outlined in the Audit Implementation Guidelines described below.

- Policies related to Midscale Corporate Strategy 2018
- Group management
- Corporate governance

### Audit Implementation Guidelines

The audit plan sets out five Audit Implementation Guidelines for the Audit & Supervisory Board Members to keep in mind when conducting audits. The Audit & Supervisory Board Members will conduct audit activities based on these guidelines, and proactively and constructively share insights and offer recommendations to ensure MC’s sound, sustained growth and contribute to establishing a corporate governance system that earns society’s trust.

1. Implementation of systematic audits

   | All Audit & Supervisory Board Members | Corporate Finance and Accounting, as well as Internal Control Systems, are ready to provide timely support.
   | All Audit & Supervisory Board Members | Management Platform
   | All Audit & Supervisory Board Members | Senior Audit & Supervisory Board Members
   | All Audit & Supervisory Board Members | In-house Audit & Supervisory Board Members
   | All Audit & Supervisory Board Members | In-house Audit & Supervisory Board Members

2. Cooperation with the Independent Auditors

   | The Audit & Supervisory Board has strengthened cooperation with the Independent Auditors. Key measures include the Independent Auditors attending briefings on the audit plans at the beginning of each audit year, quarterly reviews prepared by the Independent Auditors, and holding regular monthly meetings of the Audit & Supervisory Board Members and Independent Auditors. In addition, the Audit & Supervisory Board Members have continued to conduct an audit plan.

3. Cooperation with the Internal Audit Department

   | The Audit & Supervisory Board Members discuss loan and investment proposals prior to deliberation at the relevant Board of Directors meetings.

4. Audits of management performance

   | The Audit & Supervisory Board Members strive to effectively monitor management performance through the audit activities described below.

5. Operational audits of Group companies

   | Every quarter, the Audit & Supervisory Board conducts information sharing meetings with the Audit & Supervisory Board Members of 37 major MC Group companies, particularly large companies, in addition to holding dialogues with the CEOs of those companies.

Raising the Bar for Audits by Audit & Supervisory Board Members

In order for In-house Audit & Supervisory Board Members to fulfill their responsibilities, I believe that we must monitor the broadest possible range of daily business operations undertaken by executives. We are taking steps to accurately understand the larger picture behind businesses and the main purpose of various strategies. To this end, we are making a conscious effort to establish points of contact particularly between Outside Audit & Supervisory Board Members and MC’s officers and employees. At the same time, we are enhancing the monitoring of management by encouraging greater information sharing and stronger cooperation between In-house and Outside Audit & Supervisory Board Members. Looking ahead, we seek to provide even more opportunities to foster effective communication and cooperation.

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* Based on the status as of July 1, 2018

### Dialogue with CEOs and other members of senior management

| The Audit & Supervisory Board Members conduct dialogues with all members of senior management, such as the Chairman, President, Corporate Functional Officers, Group CEOs, Division CEOs, and General Manager of the Corporate Staff Sections. In addition, the company has a Charter for Dialogue between the Outside Audit & Supervisory Board Members and mid-level employees, in order to ensure an opportunity to gather information from the front line. The company also provides the opportunity for Outside Directors to participate in the dialogues with Group CEOs, Division CEOs, and others.

### Attendance at important meetings

| The Audit & Supervisory Board Members attend meetings of 10 important internal management structures, such as the Board of Directors, Governance, Nomination and Compensation Committee, Executive Committee, Business Strategy Committee, and Management Strategy Meeting. However, the staff of the Audit & Supervisory Board Members’ Office attend meetings held by all business groups to review loans and investment proposals, and report matters discussed at the Audit & Supervisory Board Members’ Office. Based on this, the Audit & Supervisory Board Members discuss loan and investment proposals prior to deliberation at the relevant Board of Directors meetings.

### On-site audits and tours

| The Audit & Supervisory Board Members meet with the CEOs of 54 overseas and 16 domestic companies in addition to the CEOs of all overseas and domestic companies. The Audit & Supervisory Board Members regard on-site audits as an opportunity to foster open communication and cooperation between In-house Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members.

### Training

| The Audit & Supervisory Board Members receive training from experts in various fields, including accounting, legal affairs, and corporate governance, to enhance their understanding and skills.

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*1 dialogues were held 66 times in total in the fiscal year ended March 31, 2018.
*2 leaders of the Audit & Supervisory Board
*3 dialogues were held with the CEOs of 15 overseas and 5 domestic companies.

### Framework Supporting Corporate Governance

- **Supervisory Board Members: Number of Audit & Supervisory Board Members**
  - **Male:** 3
  - **Female:** 1

- **Number of Independent Outside Audit & Supervisory Board Members/Number of Audit & Supervisory Board Members**
  - **Male:** 3
  - **Female:** 0

- **Corporate governance**
  - Monitoring the development of MC’s governance system and internal control systems at MC Group companies.
Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors and Outside Audit & Supervisory Board Members are as follows (as of July 1, 2018).

(For more information on Outside Directors and Outside Audit & Supervisory Board Members, refer to pages 58-59 of the Mitsubishi Corporation Integrated Report 2018.)

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

To make a judgment of independence, Mitsubishi Corporation checks if the person concerned meets the conditions for Outside Directors and Outside Audit & Supervisory Board Members as specified by stock exchanges in Japan such as the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past 8 years:

(1) A member of business personnel refers to a managing director, executive officer, or similar officer of a company.
(2) A person belonging to an organization that has received donations exceeding a certain amount from Mitsubishi Corporation.
(3) A member of business personnel of a creditor of Mitsubishi Corporation exceeding the threshold set by Mitsubishi Corporation.

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Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Independent Director</th>
<th>Main career</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akiko Nishiyama</td>
<td>65</td>
<td>−</td>
<td>Professor, Ritsumeikan University</td>
</tr>
<tr>
<td>Hideaki Omiya</td>
<td>71</td>
<td>−</td>
<td>Chairman of the Board, Mitsubishi Heavy Industries, Ltd.</td>
</tr>
<tr>
<td>Toshiko Oka</td>
<td>54</td>
<td>−</td>
<td>CEO, Oka &amp; Company Ltd. Business consultant</td>
</tr>
<tr>
<td>Akitaka Saki</td>
<td>65</td>
<td>−</td>
<td>Former Vice-Minister of Foreign Affairs, Ministry of Foreign Affairs of Japan</td>
</tr>
<tr>
<td>Tsuneyoshi Tatsumaki</td>
<td>60</td>
<td>−</td>
<td>Former Vice-Minister of Economy, Trade and Industry, Ministry of Economy, Trade and Industry</td>
</tr>
</tbody>
</table>

Outside Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Independent Audit &amp; Supervisory Board Member</th>
<th>Main career</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tadashi Kunihiro</td>
<td>62</td>
<td>−</td>
<td>Attorney at T. Kubo &amp; Co., Attorneys-at-Law</td>
</tr>
<tr>
<td>Ikuo Nishikawa</td>
<td>67</td>
<td>−</td>
<td>Former Professor, Faculty of Business &amp; Commerce of Keio University Certified Public Accountant</td>
</tr>
<tr>
<td>Yasuko Takayama</td>
<td>60</td>
<td>−</td>
<td>Former Audit &amp; Supervisory Board Member, Shionogi Company, Limited</td>
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</tbody>
</table>

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

1. Outside Directors are elected from among those individuals who have an aptitude for professionally founded on a wealth of experience as corporate Executive Officers, as well as an international and corporate perspective, based on the principle that the outside members possess a wealth of knowledge and experience, and thus can provide appropriate guidance and oversight.

2. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independence, such as the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past 8 years:

(1) A member of business personnel refers to a managing director, executive officer, or similar officer of a company.
(2) A person belonging to an organization that has received donations exceeding a certain amount from Mitsubishi Corporation.
(3) A member of business personnel of a creditor of Mitsubishi Corporation exceeding the threshold set by Mitsubishi Corporation.

3. Mitsubishi Corporation’s operations span a broad range of business domains, hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate Executive Officer appointed as Outside Directors. Mitsubishi Corporation accordingly takes this potential issue through the procedural exclusion of the director in question from matters related to the conflict of interest, and by providing a means of oversight through the selection of numerous Outside Directors.

4. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independency, such as the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past 8 years:

(1) A member of business personnel refers to a managing director, executive officer, or similar officer of a company.
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5. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independency, such as the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past 8 years:

(1) A member of business personnel refers to a managing director, executive officer, or similar officer of a company.
(2) A person belonging to an organization that has received donations exceeding a certain amount from Mitsubishi Corporation.
(3) A member of business personnel of a creditor of Mitsubishi Corporation exceeding the threshold set by Mitsubishi Corporation.
MC strives to enhance the effectiveness of the Board of Directors by providing necessary information and support to Outside Directors and Outside Audit & Supervisory Board Members in an appropriate and timely manner so that they can perform their duties, and increasing opportunities for them to engage in dialogue with In-house Directors, In-house Audit & Supervisory Board Members and management executives and to participate in site visits.

Enhancing the Monitoring Function of the Board of Directors

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 offices provide Board of Directors meeting materials and explanations as well as hold briefing sessions about management strategies, important matters, and other topics before Board of Directors meetings to ensure that they can effectively participate in the discussion fully and to enhance the Board’s monitoring function. 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 businesses and strategies of MC including site visits of business investments and opportunities for dialogue with the management executives. Furthermore, to enhance the effectiveness of the Board of Directors, MC holds meetings of the Governance, Nomination and Compensation Committee and the President’s Performance Evaluation Committee, which comprise 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 exclusive meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members approximately once every quarter to provide opportunities for discussion about a wide range of themes such as business management and the corporate governance of MC. To further enhance the effectiveness of the management supervision function, MC also holds informal meetings of the Board of Directors whenever necessary to provide a forum for free discussion among Directors and Audit & Supervisory Board Members.

Enhance Provision of Information

Prior to each Board of Directors meeting, the meeting materials are distributed and the management executives of the Corporate Staff Section and Business Groups spend around three hours on average providing a briefing session regarding their business status, investments, and loans, and corporate projects to the Outside Directors and Outside Audit & Supervisory Board Members, covering the strategic importance and key points of management strategies. Moreover, for investments and loans deliberated in the Board of Directors meetings, an overview of the deliberation and key points by the Executive Committee, the management decision-making body on the executive side, is shared beforehand to report the discussion process on the executive side with the Outside Directors and Outside Audit & Supervisory Board Members. Furthermore, MC organizes dialogues with the MC management executives to provide an opportunity for Outside Directors and Outside Audit & Supervisory Board Members to hear opinions directly from the executive side.

Site Visits 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 site visits of MC Group companies and other sites, and hold dialogues with the management of Group companies and others.

1 Norway and the North Sea

In August 2018, MC held site visits of its wholly owned subsidiary, Cermaq Group AS* in Norway, where the participants observed the salmon farming business and had a lively exchange of opinion with the subsidiary’s management executives, and visited an offshore wind farm facility in the North Sea.

1 Cermaq Group AS is the third-largest salmon farming, processing, and sales company in the world with operations in Norway, Chile, and Canada. It produces about 190 thousand metric tons of salmon per year. Cermaq became a wholly-owned subsidiary of MC in October 2014, and supplies sustainable, safe and secure farmed salmon worldwide.

2 Myanmar

In April 2018, MC organized site visits of its large mixed-use redevelopment project in Yangon, the Mandalay International Airport operation business, and other activities in Myanmar, and visited partner companies to engage in dialogue.

3 Australia

In September 2017, MC hosted site visits in Australia which included MDP’s* coking coal assets. Besides touring BMA-owned Peak Downs coal mine and Hay Point coal terminal, participants actively engaged in discussions with the top management of our Australian Group companies.

* MDP stands for Mitsubishi Development Pty Ltd. In 2001, BMA was established as a 50-50 joint venture between MDP and coal industry leader BHP. BMA is one of the world’s largest seaborne coking coal suppliers. It mines seven open-pit coal mines with additional underground reserves, in addition to a coal terminal in Queensland, Australia.

Visit and dialogue with partner companies
Meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members
(Arranged Once Every Quarter)

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

In the fiscal year ended March 2018, MC held meetings for exchanging opinions on themes such as sustainability, social contributions and governance.

Furthermore, before formulating Midterm Corporate Strategy 2023, the President and CEO explained the policies and approach behind its conception and exchanged opinions with Outside Directors and Outside Audit & Supervisory Board Members.

Interaction with Management Executives

To enable Outside Directors and Outside Audit & Supervisory Board Members to understand Executive Officer candidates, opportunities are regularly provided for the Outside Directors and Outside Audit & Supervisory Board Members to engage in dialogue with management executives of MC and the MC Group outside of meetings of the Board of Directors.

Moreover, as noted in the section “Enhance Provision of Information” on page 50, having management executives hold briefing sessions prior to meetings of the Board of Directors helps to strengthen connections between both parties.

Evaluation of the Effectiveness of the Board of Directors

MC undertakes an evaluation of the Board of Directors every year in order to continually enhance the effectiveness of corporate governance. The evaluation of the fiscal year ended March 31, 2017 was undertaken by a third party. For the evaluation of the fiscal year ended March 31, 2018, MC adopted a self-evaluation process in line with the evaluation theme of “further enhancement of the functions of the Board of Directors.”

I believe the biggest accomplishment through the evaluation of the effectiveness of the Board of Directors this year was reaching a consensus among the Board of Directors about the need for the management discussion about Company-wide strategy to continue. Based on this, the Board of Directors formulated the “Future Priorities” that we have been aiming to achieve going forward.

I also feel that we have made great progress in MC’s corporate governance by applying the evaluation results with the improvement plan for revising the rules and operations of the Board of Directors (Refer to pages 54-55).

In evaluating the effectiveness of the Board of Directors, MC implemented a third-party evaluation in the fiscal year ended March 31, 2017, which was quite rare among other companies at that time. In the fiscal year ended March 31, 2018, we carried out a self-evaluation led by Independent Outside Directors and Independent Outside Audit & Supervisory Board Members. By doing so, I believe we were able to establish a new model of evaluation among Japanese companies, which enabled us to grasp the current status of the Board of Directors while also ensuring an external perspective and objectivity. With many years of experience in surveys, I focused on designing the questions in accordance with this theme. I also feel that we have made great progress in MC’s corporate governance by applying the evaluation results with the improvement plan for revising the rules and operations of the Board of Directors.
Governance Reforms at Mitsubishi Corporation
—Building a More Effective Board of Directors—

“What is the vision for corporate governance at Mitsubishi Corporation?”

In response to this question raised by Outside Directors and Outside Audit & Supervisory Board Members, In-house Directors and In-house Audit & Supervisory Board Member came together with them to have many discussions. The discussions led to a sweeping reform of rules and operating processes of the Board of Directors.

We will continue to implement reforms through evaluations of the effectiveness of the Board of Directors and other means.

April 2017
Launch of the Board of Directors Informal Meeting

"I would like to propose that we hold the Board of Directors informal meeting whenever necessary to provide a forum for free discussion among Directors and Audit & Supervisory Board Members to further enhance intensive communication and build an even more effective Board of Directors."

Ken Kobayashi
Chairman of the Board

May 2017
Issue Raised by Outside Directors and Outside Audit & Supervisory Board Members

At the first informal meeting of the Board of Directors, the main topic of discussion was the role of the Board of Directors. Outside Directors and Outside Audit & Supervisory Board Members put the following issue on the table:

- We must continuously improve the effectiveness of the board. Our board should put more focus on discussing Company-wide strategy and other important matters by minimizing spending time on investments and loans.

Hidehiro Konno
Former Outside Director

October 2017
Mapping Out Reforms

The Governance & Compensation Committee, an advisory body to the Board of Directors, comprised of a majority of Outside Directors, Outside Audit & Supervisory Board Members and Outside Members, confirmed the following key directions for this reform:

1) Enhance monitoring of Company-wide strategy and other important matters
2) Revisions to rules for the Board of Directors
3) Increase monitoring functions of Corporate Staff Section and Business Groups and business investees.

Ken Kobayashi
Chairman of the Board

Hidehiro Konno
Former Outside Director

April 2018
Deliberations and Resolutions by the Board of Directors

March 2018
Discuss Specific Solutions

The Governance & Compensation Committee discussed solutions to the issues raised by Directors and Audit & Supervisory Board Members and confirmed the highlights of the governance reforms which were brought forward.

Tsuneyoshi Tatsuoka
Outside Director

I believe that more feedback and follow-up on the opinions provided by Outside Directors and Outside Audit & Supervisory Board Members in the Board of Directors meetings should be provided. This will go a long way to enhancing the quality of board discussions. The board should also get more deeply involved in the strategies and governance of major business investees and increase monitoring functions.

I believe that it will be imperative to challenge the board’s accepted wisdom, specifically its practice of exhaustively reviewing every individual project with a relatively minor impact. This will be all the more important as the board focuses on Company-wide strategy and an effective monitoring framework.

Toshiko Oka
Outside Director

January to March 2018
Identify Specific Issues

In line with the evaluation theme of “further enhancing the function of the board,” MC conducted an evaluation of the effectiveness of the board led by Independent Outside Directors and Independent Outside Audit & Supervisory Board Members. Through questionnaires and interviews, the issues of the Board of Directors were highlighted.

"What is the vision for corporate governance at Mitsubishi Corporation?"

In response to this question raised by Outside Directors and Outside Audit & Supervisory Board Members, In-house Directors and In-house Audit & Supervisory Board Member came together with them to have many discussions. The discussions led to a sweeping reform of rules and operating processes of the Board of Directors.

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Chairman of the Board

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In response to this question raised by Outside Directors and Outside Audit & Supervisory Board Members, In-house Directors and In-house Audit & Supervisory Board Member came together with them to have many discussions. The discussions led to a sweeping reform of rules and operating processes of the Board of Directors.

We will continue to implement reforms through evaluations of the effectiveness of the Board of Directors and other means.
**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 in accordance with business execution and management supervision functions. MC strives to operate the system with a high degree of transparency.

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

### Directors

<table>
<thead>
<tr>
<th>Type of Director</th>
<th>Approach to Remuneration</th>
<th>Method of Setting Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (In-house)</td>
<td>- Remuneration of Directors who also serve as Executive Officers is determined based on the performance of business execution (excluding bonuses).</td>
<td>- Regarding remuneration for the Chairman of the Board, Outside Directors, and Directors responsible for business execution (excluding bonuses), the 2015 Ordinary General Meeting of Shareholders approved a payment limit of ¥16.6 billion per person. Remuneration is paid within this remuneration limit subject to resolution of the Board of Directors.</td>
</tr>
<tr>
<td>Chairman of the Board (Outside)</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.</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.</td>
</tr>
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### In-house & Outside Directors (Outside Directors) (2)

<table>
<thead>
<tr>
<th>Title</th>
<th>Total Remuneration</th>
<th>Base Remuneration and Individual Performance Bonus</th>
<th>Stock-option-based Remuneration</th>
<th>Retirement Remuneration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (In-house)</td>
<td>1,198</td>
<td>9</td>
<td>667</td>
<td>6</td>
<td>270</td>
</tr>
<tr>
<td>Directors (Outside)</td>
<td>1,198</td>
<td>9</td>
<td>667</td>
<td>6</td>
<td>270</td>
</tr>
</tbody>
</table>

**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)

### Directors’ Compensation

- **Base Remuneration**
  - For Directors responsible for business execution, individual performance bonuses are determined (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 Chairman of the Governance, Nomination and Compensation Committee. The subcommittee comprises the Chairman, who also serves as the Chairman of the Governance, Nomination and Compensation Committee, and members made up of Outside Directors and Outside Audit & Supervisory Board Members.
  - **Bonuses**
    - Bonuses are determined and paid on an individual basis after deciding whether or not bonuses will be paid and what the total amount will be based on the previous year’s consolidated earnings and other factors.
    - During the period of Medium-term Corporate Strategy (Fiscal year ended March 31, 2017 to fiscal year ending March 31, 2019), the amount of bonuses to be paid will be determined based on the achievement of a level of earnings that leads to improved corporate value (cumulative capital cost) and initial business targets, and an upper limit is set for the total amount to be paid. 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. Moreover, if consolidated net income is less than the consolidated capital cost or the initial business targets, no bonuses will be paid.

### Stock-option-based Remuneration

- **Stock options as remuneration are grants from the perspective of aligning Directors’ interests with those of shareholders and creating value over the medium and long term. 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.**

### Individual Performance Bonus

- **Auditor’s Report**
  - **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.**

### Notes

1. The above figures include 3 Directors who retired and 1 Director who resigned during the fiscal year ended March 31, 2018. As of March 31, 2018, there were 10 Directors (including 6 Outside Directors) and Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members).
2. The stock-option-based remuneration above shows the amount recognized as an expense in the fiscal year ended March 31, 2018 related to stock options granted in 7 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, 2018 were as follows:
   - In-house Directors: ¥39 million,
   - Outside Directors (Outside Directors were ineligible for payment): ¥20 million.
4. Shares of reserved retirement remuneration are 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. **Fixed Remuneration Ratio**: Approx. 50%
5. **‘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 performance in individual performance assessment of the previous fiscal year ended March 31. ‘Medium term’ is used for stock options as remuneration to indicate their value as a medium to long-term investment.**
6. **‘C’ indicates remuneration paid to a resolution of the Board of Directors within the ¥10 billion per annum limit approved by the 2016 Ordinary General Meeting of Shareholders.**
Initiatives on Japan’s Corporate Governance Code

Mitsubishi Corporation (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.

(More information, please refer to the Corporate Governance Report on MC’s website.)

MC’s Stance on Acquisition, Holding, and Reduction in Holding of Listed Shares

Holding of listed shares reduced by 10% (compared to the previous year) after reviewing significance

MC may acquire and hold shares and equity stakes of non-affiliated companies (“General Investment Shares”), as a means of creating business opportunities and building, maintaining and strengthening business and partner relationships. Cross-shareholdings are included in these General Investment Shares.

When acquiring General Investment Shares, MC judges whether or not to make the acquisition based on the significance and economic rationale of the purchase, periodically reviews its holding policy after an acquisition and promotes reducing holdings of stocks with decreased significance.

Moreover, MC confirms the significance of holding shares of major listed companies, included in General Investment Shares, from a Company-wide management perspective, and regular verifications by the Board of Directors will be discussed later. In addition to the scheme described above, MC has a policy for proactively reorganizing its portfolio and sold approximately 0.1 trillion yen in listed shares, previously included in General Investment Shares, on a consolidated and market value basis during the fiscal year ended March 31, 2018, reducing its holdings by 10% year on year.

General Investment Shares include list and unlisted shares. All General Investment Shares are included under "Other Investments" on the consolidated balance sheet.

MC’s Pension Management Structure

Operation by experienced experts and appropriate monitoring

In an effort to utilize personnel with experience in markets and investment, those responsible for pension management are appointed from the Finance Department of MC and serve concurrently as employees of the Mitsubishi Corporation Pension Fund. The basic policy and management guidelines for safe and efficient management of the reserve for the benefit of one’s self or an independent party other than the fund.

Moreover, Mitsubishi Corporation Pension Fund elects four directors to execute the fund’s operation and two auditors to audit its operations. Officers in these positions are rotated after a certain period based on their decided terms of office.

- Announcement of Acceptance of Japan’s Stewardship Code in the Fiscal Year Ending March 31, 2019 -

Marked with the responsibility for autonomous allocations it holds, the fund has announced its acceptance of Japan’s Stewardship Code and requires the institutions entrusted with management of the assets to perform stewardship activities.

Policy and Procedures for Appointment and Dismissal of Management Executive and Appointment of Nominated Directors and Audit & Supervisory Board Members

Ensuring objectivity and transparency through deliberation at the Governance, Nomination and Compensation Committee, where Outside Directors, Outside Audit & Supervisory Board Members and other experts from outside MC have a majority

For the appointment of the President and CEO, the requirements of the role, the basic policy on appointment, and selection of individual candidates are determined and reviewed by the Governance, Nomination and Compensation Committee, where Outside Directors, Outside Audit & Supervisory Board Members and other experts from outside MC have a majority (4 Outside Directors and 1 Outside Audit & Supervisory Board Member out of 8 Committee Members). Appointments are then decided by the Board of Directors, which also appoints and assigns duties to Executive Officers.

Moreover, the policy and process for appointment and all appointment proposals of Directors and Audit & Supervisory Board Members are deliberated by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors, before being presented at the Ordinary General Meeting of Shareholders.

Furthermore, the Company’s policy is to take a flexible approach to determining and dealing with dismissal of the President and CEO who is the chief executive officer. The matter is deliberated by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors.

Details of Retired Executives Currently Serving in Advisory Positions

Honorary Chairman to receive no remuneration (2020 onward), no further appointment of Senior Corporate Advisor to be made

MC appoints, as necessary, retired executives (presidents and chairmen of the board) to the positions of Honorary Chairman and Senior Corporate Advisor. Currently, one Honorary Chairman and two Senior Corporate Advisors are appointed. Neither the Honorary Chairman nor the Senior Corporate Advisors serve as directors. They do not participate in internal management meetings and are not involved in the Company’s decision-making process. They mainly engage in activities that carry high social significance for the Company’s external affairs, as requested. With effect from July 2020, the Honorary Chairman will execute his duties on a part-time basis with no remuneration. No new Senior Corporate Advisors will be appointed with immediate effect.

Names, positions, and other information related to retired executives currently serving in advisory positions

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Area of assignment</th>
<th>Term end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katsuhiko Hayashi</td>
<td>Senior Corporate Advisor</td>
<td>External affairs</td>
<td>April 2018</td>
</tr>
<tr>
<td>Seiichi Saito</td>
<td>Senior Corporate Advisor</td>
<td>Part-time, remunerated</td>
<td>April 2019,</td>
</tr>
<tr>
<td>Tomohisa Kiyuma</td>
<td>President, remunerated</td>
<td>External affairs</td>
<td>June 2019,</td>
</tr>
<tr>
<td>Minoru Makihara</td>
<td>Senior Corporate Advisor</td>
<td>External affairs</td>
<td>March 2019,</td>
</tr>
<tr>
<td>Mikio Sasaki</td>
<td>Senior Corporate Advisor</td>
<td>External affairs</td>
<td>June 2020,</td>
</tr>
<tr>
<td>Takamasa Miyata</td>
<td>Senior Corporate Advisor</td>
<td>Part-time, remunerated</td>
<td>June 2022</td>
</tr>
</tbody>
</table>

(For more information, please refer to the Corporate Governance Report on MC’s website.)

Policy on Diversity, Size and Balance of Knowledge, Experience and Capability for the Board of Directors

Appointment of internal and external personnel with the depth of experience and high levels of knowledge and expertise needed for fulfilling duties

MC stipulates its stance on diversity, size and balance of knowledge, experience and capability for the Board of Directors in Composition of the Board of Directors and Policy on Appointment of Candidates and Selection Criteria for Outside Directors.

(More information, please refer to page 43 and 48 for details. Furthermore, for details on diversity management in the MC Group, please refer to page 64.)

Number of retired executives currently serving in advisory positions: 3

Announcement of Japan’s Stewardship Code in the Fiscal Year Ending March 31, 2019 -
Risk Management

Mitsubishi Corporation (MC) has a basic policy of identifying various risks involved with its business activities, classifying them by their characteristics, and managing them in order to maintain and improve its financial soundness and corporate value. In particular, risks that significantly affect the Company’s financial position and social standing are identified and managed on a consolidated basis.

System for Management of Individual Projects

New projects
Application for policy / Application for implementation
Narrow down new investment and finance proposals by comprehensively evaluating quantitative aspects in terms of the invested capital and its return determined on the basis of the characteristics of each business, in addition to evaluation of qualitative aspects, including consistency with the business strategy of each business group, and risk locations and countermeasures.

Existing projects
Business plan formulation
Once a year, monitor business investees’ management issues and initiatives as well as MC’s functions and business life cycle; select business investees monitored throughout the Company for follow-up on business management of each business group and report to the Executive Committee.

Re-profiling projects
Review regarding continuation of investments
Conduct qualitative and quantitative evaluations of new investment and finance proposals based on the priority order of business group strategies and promote a healthy business metabolism.

Screening Process for Proposals

Proposals at the discretion of Group CEO

Opinion(s)
Investment Committee
Corporate Functional Officers
Corporate staff departments

Proposals at the discretion of Division CEO

Opinion(s)
Corporate Advisory Committee
Corporate General Managers

Proposals at the discretion of Group CEO

Opinion(s)
Group CEO

Executive Committee
President and CEO
Chairman of the Board
Corporate Functional Officers
Each Group CEO

Board of Directors
In-house Directors
Outside Directors

To ensure business investees’ management problems are thoroughly understood, MC delegates authority according to the financial scale of each business group, while the Investment Committee discusses all new investment and finance proposals and sales and withdrawal proposals prior to deliberation by the Executive Committee and the Board of Directors.

The Corporate Functional Officer for Business Investment Management and Corporate Sustainability serves as the chairman of the Investment Committee. To make full use of the knowledge of each business group and the expert viewpoints of each corporate department, we select representatives from among associated corporate general managers and within each business group to serve as committee members and comprehensively consider proposals, including non-financial aspects.

Company-Wide Management System

Company-wide management
Business investment performance assessment / Risk report
Report to the Executive Committee on the analysis results of risk and return on business investment, Company-wide risks and tolerance, and utilize these results in ascertaining the overall status of business and determining the policy for capital allocation.

Perspectives on management of individual projects

New projects
Sort projects at the entry stage

Management status

Re-profiling projects

Prioritize projects

Application for policy / Application for implementation

Business plan formulation

Review regarding continuation of investments

Company-wide projects

Envisioned portfolio
Financial soundness
Positioning of business fields
Concentrated risk

Business Continuity Planning

In light of the increasingly diverse and complex risks that accompany business expansion, MC engages in rigorous crisis management on a consolidated basis, including at individual Group companies.

A business continuity plan (BCP) is an action plan formulated in advance to prevent interruptions in priority operations or restore and restart them in as little time as possible if they are interrupted by an unexpected event such as a natural disaster or incident. We have formulated BCPs for different types of crises, such as major natural disasters, unexpected event such as a natural disaster or incident. We have formulated BCPs for different types of crises, such as major natural disasters, new infectious diseases, international or political problems including terrorism, and accidents. We will immediately initiate BCPs in the event of such crises and work to, at minimum, ensure the continuity of priority operations along with quickly restoring operations.

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

- Select priority operations (key operations that must be restored quickly or cannot be interrupted), designate personnel to perform these operations and formulate implementation structure and 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.
Compliance

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 compliance violations.

Under the Three Corporate Principles, which constitute MC’s corporate philosophy, the MC Group is working to strengthen its global compliance system on a consolidated basis in order to accommodate ever-evolving laws, regulations and social standards. 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 the integrity of our corporate group.

Particularly at our affiliated companies in Japan and overseas, compliance issues differ by business and region, so we and our overseas offices provide various types of support to strengthen the compliance systems at the affiliated companies and increase their level of autonomy.

MC Internal Rules and Regulations

MC’s corporate philosophy is embodied in the Three Corporate Principles, under which the Corporate Standards of Conduct are used to regulate the Company and the Code of Conduct is used to supervise all officers and employees. Various rules and regulations are formulated under this conceptual framework.

Compliance Framework

Group Initiatives for Strengthening Compliance

Improvement and Promotion of Internal Whistleblower Systems

MC has developed and overseas the proper operation of various internal whistleblower systems for the early detection of violations.

In addition to several internal contact points for whistleblowers, we have a contact point for anonymous reporting through an outside legal counsel and contact points within each overseas region. We have also provided a global internal whistleblower system at every MC Group location and subsidiary in Japan and overseas for receiving reports about violations of antitrust and anti-competition laws. This entails not only establishing multiple systems but also training employees managing the whistleblower systems, raising awareness of the systems throughout the Group, gathering feedback through compliance awareness surveys to make improvements, and other means.

We began actively promoting efforts to raise awareness when the number of reports decreased significantly in the fiscal year ended March 31, 2014. This has resulted in a steady increase in reports each year and has led to the discovery of compliance violations.

In handling reported matters, we protect the rights of whistleblowers and strictly prohibit any disadvantageous treatment by people involved in the incident.

Message from the Chief Compliance Officer

In addition to building a compliance system, we must ensure that it functions properly. Therefore it is vital that every employee understands the importance of compliance and has a highly ethical perspective. MC runs continuous programs to raise employee awareness, including e-learning and compliance discussions. As Chief Compliance Officer, it is my job to raise employee awareness by delivering the message of compliance in various ways targeting all employees, managers, and others.

For more details on our compliance initiatives, please refer to Mitsubishi Corporation Compliance Report on our website.


Message from the Chief Compliance Officer

Masakazu Sakakida
Member of the Board, Executive Vice President, Corporate Functional Officer, Corporate Administration, Legal & Compliance Chief Compliance Officer
Management Capital

Mitsubishi Corporation (MC) creates new value by leveraging competitive advantages derived from human capital, networks, customer and partner capital, and intellectual capital that have been developed over many years.

Human Capital

Highly Skilled Management Professionals

Human resources represent the most important management capital in achieving growth through the business management model. MC’s approach is to continuously develop highly skilled management professionals capable of excelling in different fields, and to foster reciprocal growth between the Company and its employees. To achieve this, MC must accelerate the development of future management professionals through varied experience, be more meritocratic to ensure that the right people are assigned to the right positions, and utilize its management talent more broadly throughout the MC Group.

Fostering Management Professionals

We are working to foster future management professionals who have a combination of conception skills, execution skills, and high moral and ethical standards, as well as a passion for increasing business value with a management-focused mindset.

We provide employees with a wide range of experience through gradual and systematic on-the-job training (OJT). This includes transfers across departments and groups as well as assignments at offices, subsidiaries and Group companies worldwide.

For off-the-job training (OFT-JT), we provide numerous training programs designed to gradually develop the abilities needed by management professionals at the consolidated level. These programs cover skills in areas such as finance, M&A, and leadership, as well as knowledge needed to work overseas and at Group companies.

Diversity Management

MC’s mission is to achieve sustainable growth by simultaneously generating economic, societal, and environmental value. As we pursue this mission, we believe it is important to create vibrant workplaces where individual employees can embrace diversity and make meaningful use of their talents. We are also focused on promoting global human resource development on a consolidated basis and giving people active roles.

New Workstyles Befitting MC

We are pursuing new workstyles befitting MC that enhance productivity and efficiency to deliver superior results and performance by ensuring each organization and individual autonomously practices workstyles that best suit respective needs.

While respecting the initiatives of each organization and individual in diverse business environments and industries, we are encouraging the systematic use of paid leave throughout the Company, aiming to increase the utilization rate to at least 70%. We will also plan and implement strategies for organizations that struggle with excessive overtime.

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.

Supporting Women’s Careers at MC

Led by the Diversity Office that was established within the Global HR Department in October 2014, MC is implementing the following action plan to create an environment that is more supportive of women’s careers. In addition, we have established policies that surpass statutory requirements to support employees engaged in family care. As a result, we have achieved Target 3 of the plan as of April 2018, two years ahead of schedule.

Employee Health Management

Employee health and safety are our highest management priorities, and we are taking steps to implement employee health management.

One of our most important initiatives for health management is our internal health clinic. We promote early consultation and treatment, and provide long-term health management together with health checks.

We also support the mental health of employees, with a focus on prevention and early treatment. In addition to self-checks and stress checks that individuals can use to better manage their own mental health, we aim to provide support alongside workplaces and our health clinic is equipped with a neurology department, an internal support desk for both workplaces and individuals, and an outside counseling desk for employees and their family members to field consultations at an early stage.

Consolidated Global Human Resources Framework

At MC, we are working in close cooperation with our offices, subsidiaries, and Group companies to reinforce our human resource functions and frameworks so as to support employees on a consolidated, global basis.

Our systems and frameworks are applied with consideration for our operations in various countries and businesses. We aim to streamline business management activities, ensure objectivity and transparency in our human resource systems, and effectively identify and deploy our best people.

In addition, we have introduced the MC Group Gateway Program to share our corporate principles and values as well as to foster greater understanding of the MC Group among employees of MC offices, subsidiaries, and Group companies in Japan and overseas.

Message from the Corporate Functional Officer (Corporate Communications, Human Resources)

At MC, our basic approach to human resources is to give roles to people who are capable and highly motivated and treat them accordingly, regardless of their gender, age, nationality, or other attributes. This is the same throughout the Group, anywhere in the world. Under our new mid-term corporate strategy, utilizing the perspectives and new ideas of diverse employees is even more important. We will continue promoting new workstyles aimed at fostering the maximum potential of our employees, including engagement of diverse human resources, support for women’s careers, and measures for productivity and efficiency.
Network
MC’s global network includes approximately 1,400* Group companies in some 90 countries and regions around the world.

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 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

Expanding Our Global Network
Creating New Business Opportunities

MC Offices and Subsidiaries
• Supply intelligence that contributes to new business opportunities and management by integrating local knowledge
• Targetedly support the growth of Group companies

Group Companies
• Acquire intelligence closely tied to frontline business activities

MC is committed to bolstering its corporate value by directing more management resources into its consolidated subsidiaries and continuing its shift towards effective business management. MC offices in each region previously led our business, but now our growth is derived from Group companies while MC offices play a supporting role.

At the same time, the international situation is in a constant state of flux. Recent major geopolitical changes are occurring rapidly and have an extensive impact, which creates an increasingly complex business environment. As we generate significant earnings from our overseas business activities, we remain committed to strengthening our ability to respond appropriately to such change.

Based on this approach, it is vital that we support the growth of our Group companies and manage risk by applying real-time information from the front lines directly to our businesses. Information is obtained through our global network including approximately 1,400 Group companies in 90 countries and regions around the world.

We will continue to strengthen our intelligence capability through the integration of human networks, business knowledge, and partnerships. Our strong global network facilitates the discovery and development of new businesses that will contribute to future growth.

By enhancing the quality of our global network and connecting the dots between specific intelligence and Group company management, we aim to increase the value of the MC Group.

Network in Japan
With 6 branches, 5 offices, and 14 annex offices in Japan, the MC Group is working as a united force to expand earnings and develop new business, adapting to changes and meeting needs in each region.

Collaboration with Local Companies
With the market in Japan expected to shrink, many leading companies in the region are studying diversification and globalization of their businesses. MC’s domestic network is strengthening its relationship with several such companies, by such means as providing solutions for overseas expansion of real estate business and collaborating with a foreign company on airport business in Japan. This is all done in cooperation with the Head Office and Group companies by taking advantage of MC’s access to all industries, overseas networks, and other strengths.

Automotive Business Conferences (Chubu Branch)
With the Chubu region’s clusters of automotive companies, the Chubu Branch holds automotive business conferences, where 13 Group companies involved in the automobile industry regularly gather. With dramatic changes to the automobile industry, such as EVs and autonomous cars, members from business departments and the Corporate Staff Section in the Head Office involved in the industry have newly joined the conferences, exchanging information on industry trends and discussing new collaborations with Group companies.

Japan faces labor shortages and medium- and long-term market contractions stemming from trends such as over-concentration in Tokyo and an aging population with fewer children. On the other hand, innovation using AI/5G and solutions for social issues will bring new business opportunities. Moreover, most of MC’s global operations have connections with Japan in some way, be it through business partners that are Japanese companies or products made in or sold to Japan. Therefore, the domestic market and our domestic network will remain just as important to us going forward.

We have 6 branches, 5 offices, and 14 annex offices in Japan. Under the above recognition, we will pursue united management on a consolidated basis while joining forces with Group companies to strengthen existing businesses and networks.

Furthermore, it is important to identify Potential Growth Sources and nurture them for MC’s further growth. In order to achieve that, we will leverage our networks with regional business circles and local governments and endeavor to identify Potential Growth Sources, leading to meeting regional needs.

KM Mitsumasa Icho
Member of the Board, Executive Vice President, Corporate Functional Offices, Regional Strategy for Japan, Executive Director for Asia, Executive Director for Americas (Concurrently) General Manager, Kansai Branch

Kanji Nishiura
Member of the Board, Executive Vice President, Corporate Functional Offices, Global Strategy & Coordination, Global Research, International Economic Group, Logistics Management (Concurrently) Regional CEO, Asia & Oceania
Message from Jaime Augusto Zobel de Ayala II, Chairman & CEO of Ayala Corporation

Ayala Corporation is committed to the development of the Philippines. Towards this, our companies in real estate, banking, telecommunications, water, power, infrastructure, industrial technologies, healthcare, and education have strived to lead and transform their industries. Across our many endeavors, we are proud to have a cherished partner in Mitsubishi Corporation (MC), who shares our core values and philosophy. As a significant stockholder of Ayala for many years, MC continues to be a key contributor in the development of vital infrastructure in the country.

Our partnership dates back to 1974, and together, we have achieved many notable milestones: In 1990, we welcomed MC’s investment in Laguna Technopark—our companies’ contribution to Philippine industrialization. We then entered automobile manufacturing and retail through Isuzu Philippines in 1995. We have since collaborated on other strategic ventures. In 1998, MC invested in Manila Water—which today services Metro Manila’s East Zone and several provinces. We continue to work with MC on other water opportunities across Southeast Asia.

More recently, in 2015, we partnered in the wind energy space through North Luzon Renewable Energy. In real estate, Ayala Land (ALI) and MC are part of the joint venture that operates the 118-hectare Castle Technopark, which incorporates the strong lessons gained from our Laguna experience. Meanwhile, ALI’s subsidiary, Abo Land Corp., and MC are also partners in developing Portico—a high-rise residential development located in a prominent residential and commercial location in Pasig City. Aside from these, our engagement encompasses other urban development initiatives, and ongoing explorations for new ways to serve the consumer market in the Philippines.

I am also pleased to be a member of the MC International Advisory Committee since 2001. Our discussions related to global geopolitical and socioeconomic developments have truly been insightful, and I continue to greatly enjoy being part of such an esteemed group.

As we celebrate the 45th anniversary of our partnership next year, we remain the strongest of friends and partners in today’s dynamic times, and are committed to further deepening our relationship. Ayala and MC will continue to greatly enjoy being part of such an esteemed group.

Jaime Augusto Zobel de Ayala II
Chairman & CEO of Ayala Corporation

Customer and Partner Capital

Good Relationships with Customers and Partners around the World That We Have Nurtured over the Years

MC has long contributed to the development of society and the economy by working with customers and partners all over the world to create various businesses that could not have been realized on its own. These good relationships were built up day by day as irreplaceable assets to us that span the past, present and future.

Intellectual Capital

Intelligence Is the Wellspring of Our Collective Capabilities

MC possesses a global network and strong relationships with customers and partners worldwide that it has developed over many years. In addition to our knowledge and insight into an expansive range of macroeconomic, industrial and geopolitical trends that extend beyond general information, we have been accumulating intelligence and expertise by becoming deeply involved in various industries around the world on a daily basis.

Meanwhile, it is crucial to spread information accumulated at each site beyond business groups and regions and to develop and utilize this intellectual capital throughout the Company. Based on this approach, we have long promoted initiatives to increase the value of intellectual capital. Initiatives in the North America region, which I oversee, are a case in point. Here, we have established shared themes such as shale gas and have been pushing ahead with initiatives to pursue Group-wide business opportunities together with operating companies. We also have sites focused on enhancing the value of intellectual capital, such as the Washington Office and Silicon Valley Branch, which are described in the column below.

We have been conducting these sorts of activities not only in North America, but also in various other locations worldwide, according to the characteristics of each region. The intellectual capital accumulated through these activities has become the well-spring of our collective capabilities.

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

Initiatives in Washington and Silicon Valley

MC has a network of sites consisting of approximately 1,400 Group companies in 90 countries and regions around the world. Each site has a specific mission. The Washington Office and Silicon Valley Branch of Mitsubishi Corporation (Americas) are sites that stand out for their focus on enhancing the value of intellectual capital.

Since it was established in 1971, the Washington Office has been monitoring U.S.A. political trends as well as global geopolitical developments. As internal and external conditions become more and more uncertain, the Washington Office will assume an increasingly pivotal role going forward.

In addition, AI has brought about a structural shift in the economy known as the Fourth Industrial Revolution in the past few years. Silicon Valley lies at the epicenter of digitalization. Accordingly, the Silicon Valley Branch is advancing an initiative called M-Lab to uncover new business opportunities and pave the way for their development and commercial success, while fostering cooperation among companies in different industries.

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

About M-Lab

M-Lab is a platform for a coalition of diverse industries to incubate new business models.

- A platform for creating business by promoting collaboration across corporate barriers by members from diverse industries.
- A platform for creating business through a full-time research team that gathers and disseminates information and a business development team with mentors well-versed in various fields.
- A platform to contribute to the ecosystem.

Hidemoto Mizuhara
Executive Vice President, Regional CEO, North America
(Concurrently President, Mitsubishi Corporation (Americas))
Initiatives to Ensure Sustainable Growth

Since its foundation, MC has followed a philosophy of contributing to the sustainable development of society through global business activities rooted in integrity and fairness based on the Three Corporate Principles. Midterm Corporate Strategy 2021 also reemphasizes the need to simultaneously generate economic, societal, and environmental value in order to achieve growth for the MC Group through its business management model.

To enable the simultaneous achievement of these three values, MC has identified a number of Key Sustainability Issues (Materiality) as issues for management for achieving sustainable growth. By working together with our Group companies to address these issues, we will ensure sustainable (including financial) growth for the Company. Moreover, these initiatives also contribute to the achievement of the Sustainable Development Goals (SDGs) that correspond to each Key Sustainability issue.

Key Sustainability Issues (Materiality)

Examples of MC’s initiatives for transitioning to a low-carbon society and procuring and supplying in a sustainable manner can be found on pages 72–73.

### Initiatives for Long-Term Strategies and Individual Businesses

**Formulation of Long-Term Strategies**

All sustainability dialogues addressed by all business group CEOs and the Corporate Functional Officer for Corporate Sustainability, participants discuss the adoption of various long-term strategies for simultaneously realizing economic, societal, and environmental value in light of the future outlook for the external environment.

**Decision-Making Regarding Individual Businesses**

Decisions related to individual businesses are made on the basis of an assessment of environmental and social risks as well as the performance of each business in achieving the Key Sustainability Issues. In particular, by having the General Manager of the Corporate Sustainability Department participate as a member of the Investment Committee, which discusses key issues to be brought before the Executive Committee, MC implements initiatives in a focused and comprehensive manner.

**Analyzing the Sustainability Promotion Framework from Three Perspectives**

**1. High-Priority Management Framework**

While the Executive Vice President (Member of the Board) is responsible for sustainability, MC has a framework in place where sustainability policy and related matters are discussed by the Sustainability & CSR Committee, and then screened and decided by the Executive Committee and Board of Directors. The Sustainability Committee is chaired by the Executive Vice President (Member of the Board) and includes all business group CEOs, all Corporate Functional Officers involved in corporate management, and the General Manager of the Corporate Strategy & Planning Department.

**2. Framework for Embracing External Stakeholder Perspectives**

MC has set up the Sustainability Committee as an advisory body to the Corporate Functional Officer for Corporate Sustainability. The committee is comprised of eight external experts representing a wide range of stakeholder perspectives, including nonprofit organizational representatives, international organizations, entities interested in ESG investment, and academia.

**3. Implementation Framework Led by Business Groups**

MC has established the posts of Group Chief Sustainability Officer (GCSCO) and Group Sustainability Manager (GSM) within each Group CEO Office. The Group CEO Office oversees management strategies within business groups forming a structure for unified management of sustainability.

We will play our part in the international community and aim for sustainable growth through our business.

The issues facing society and the global environment are becoming increasingly urgent, and societal expectations for companies to be part of the solution are also growing. In line with MC’s support of the UUN Global Compact,* the MC Group will grasp society’s needs and expectations through dialogue with external stakeholders and play an active role in the international community. Moreover, as a company that has grown by resolutely adapting its business model in accordance with societal changes, MC will contribute to solutions in issues related to global agendas, such as the SDGs and the Paris Agreement, through its business, and in doing so, make its own growth all the more certain.

* 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, environment and anti-corruption. MC first declared its support for this initiative in 2010.

---

**Weber Shandwick**

### Addressing Key Sustainability Issues through Business

MC has incorporated the Key Sustainability Issues into its long-term business strategies as well as into decision-making processes for individual businesses as detailed below. Under our sustainability promotion framework, we focus on three perspectives as we pursue true effectiveness for our initiatives.
MC is contributing to the transition to a low-carbon society.

Recognition and Policy on Climate Change

Transferring to a low-carbon society is one of the key issues for management to address and respond to as MC strives to achieve sustainable growth. MC aims to fulfill its mandate to meet the demand for energy while contributing towards the achievement of international goals such as those expressed through the SDGs and the Paris Agreement (including keeping global temperature rise within 2˚C above pre-industrial levels). Working closely together with each company in the MC Group, MC strives to achieve this goal through collaboration with a wide range of stakeholders including governments, companies and industry associations. Furthermore, as we recognize the importance of climate-related financial disclosures, we support the TCFD*1, which has proposed disclosure guidelines.

Addressing Climate Change – Promoting the Transition to a Low-Carbon Society

Policy and Management Framework for Supply Chain Management

Supply Chain Management Initiatives

MC will procure and supply in a sustainable manner.

Surveys and Supplier Visits

In order to ensure that the principles outlined in our Policy for Sustainable Supply Chain Management are being upheld in our supply chains, we conduct regular surveys of our suppliers that operate in higher risk industries such as agriculture, marine products and apparel. Moreover, in the fiscal year ending March 31, 2019, we updated its assessment process with the aim of improving effectiveness.

Survey Results

MC received responses from approximately 330 suppliers in approximately 30 countries and regions, including China, Myanmar and Thailand, via its survey conducted in fiscal year ending March 31, 2019 (survey based on transactions during the fiscal year ended March 31, 2018). Based on these results, MC will conduct additional surveys and site visits for a number of the suppliers.

Communication with Suppliers

MC regards communication with suppliers as an important aspect of supply chain management. Examples of the dialogues held in the fiscal year ended March 31, 2018 are as follows.

Visit to Viet Tien Garment (Garment Factory) – an Important Partner in Vietnam

In the fiscal year ended March 31, 2018, MC visited Viet Tien Garment, a garment factory in Vietnam to cultivate a better understanding of best practices in the industry. Through our discussions with Viet Tien Garment, we were able to confirm that sustainability has been integrated into the company’s core strategy, and as part of its strategy to improve efficiency, Viet Tien Garment is in the process of setting energy-saving targets and strengthening its occupational health and safety (HSE) standards.

For details, please refer to the ESG Data Book (https://www.mitsubishicorp.com/jp/en/ir/library/esg/) for further information on these initiatives.
# Reference Information

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<tr>
<td>Corporate Information</td>
<td>102</td>
</tr>
</tbody>
</table>

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**Breakthrough Value Creator**
Financial Highlights

Mitsubishi Corporation and Subsidiaries

Year 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>
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<tr>
<td>Results of Operations:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Revenues</td>
<td>¥ 6,156,365</td>
<td>¥ 6,460,783</td>
<td>¥ 5,206,873</td>
<td>¥ 5,555,832</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Gross profit</td>
<td>¥ 1,465,027</td>
<td>¥ 1,061,597</td>
<td>¥ 1,149,902</td>
<td>¥ 1,127,680</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Income from investments accounted for using the equity method</td>
<td>163,256</td>
<td>117,857</td>
<td>167,002</td>
<td>192,418</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss) attributable to owners of the parent*1</td>
<td>390,876</td>
<td>275,787</td>
<td>446,543</td>
<td>452,344</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Net position at year-end:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>10,837,537</td>
<td>10,803,702</td>
<td>11,272,775</td>
<td>12,588,320</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Working capital*2</td>
<td>1,451,776</td>
<td>1,780,008</td>
<td>2,012,098</td>
<td>2,179,310</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings (less current maturities)*3</td>
<td>3,467,766</td>
<td>3,246,029</td>
<td>3,188,749</td>
<td>2,790,310</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Equity attributable to owners of the parent*4</td>
<td>2,783,397</td>
<td>2,926,094</td>
<td>3,233,342</td>
<td>3,507,818</td>
<td></td>
<td></td>
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<tr>
<td>Interest-bearing liabilities:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Gross interest-bearing liabilities*5</td>
<td>4,079,397</td>
<td>4,154,692</td>
<td>4,257,563</td>
<td>5,016,283</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net interest-bearing liabilities*6</td>
<td>3,567,633</td>
<td>2,968,151</td>
<td>2,947,308</td>
<td>3,047,408</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Cash flows:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net cash provided by operating activities</td>
<td>558,226</td>
<td>761,573</td>
<td>331,204</td>
<td>550,694</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(693,550)</td>
<td>(138,502)</td>
<td>(262,601)</td>
<td>(1,100,913)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Free cash flow*7</td>
<td>(135,324)</td>
<td>623,071</td>
<td>60,603</td>
<td>550,219</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>650,608</td>
<td>(755,347)</td>
<td>76,749</td>
<td>599,059</td>
<td></td>
<td></td>
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<tr>
<td>Net cash flows</td>
<td>515,284</td>
<td>(132,276)</td>
<td>145,352</td>
<td>48,840</td>
<td></td>
<td></td>
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<td>Share information:</td>
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<tr>
<td>Number of shares outstanding at year-end** (thousands of shares)</td>
<td>1,642,904</td>
<td>1,643,532</td>
<td>1,644,074</td>
<td>1,646,173</td>
<td></td>
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<tr>
<td>Financial Measures:</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>ROE%</td>
<td>14.3%</td>
<td>10.4%</td>
<td>15.1%</td>
<td>13.4%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Net DER%</td>
<td>3.3%</td>
<td>2.5%</td>
<td>4.2%</td>
<td>3.8%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Net DER (%)</td>
<td>1.5</td>
<td>1.0</td>
<td>0.9</td>
<td>1.0</td>
<td></td>
<td></td>
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<tr>
<td>DRO (%)</td>
<td>3.3</td>
<td>2.4</td>
<td>3.5</td>
<td>3.2</td>
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<td>Stock Price Information:</td>
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<td></td>
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</tr>
<tr>
<td>Stock price (average annual average) (yen, U.S. dollars)</td>
<td>2,299</td>
<td>1,969</td>
<td>2,102</td>
<td>1,840</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Price-earnings ratio (PER)*8 (%)</td>
<td>10.51</td>
<td>12.11</td>
<td>7.68</td>
<td>6.73</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Price-book value ratio (PBR)*8 (%)</td>
<td>1.7</td>
<td>1.1</td>
<td>1.1</td>
<td>0.9</td>
<td></td>
<td></td>
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<tr>
<td>Notes:</td>
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</tr>
</tbody>
</table>
Strengthening of the balance sheet
Disciplined approach to investment
Flexible share buybacks
Progressive dividends

Financial Measures

Net income (loss) attributable to owners of the parent / ROE

Equity attributable to owners of the parent / Net interest-bearing liabilities / Net debt-to-equity ratio

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

Total assets / ROA

Establishment of the Investment Leverage Ratio

MC has defined the investment leverage ratio as the basic indicator of financial soundness and capital allocation, and has set the 25%–35%* range as an appropriate level. The investment leverage ratio as of March 31, 2018 was 29%, within the appropriate range.

Furthermore, 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.

Capital Allocation Framework

In accordance with the policies outlined in Midterm Corporate Strategy 2021, 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, and we control the level of interest-bearing debt to firmly retain a sound balance sheet.

Under Midterm Corporate Strategy 2021, we have continued our capital allocation policy based on investment leverage. With regard to shareholder returns, we will continue to pay progressive dividends and share buybacks will be conducted flexibly with the goal of increasing the total return ratio while giving consideration to financial discipline.
In order to enhance data reliability, ESG data marked with an asterisk (*) for the year ended March 2018 has received scrutiny.

**ESG Data**

<table>
<thead>
<tr>
<th>GHG Emissions (consolidated)</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct CO2 emissions from fuel consumption<em>1</em>2</td>
<td>4,639</td>
<td>4,474</td>
</tr>
<tr>
<td>Indirect CO2 emissions from electricity consumption, etc.<em>1</em>2</td>
<td>6,192</td>
<td>6,048</td>
</tr>
<tr>
<td>Total CO2 emissions<em>1</em>2</td>
<td>10,831</td>
<td>10,522</td>
</tr>
</tbody>
</table>

### Environmental Performance (consolidated)

| Scope 1: Direct CO2 emissions from fuel consumption | 4,639 | 4,474 |
| Scope 2: Indirect CO2 emissions from electricity consumption, etc.*3 | 6,192 | 6,048 |
| Total CO2 emissions | 10,831 | 10,522 |

**Employee Data (non-consolidated)**

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>17,132</td>
<td>18,132</td>
</tr>
<tr>
<td>Number of employees who took Family Care Leave*9</td>
<td>1,291</td>
<td>1,286</td>
</tr>
<tr>
<td>Female</td>
<td>870</td>
<td>862</td>
</tr>
<tr>
<td>Male</td>
<td>2,103</td>
<td>2,103</td>
</tr>
</tbody>
</table>

**In-House Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td></td>
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</table>

**Outside Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</tbody>
</table>

**Organizational Structure**

### General Members of Shareholders

- Audit & Supervisory Board Members
- Audit & Supervisory Board Members of Officers

### Board of Directors

- International Advisory Committee
- Corporate Social Responsibility & Planning Committee

### President and Chief Executive Officer

- Corporate Social Responsibility & Planning Committee

### Executive Committee

- Business Strategy Committee
- Management Meeting

### Corporate Staff Section

- Corporate Administration Department
- Legal Department
- Corporate Communications Department

### Machinery Group

- Machinery Group CEO
- Machinery Group Administration Department

### Metals Group

- Metals Group CEO
- Metals Group Administration Department

### Industrial Finance, Logistics & Development Group

- Industrial Finance, Logistics & Development Group CEO Office
- Real Estate Business Div.
- Logistics Business Div.

### Energy Business Group

- Energy Business Group CEO Office
- Energy Business Group Administration Department
- Energy Resources Div. (Asia Pacific)
- Energy Resources Div. (Americas, Europe and ME)

### Machine Group

- Machine Group CEO Office
- Machine Group Administration Department
- Ship & Aerospace Division
- Automotive Business Division
- Isuzu Business Division

### Chemicals Group

- Chemicals Group CEO Office
- Chemicals Group Administration Department
- New Business Development Department
- Petrochemicals Div.
- Basic Chemicals Div.
- Life Sciences Div.

### Living Essentials Group

- Living Essentials Group CEO Office
- Living Essentials Group Administration Department
- Retail Div.
- Living Essential Distribution Div.
- Living Essential Consumer Products Div.
- Fresh Food Products Div.
- Living Essential Resources Div.
Description of Business Activities: Business Groups

**Global Environmental & Infrastructure Business Group**

**Progress on Midterm Corporate Strategy 2018**

**Power Business**
- Drove portfolio optimization by re-profiling assets
- Sold part of equity interests in power generation assets and power transmission assets
- Participated in new gas-fired thermal power projects, offshore wind power projects, and power transmission projects

**Infrastructure Business**
- Strengthened existing businesses and entered new businesses
- Sustained performance of the FPSO* system and energy infrastructure businesses
- Advancing foray into airport privatization projects worldwide
- Stable and continuous growth of the water business (UK, concession business and other initiatives)

**Environmental Business**
- New business initiatives
- Participated in and strengthened initiatives in the distributed solar power generation and trading businesses
- Promoted the battery services business with France-based Electrixité de France (EDF)

**Future Growth and Priorities**

**Power Business**
- Strengthen functions to refine business management
- Strengthen initiatives in the power value chain
- Address the diversification of power purchasers

**Infrastructure Business**
- Growing number of opportunities in the energy infrastructure business
- Promote collaboration with the ENEGY Business Group, among other initiatives
- Decentralization and privatization trends in various business fields
- Greater need for private funding and financing and a growing number of opportunities

**Environmental Business**
- Businesses for power consumers
- Initiatives to address technological innovation in battery storage and distributed generation (including the energy storage business)
- Develop new business domains (hydrogen-related and e-Mobility-related businesses, etc.)

**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 from the infrastructure sectors of emerging countries
- Changes in power supply systems
- Decentralization of power generation and widespread adoption of storage batteries due to falling renewable energy costs and technological innovation
- Low gas price environment
- Opportunities in gas-fired thermal power generation remain in place

**Global Environmental & Infrastructure Business Group**

- Environmental Business Div.
  - Environmental Energy Business Div.,
    - International IPP Dept., Power Systems Dept.,
      - Power Systems International Dept.
  - Water Business Div.,
    - Transportation Infrastructure Business Div.,
      - Infrastructure & Industrial Projects Dept.

  - New Energy & Power Generation Business Div.,
    - Environment Business R&D Dept.,
      - Power Services Business Dept.

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

**Global Environmental & Infrastructure Business Group CEO Office, Global Environmental & Infrastructure Business Group Administration Dept.**

**Assets**

<table>
<thead>
<tr>
<th>Year Ended March 2018</th>
<th>16.3</th>
<th>17.3</th>
<th>18.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>37.8</td>
<td>38.0</td>
<td>38.1</td>
</tr>
<tr>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>28.8</td>
<td>23.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Total Assets (¥ trillion)</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>ROA*2</td>
<td>4.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Consolidated Net Income**

<table>
<thead>
<tr>
<th>Year Ended March 2018</th>
<th>16.3</th>
<th>17.3</th>
<th>18.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>37.8</td>
<td>38.0</td>
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<tr>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>28.8</td>
<td>23.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Total Assets (¥ trillion)</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>ROA*2</td>
<td>4.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary**

- Net Income*1 by Segment
  - Power Business: 44.6 billion
  - Infrastructure Business: 20.3 billion
  - Environmental Business: 261.0 billion
- Share of Total Assets by Segment
  - 6.5% (1.0 trillion)
  - Power Business
  - 12.9% (1.0 trillion)
  - Infrastructure Business
  - 23.6% (1.0 trillion)
  - Environmental Business
  - 12.0% (1.0 trillion)
  - Other Business
  - 6.2% (1.0 trillion)
  - Financial Investment
  - 28.7% (1.0 trillion)
  - Group Equity Method
  - 5.1% (1.0 trillion)

**Net Income**

- 44.6 billion

**Year Ended March 2018**

- Net Income*1 ¥560.2 billion

**Assets**

- 1.0 trillion

**ROA**

- 4.3%
Risks and Opportunities Surrounding the Entire Group

- **Geopolitical risks, etc.**
- **Others**

Future Growth and Priorities

- **Urban development**
  Drives initiatives in the urban development business forward, primarily in emerging countries, involving the integrated development of urban infrastructure and real estate.

- **Real estate and urban development**
  Implement initiatives targeting new earnings models (Examples: data center operation business, integrated infrastructure fund business).

- **Leasing**
  Strengthens the business platform through partnerships and collaboration with business investors.

- **Logistics**
  Promotes new business development.

- **Merchant banking**
  Allocates management resources in core businesses primarily in Japan, the ASEAN region, and the U.S.

Industrial Finance, Logistics & Development Group

**Industrial Finance, Logistics & Development Group**

**Risks and Opportunities Surrounding the Entire Group**

- **Financial markets**
  Global financial market movements, such as rising interest rates.

- **Real estate markets**
  Sudden shifts in real estate markets.

- **Logistics markets**
  Changes in global logistics volume, industry restructuring driven by cutting-edge technologies and other factors.

- **Others**
  Geopolitical risks, etc.

Progress on Midterm Corporate Strategy 2018

- Clarified the Group’s policy of promoting the urban development business, involving the integrated development of urban infrastructure and real estate, as a business likely to become a pillar of growth.

- Reallocated management resources and clarified Head Office functions through reorganization and revision of business plans.

Industrial Finance, Logistics & Development Group

**Industrial Finance, Logistics & Development Group**

**Future Growth and Priorities**

- **Urban development**
  Drive initiatives in the urban development business forward, primarily in emerging countries, involving the integrated development of urban infrastructure and real estate.

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  Strengthens the business platform through partnerships and collaboration with business investors.

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- **Merchant banking**
  Allocates management resources in core businesses primarily in Japan, the ASEAN region, and the U.S.

**Share of Total Assets by Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Share (%)</th>
<th>Amount (¥ trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Assets</td>
<td>6.5%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Net income Method</td>
<td>5.1%</td>
<td>12.0%</td>
</tr>
<tr>
<td>ROA*2 5.3%</td>
<td>6.2%</td>
<td>28.7%</td>
</tr>
<tr>
<td>Total assets</td>
<td>5.1%</td>
<td>0.8 trillion</td>
</tr>
</tbody>
</table>

**Gross Profit and Income from Equity Method Investment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Amount (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>49.9 billion</td>
</tr>
<tr>
<td>Income from equity method investment</td>
<td>28.3 billion</td>
</tr>
<tr>
<td>Net income*1</td>
<td>44.2 billion</td>
</tr>
</tbody>
</table>

**Total Assets and ROA*2**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Amount (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>0.8 trillion</td>
</tr>
<tr>
<td>ROA*2 5.3%</td>
<td>1,482</td>
</tr>
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</table>

**No. of employees (Consolidated)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees (Parent company)</td>
<td>433</td>
</tr>
</tbody>
</table>

**No. of consolidated subsidiaries and equity-method affiliates**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of consolidated subsidiaries and equity-method affiliates</td>
<td>210</td>
</tr>
</tbody>
</table>
Energy Business Group

Progress on Midterm Corporate Strategy 2018

Basic Policy: Build a business portfolio that is resistant to a low oil price environment

- Reshaped the business portfolio by replacing assets
- Rebuilt businesses, adapting to recent changes in the market (petroleum and carbon)
- Implemented measures to optimize domestic logistics and create overseas demand
- Captured fast-growing demand for graphite electrodes through business investments in the manufacturing sector
- Conducted replacement of E&P-related assets
- Development of North American shale assets
- Made final investment decision on LNG Canada

Future Growth and Priorities

- Basic Policy: Build a business portfolio that is resistant to a low oil price environment
- Energy Business Group
  - Increase in demand for natural gas
  - Climate change
  - Trends in major oil- and gas-producing countries
  - Energy resource prices
  - Fluctuations in oil and gas prices
  - Energy resource prices
  - Fluctuations in oil and gas prices
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  - Energy resource prices
  - Fluctuations in oil and gas prices
  - Energy resource prices
  - Fluctuations in oil and gas prices

Natural Gas Business

- Expand and strengthen the value chain in the LNG business
- Capture emerging LNG demand associated with the development of energy infrastructures (NG receiving terminals, regasification facilities, etc.) in countries introducing LNG, including participation in an LNG receiving terminal project in Bangladesh
- Improve business value and establish new business models through the use of digital technologies
- Establishment of the Digital Incubation Unit
- Commence trial implementation of an AI-based LNG production efficiency system at the Donggi-Senoro LNG Project in Indonesia

Risks and Opportunities Surrounding the Entire Group

- Energy resource prices
- Fluctuations in oil and gas prices
- Geopolitical risks
- Trends in major oil- and gas-producing countries
- Climate change
- Trends in demand for various fossil fuels resulting from the transition to a low-carbon society
- Changes in business models
- Strengthening of the natural gas business value share
- Growth in emerging markets
- Increase in demand for natural gas

Energy Business Group

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Business Group</td>
<td>Singapore Oil &amp; Gas Business Dept.,</td>
<td>LNG Operations Dept.,</td>
<td>Global Trading Business Dept.,</td>
</tr>
<tr>
<td></td>
<td>Malaysia Oil &amp; Gas Business Dept.,</td>
<td>Global Marketing Dept.,</td>
<td>Petroleum Products Dept.,</td>
</tr>
<tr>
<td></td>
<td>Indonesia Oil &amp; Gas Business Dept.,</td>
<td>Canada Oil &amp; Gas Business Dept.,</td>
<td>Utility &amp; Industrial Fuel Dept.,</td>
</tr>
<tr>
<td></td>
<td>Australia Oil &amp; Gas Business Dept.</td>
<td>Americas Oil &amp; Gas Business Dept.,</td>
<td>Carbon Materials Dept.,</td>
</tr>
<tr>
<td></td>
<td>Energy Business Group CEO Office</td>
<td>Europe/Russia Oil &amp; Gas Business Dept.,</td>
<td>Petroleum Coke Dept.,</td>
</tr>
<tr>
<td></td>
<td>Energy Business Group Administration Dept.</td>
<td>Europe/Africa Oil &amp; Gas Business Dept.,</td>
<td>LPG Business Dept.,</td>
</tr>
</tbody>
</table>

Net Income*1 by Segment

- 20.3 billion
- 261.0
- 85.2
- 30.6
- 74.7

Share of Total Assets by Segment

- 12.9% (2.1 trillion)
- 23.6%
- 12.0%
- 6.2%
- 28.7%
- 5.1%

Gross Profit and Income from Equity Method Investment

- 35.4
- 37.7
- 25.3
- 44.1

Total Assets and ROA*2

- 16.3
- 17.3
- 18.3

Assets

- 2,036.2
- 2,118.0
- 2,074.1

Consolidated Net Income*1

- 18.3
- 17.3
- 18.3

Gross profit
- 55.7 billion

Net income*1
- 20.3 billion

Total assets
- 2.1 trillion

ROA*2
- 1.0%

No. of employees (Consolidated)*3
- 1,774

No. of employees (Parent company)*4
- 650

No. of consolidated subsidiaries and equity-method affiliates*4
- 94

*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, 2018
*4 Figures include companies consolidated by subsidiaries. Net income on this page are 44.1 billion yen, and consolidated subsidiaries and equity-method affiliates belong to the Corporate Staff Section and overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,774.

MITSUBISHI CORPORATION INTEGRATED REPORT 2018

Description of Business Activities: Business Groups

REFERENCE INFORMATION

Description of Business Activities: Business Groups

REFERENCE INFORMATION

CORPORATE VISIONFRONT LINES OF VALUE CREATION FRAMEWORK SUPPORTING VALUE CREATION

No. of consolidated subsidiaries and equity-method affiliates*4
- 94

Gross profit
- 55.7 billion

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Total assets
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**Risks and Opportunities Surrounding the Entire Group**

- **Market-related (Mineral Resources):**
  - Completed sale of interests in thermal coal business in Australia (Hunter Valley Operations and Longworth coal mines) and reached agreement to sell interests in coking coal business in Australia (BMA Gregory Cunam coal mine).
  - Acquired equity interests in Quellaveco copper mine in Peru and reached final investment decisions on Quellaveco copper mine project.
  - Enhanced competitiveness by continuous cost reduction and productivity improvement.

- **Business-related (Steel Products Trading and Mineral Resources Trading):**
  - Expanded businesses and captured demand primarily from emerging markets.
  - (Steel Products Trading): Reached agreement with Sumitomo Corporation Group to integrate Japanese tubular businesses.
  - (Mineral Resources Trading): Expanded and expanded products sourcing by leveraging MC’s operating assets.
  - Increased the overseas share of earnings to over 60% by capturing demand in the Asian market.

- **Group-wide:**
  - Anticipate market changes due to technological innovation etc., and build structures that can accommodate new changes.
  - Consideration and implementation of measures targeting the utilization of digital technologies and the spread of electric vehicles.
  - Established Business Incubation Unit and Digital Mining Development Office.

**Future Growth and Priorities**

- **Market-related:**
  - Keep strengthening a mineral resources asset portfolio.

- **Business-related:**
  - Domestic business restructuring and strengthening of overseas operations.

- **Group-wide:**
  - Enhance talent development on a global basis and promote business incubation projects.

**Metal Group**

**Steel Business Div.**

- **Metal One Dept.:**
  - Metallurgical Business Div.
  - RMI Office, Triland Business Office.

**Mineral Resources Trading Div.:**

- **Digital Mining Development Office, MCI Business Office, Hermit Office:**
  - Iron Ore Dept., MDP Dept.
  - Base Metals Dept., Aluminium Dept.

**Mineral Resources Investment Div.:**

- **MC Business Office:**
  - Triland Business Office, RMI Office.

**Metals Group CEO Office, Metals Group Administration Dept.:**

**Description of Business Activities: Business Groups**

**Net Income**

- **Year Ended March 2018:** 261.0 billion
- **Net Income**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Total Assets (¥ trillion)</th>
<th>ROA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>Total Assets (¥ billion)</td>
</tr>
<tr>
<td>Steel Business Div.</td>
<td>139.1</td>
<td>2.7</td>
</tr>
<tr>
<td>Metal One Dept.</td>
<td>414.8</td>
<td>33.5</td>
</tr>
<tr>
<td>Mineral Resources Trading Div.</td>
<td>452.8</td>
<td>18.3</td>
</tr>
<tr>
<td>Digital Mining Development Office, MCI Business Office, Hermit Office, Iron Ore Dept., MDP Dept., Base Metals Dept., Aluminium Dept.</td>
<td>33.5 billion</td>
<td></td>
</tr>
<tr>
<td>Metals Group CEO Office, Metals Group Administration Dept.</td>
<td>28.7</td>
<td></td>
</tr>
</tbody>
</table>

**Net Income**

- **Year Ended March 2018:** 261.0 billion
- **Net Income**

**Share of Total Assets by Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Total Assets (¥ trillion)</th>
<th>ROA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit (¥ billion)</td>
<td>Income from Equity Method Investment (¥ billion)</td>
<td>Total Assets (¥ billion)</td>
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<tr>
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<tr>
<td>Digital Mining Development Office, MCI Business Office, Hermit Office, Iron Ore Dept., MDP Dept., Base Metals Dept., Aluminium Dept.</td>
<td>33.5 billion</td>
<td></td>
</tr>
<tr>
<td>Metals Group CEO Office, Metals Group Administration Dept.</td>
<td>28.7</td>
<td></td>
</tr>
</tbody>
</table>

**Net Income**

- **Year Ended March 2018:** 261.0 billion
- **Gross profit:** 452.8 billion
- **Net Income:** 261.0 billion
- **Total assets:** 3.8 trillion
- **ROA:** 7.0 %
- **No. of employees (Consolidated):** 11,474
- **No. of employees (Parent company):** 674
- **No. of consolidated subsidiaries and equity-method affiliates:** 177

---

*1 Net income (loss) refers to “Net income (loss) attributable to owners of the parent.”

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*3 Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis.

*4 Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Net shown on this page are 100% consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and all overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,290.
Risks and Opportunities Surrounding the Entire Group

Future Growth and Priorities

• Improve the profitability of existing businesses
  - Shifted management resources to achieve sustainable growth and a strong portfolio
  - Optimized portfolio by re-profiling assets
  - Transformed the business model to harness the Group’s strengths

• Strengthen inter-business collaboration
  - Work to strengthen inter-business collaboration based on industry- and region-wide perspectives

• Continue to implement business model transformation
  - Drive business model transformation using cutting-edge technologies and other resources and capitalize on growth markets

• Improve the standing of our assets
  - Drive business model transformation using cutting-edge technologies and other resources and capitalize on growth markets

• Continue to implement business model transformation
  - Shift toward business management

• Stay on top of changes in the business environment

Factors that could affect growth

- Structural changes in emerging countries
- Structural changes in the automobile industry, driven by trends such as the CASE* concept
  * Connected, Autonomous, Shared/Services, and Electric
- Changes in lifestyles, including the sharing economy
- Changes in the business environment due to the spread of AI, IoT and other such technologies

Factors that must be watched closely

- Escalation of economic and geopolitical risks
- Changes in the source of added value in the value chain
- Changes in the business environment due to the spread of AI, IoT and other such technologies

Shift toward business management

- Accelerate the development of management professionals to further enhance business sites
- Rigorously allocate management resources according to the business life cycle

Shifted management resources to achieve sustainable growth and a strong portfolio

Machinery Group

Progress on Midterm Corporate Strategy 2018

- Strive for sustained growth and further resilience in the automobile business in Asia
- Strive for sustained growth and further resilience in the automobile business in Asia
- Shift toward business management
- Stay on top of changes in the business environment

Internal Environment

External Environment

- Factors that could affect growth
  - Structural changes in emerging countries
  - Structural changes in the automobile industry, driven by trends such as the CASE* concept
  * Connected, Autonomous, Shared/Services, and Electric
  - Changes in lifestyles, including the sharing economy

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Machinery Group CEO Office, Machinery Group Administration Dept.

Machinery Group

Industrial Machinery Business Div.
  - Elevator & Escalator Operation & Marketing Dept.
  - Industrial Equipment Business Dept.
  - Construction Equipment & Rental Business Dept.
Ship & Aerospace Div.
  - Ship & Offshore Dept.
  - Defense and Aerospace Dept.
Automotive Business Div.
  - ASEAN Automotive Business Dept.
  - North Asia Automotive Business Dept.
  - Europe & Russia Automotive Business Dept.
  - Latin America, Middle East & Africa Automotive Dept.
  - Automotive Retail & Mobility Service Dept.
Isuzu Business Div.
  - Isuzu ASEAN Dept.
  - Isuzu Europe, Middle East, America & Oceania Dept.
  - Isuzu Asia Dept.

Machinery Group CEO Office, Machinery Group Administration Dept.

Year Ended March 2018

Net Income*1 ¥560.2 billion

Share of Total Assets by Segment

12.0% (1.9 trillion)

6.5% 5.1% 12.9% 23.6% 12.0% 6.2% 28.7% 5.1%

Gross Profit and Income from Equity Method Investment

<table>
<thead>
<tr>
<th></th>
<th>¥ million</th>
<th>¥ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>196.0</td>
<td>182.1</td>
</tr>
<tr>
<td>Income from Equity Method Investment</td>
<td>25.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Total Assets (¥ billion)</td>
<td>16.3</td>
<td>17.3</td>
</tr>
<tr>
<td>ROA**</td>
<td>3.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total Assets (¥ billion)</td>
<td>16.3</td>
<td>17.3</td>
</tr>
<tr>
<td>ROA**</td>
<td>4.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Consolidated Net Income*4</td>
<td>1,726.9</td>
<td>1,739.6</td>
</tr>
<tr>
<td>Consolidated Net Income (¥ billion)</td>
<td>16.3</td>
<td>17.3</td>
</tr>
</tbody>
</table>

*1 Net income (loss) refers to "Net income (loss) attributable to owners of the parent." 
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*3 Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis.
*4 Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. The number of employees was 161 consolidated subsidiaries and equity-method affiliates (belonging to the Corporate Staff Section and all overseas regional subsidiaries). Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,260.

Machinery Group

Future Growth and Priorities

• Improve the profitability of existing businesses
  - Shifted management resources to achieve sustainable growth and a strong portfolio

• Strengthen inter-business collaboration
  - Work to strengthen inter-business collaboration based on industry- and region-wide perspectives

Shifted management resources to achieve sustainable growth and a strong portfolio

Machinery Group

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- Strive for sustained growth and further resilience in the automobile business in Asia
- Strive for sustained growth and further resilience in the automobile business in Asia
- Shift toward business management
- Stay on top of changes in the business environment

Internal Environment

External Environment

- Factors that could affect growth
  - Structural changes in emerging countries
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- Factors that must be watched closely
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  - Changes in the source of added value in the value chain

- Shift toward business management
  - Accelerate the development of management professionals to further enhance business sites
  - Rigorously allocate management resources according to the business life cycle

Machinery Group CEO Office, Machinery Group Administration Dept.

Machinery Group

Industrial Machinery Business Div.
  - Elevator & Escalator Operation & Marketing Dept.
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  - Ship & Offshore Dept.
  - Defense and Aerospace Dept.
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  - North Asia Automotive Business Dept.
  - Europe & Russia Automotive Business Dept.
  - Latin America, Middle East & Africa Automotive Dept.
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Isuzu Business Div.
  - Isuzu ASEAN Dept.
  - Isuzu Europe, Middle East, America & Oceania Dept.
  - Isuzu Asia Dept.

Machinery Group CEO Office, Machinery Group Administration Dept.
Chimicals Group

Progress on Midterm Corporate Strategy 2018

Towards attaining sizable growth
- Implemented a reorganization from four to three divisions
- Accelerated new businesses
  - Carried out investment projects to develop business in new fields while expanding existing businesses
  - Promoted efficiency according to the life cycle of each business
- Established trading arms in four major countries overseas
  - Spun off the chemicals business from overseas regional subsidiaries to strengthen the trading business and enhance agility and specialized expertise

Future Growth and Priorities

Petrochemicals
- Use competitiveness of raw materials to drive growth in businesses and expand into downstream businesses such as the mobility field

Basic Chemicals
- Capture further added value through value chain development

Life Sciences
- Strengthen and expand business domains in the fields of food and health

Risks and Opportunities Surrounding the Entire Group

Chemistry helps solve issues facing humanity and improve living standards by developing and manufacturing value-added materials and products from raw materials

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 strive to expand business by leveraging our ability to adapt and we capture opportunities resulting from changes in the business environment, such as the shale revolution, transitions in the mobility industry, and heightened environmental awareness
- We will create high-value-added businesses by organically connecting differentiated technologies and solving the structural imbalances occurring within the chemicals industry, by different industries and regions

Chemicals Group

|--------------------|---------------------|-------------------|
Risks and Opportunities Surrounding the Entire Group

Future Growth and Priorities

- Shift to businesses that pursue value creation from the customer's perspective and help solve environmental and societal issues
- Build a business basis that has a strong competitive edge in the global market
- Expand businesses closely attuned to regional communities in growth markets such as Myanmar and Indonesia

- Increased competition among different industries due to the rise of platform operators
- Increasingly divergent and sophisticated consumer needs and stronger interest in food safety and reliability
- Intensifying competition among different industries due to the rise of platform operators, etc.

Living Essentials Group

Progress on Midterm Corporate Strategy 2018

Food Business
- Expanded and enhanced the overseas meat business
- Enhanced productivity in the salmon farming business and raised profitability by strengthening sales capabilities

Retail Business
- Strengthened Lawson-related businesses
- Promoted cooperation with domestic supermarkets
- Promoted the launch of the overseas hospital business
- Entered the overseas medical devices and supplies distribution business

Healthcare Business
- Expanding medical device sales abroad
- increased profitability by strengthening sales capabilities

Future Growth and Priorities

- Shift to businesses that pursue value creation from the customer's perspective and help solve environmental and societal issues
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- increased profitability by strengthening sales capabilities

Future Growth and Priorities

- Shift to businesses that pursue value creation from the customer's perspective and help solve environmental and societal issues
- Build a business basis that has a strong competitive edge in the global market
- Expand businesses closely attuned to regional communities in growth markets such as Myanmar and Indonesia

- Increased competition among different industries due to the rise of platform operators
- Increasingly divergent and sophisticated consumer needs and stronger interest in food safety and reliability
- Intensifying competition among different industries due to the rise of platform operators, etc.
Members of the Board and Audit & Supervisory Board Members

(As of July 1, 2018)

Members of the Board

Ken Kobayashi
2016 Chairman of the Board
2015 President and Chief Executive Officer
1991 Joined MC

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

Kenji Nishikura
2016 Executive Vice President, Corporate Functional Officer, Corporate Sustainability
2015 Executive Vice President, Corporate Functional Officer, Chief Financial Officer
2013 Joined MC

Kazuyoshi Masu
2017 Executive Vice President, Corporate Functional Officer, Business Investment Management, Corporate Sustainability
2015 Executive Vice President, Corporate Functional Officer, Chief Financial Officer
1982 Joined MC

Iwao Toida
2018 Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources
2015 Joined MC

Akira Murakoshi
2017 Executive Vice President, Corporate Functional Officer, Corporate Functional Officer, Business
1982 Joined MC

Masakazu Sakakibara
2017 Executive Vice President, Corporate Functional Officer, Corporate Functional Officer
1981 Joined MC

Mitsumasa Isho
2018 Executive Vice President, Corporate Functional Officer, Corporate Functional Officer, Regional Strategy
2016 Joined MC

Audit & Supervisory Board Members

Shuma Uchino
2018 Senior Audit & Supervisory Board Member (Chairman) (present position)
1978 Joined MC

Hiroshi Kizaki
2015 Audit & Supervisory Board Member
1981 Joined MC

Tadashi Kunishio
2012 Audit & Supervisory Board Member
1986 Admitted to the Japan Bar (Admitted at the Local Bar)

Ryu Nishikawa
2016 Audit & Supervisory Board Member (Chairman) (present position)
2012 Wharton Faculty of Business & Commerce (present position)
2011 Wharton Faculty of Business & Commerce (present position)
2007 Chair, Accounting Standards Board of Japan (resigned in March 2010)
1980 Representative Partner, 670 Century Audit Corporation
1976 Certified Public Accountant
1974 Joined KPMG McCann Deloitte Accountants (currently KPMG McCann Deloitte Accountants)

Yuuko Takayama
2016 Audit & Supervisory Board Member
2011 Audit & Supervisory Board Member
1980 Joined JPMorgan Chase

\[\text{\textsuperscript{1}}\text{ Indicates Representative Directors.}\]
\[\text{\textsuperscript{2}}\text{ Indicates the fulfillment of the conditional conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc and other stock exchanges in Japan as well as selection criteria for Outside Directors specified by MC.}\]

Please refer to “Independence of Outside Directors and Outside Audit & Supervisory Board Members” on the MC website for thoughts regarding independence in selection criteria for Outside Directors. [http://www.mitsubishicorp.com/jp/en/about/governance/corporategovernance.html]

*3* Indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 16 of the Companies Act 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.

*1* Indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 16 of the Companies Act and other stock exchanges in Japan as well as selection criteria for Outside Directors specified by MC.

Please refer to “Independence of Outside Directors and Outside Audit & Supervisory Board Members” on the MC website for thoughts regarding independence in selection criteria for Outside Directors. [http://www.mitsubishicorp.com/jp/en/about/governance/corporategovernance.html]
Executive Officers
(As of July 1, 2018)

President
Takahiko Kakiuchi*
Kazuo Okawa Group CEO, Mitsubishi Heavy Industries Business Group
Hiroshi Sakuma Group CEO, Global Environment & Infrastructure Business Group
Kanjō Nishiura* Corporate Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (Concurrently) Regional CEO, Asia & Oceania
Hidemoto Mizuhara Regional CEO, North America (Concurrently) President, Mitsubishi Corporation America
Kazuyuki Masu* Corporate Officer, Corporate Communications, Human Resources (Concurrently) Division COO, Isuzu Business Div
Kenji Ota President, Mitsubishi Corporation (Americas), Ltd (Seconded to Mitsubishi Heavy Industries, Inc)
Aiichiro Matsunaga President, Mitsubishi Corporation do Brasil, S.A.

Senior Vice Presidents
Koichi Wada General Manager, Toyo Gas Business Div
Katsutaro Ito President, Mitsubishi Corporation (Hong Kong) Ltd (Concurrently) General Manager, Shanghai Branch, Mitsubishi Corporation (Hong Kong) Ltd
Takajiro Ishikawa Secretary of Mitsubishi Heavy Industries, Ltd (Seconded to Mitsubishi Heavy Industries, America, Inc) (Concurrently Executive Vice President, Mitsubishi Corporation)
Yasutru Hiraï Regional CEO, East Asia (Concurrently) President, Mitsubishi Corporation China Co., Ltd (Concurrently) General Manager, Beijing Branch
Fumimori Hasagawa Director COO, Energy Resources Div (Asia Pacific)
Tetsuji Nakagawa Director COO, Infrastructure Business Div
Noriyuki Tsunobuma Managing Director & CEO, Mitsubishi Australia Limited (Concurrently) Deputy Regional CEO, Asia & Oceania (Concurrently) General Manager, Beijing Branch
Yasushi Okahisa Special Appointments General Manager to Corporate Functional Officer
Shunehiko Yanagihara EVP, Mitsubishi Corporation (Americas) (Senior Executive Vice President)
Koji Kishimoto General Manager, Tokyo Branch
Eisuke Shiozaki Corporate Officer, Business Development Group, Mitsubishi Corporation (Japan) Ltd (Concurrently) General Manager, Acoustic Liaison Office (Concurrently) General Manager, Asahi Glass Co., Ltd
Yoshinori Katayama General Manager, Global Strategic & Coordination Dept
Yoshifumi Hachiya General Manager, Business Investment Management Dept
Takuya Kuga Director COO, Real Estate Business Div
Yasumasa Kikawagi Director COO, Resort Business Div
Hiroki Haba General Manager, Rosen Branch, Mitsubishi Corporation (America) (Concurrently) General Manager, Houston Branch, Mitsubishi International Corporation
Norio Saigusa President, Mitsubishi Company (Thailand), Ltd (Concurrently) President, Thai-MC Company, Limited (Concurrently) General Manager, Venture Lane Liaison Office
Yutaka Kikawagi Director COO, Information Business Div
Koichi Seri Secretary to the Group General Manager (Chair of the Board)

Executive Vice Presidents
Tsunehiko Yanagihara EVP, Mitsubishi Corporation (Americas) (Senior Executive Vice President)
Koichi Wada General Manager, Toyo Gas Business Div
Katsutaro Ito President, Mitsubishi Corporation (Hong Kong) Ltd (Concurrently) General Manager, Shanghai Branch, Mitsubishi Corporation (Hong Kong) Ltd
Takajiro Ishikawa Secretary of Mitsubishi Heavy Industries, Ltd (Seconded to Mitsubishi Heavy Industries, America, Inc) (Concurrently Executive Vice President, Mitsubishi Corporation)
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Yutaka Kikawagi Director COO, Information Business Div
Koichi Seri Secretary to the Group General Manager (Chair of the Board)

General Information
(As of March 31, 2018)

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, 2018

<table>
<thead>
<tr>
<th>Year ended</th>
<th>Number of shares issued</th>
<th>Number of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2013</td>
<td>237,010,053</td>
<td>1,590,076,851</td>
</tr>
<tr>
<td>March 2017</td>
<td>237,010,053</td>
<td>1,590,076,851</td>
</tr>
</tbody>
</table>

Principal Shareholders
Shareholding (discounted to the nearest thousand shares)

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>Number of shares (thousand shares)</th>
<th>Investment ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd (Trust Account)</td>
<td>111,482</td>
<td>6.28</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd (Trust Account)</td>
<td>90,465</td>
<td>5.32</td>
</tr>
<tr>
<td>Tokio Marine &amp; Nichido Fire Insurance Co., Ltd</td>
<td>74,534</td>
<td>4.69</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>64,846</td>
<td>4.08</td>
</tr>
<tr>
<td>Iseigo Trust P. Ltd</td>
<td>36,468</td>
<td>2.29</td>
</tr>
</tbody>
</table>

Note: The investment ratio is calculated by excluding 1,184,453 shares of treasury stock held by Mitsubishi Corporation and rounded to two decimal points.

Number of Shareholders
(As of March 31, 2018)

<table>
<thead>
<tr>
<th>Number of Shareholders</th>
<th>(Number of Shareholders)</th>
</tr>
</thead>
<tbody>
<tr>
<td>300,000</td>
<td>281,707</td>
</tr>
<tr>
<td>200,000</td>
<td>233,034</td>
</tr>
<tr>
<td>100,000</td>
<td>161,590</td>
</tr>
</tbody>
</table>

Shareholder Composition (Shareholding Ratio)

<table>
<thead>
<tr>
<th>Year ended</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies</th>
<th>Individuals and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2013</td>
<td>0.0%</td>
<td>1.0%</td>
<td>7.5%</td>
<td>34.3%</td>
<td>14.7%</td>
<td>1.0%</td>
<td>61.3%</td>
</tr>
<tr>
<td>March 2018</td>
<td>0.0%</td>
<td>1.4%</td>
<td>11.4%</td>
<td>36.2%</td>
<td>11.9%</td>
<td>1.0%</td>
<td>62.5%</td>
</tr>
</tbody>
</table>

<table>
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<th>Year ended</th>
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<td>March 2018</td>
<td>0.0%</td>
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<td>11.9%</td>
<td>1.0%</td>
<td>62.5%</td>
</tr>
</tbody>
</table>
Corporate Information

(As of March 31, 2018)

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 Shōki Building
3-1, Marunouchi 2-chome, Chiyoda-ku,
Tokyo, 100-8186, Japan
(Registered address of the Company)
Telephone: +81-3-3210-2121

Number of Employees:
Parent company: 6,129
Consolidated: 77,476

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

Number of Shareholders:
238,503

Stock Listings:
Tokyo, Nagoya

Transfer Agent for Shares and Special Accounts,
Account Management Institution:
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
1-1, Nikkocho, Fuchu,
Tokyo, 183-0044, 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
240 Greenwich Street, New York, NY 10286, U.S.A.
Telephone: (212) 680-6825
U.S. toll free: 888-269-2377
(BBB-BN/ADR)
URL: https://www.adrny Mellon.com

Contact:
Investor Relations Department, Mitsubishi Corporation
1-1, Marunouchi 2-chome, Chiyoda-ku,
Tokyo, 100-8186, 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: https://www.mitsubishicorp.com/jp/en/ir/

URL: https://www.mitsubishicorp.com/jp/en/csr/

Publication of Mitsubishi Corporation Integrated Report 2018

In our policy entitled Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing, which we formulated in May 2016, we at Mitsubishi Corporation (MC) described a policy of simultaneously generating three kinds of value through our businesses: economic value, environmental value and societal value. Since then, two and a half years have passed. MC achieved all of the quantitative targets we had announced in Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing by the fiscal year ended March 31, 2018. The systems introduced during this period are already making steady progress and delivering results. To accelerate our initiatives for further growth, we formulated a new management direction for the three years starting from the fiscal year ending March 31, 2020 and called it Midterm Corporate Strategy 2021—Achieving Growth through Business Management Model. In this integrated report, we present our specific 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.

December 2018

Kazuyuki Maas*
Member of the Board, Executive Vice President
Corporate Functional Officer, Chief Financial Officer, IT

* Indicates a Representative Director

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.