MC’S TRANSFORMATION

How will we adapt to a changing world?

Since its founding, Mitsubishi Corporation (MC) has contributed to industrial development through trading and investment activities based on the Three Corporate Principles: Corporate Responsibility to Society, Integrity and Fairness, and Global Understanding Through Business. Today, MC strives to achieve growth through a business management model that relies on three core strengths: the collective capabilities to adopt a holistic view across numerous industries, the foresight to identify New Seeds of Growth, and the execution skills to achieve growth.

Our Path

The start of a new business management model

Midterm Corporate Strategy 2018

Evolving Our Business Model from Investing to Managing

**Basic Policy**

Leverage our ingenuity to create new business models and generate value for societies, thereby developing the highest level of management expertise

**Management Objectives**

- Rebalancing of resource and non-resource businesses
- Cash-flow-focused management
- Further evolution from investment to managing
- Lifecycle-based portfolio re-profiling
Business Management Model

Through its more than 130 Business Units and a global network of around 1,700 companies in 90 countries and regions, the MC Group has access to virtually every industry worldwide. Capitalizing on its collective capabilities to adopt a holistic view across numerous industries, it is shifting away from a mindset that looks simply to invest in past sources of growth. By leveraging its strengths to become more deeply involved in business management, the MC Group seeks to create new value by transforming its businesses, as well as to raise corporate value by reforming its business structures through consolidation and other means.

Management Professionals

The key to achieving this shift from a business investment model to a business management model will be in developing and producing an even larger number of highly skilled management professionals who are able to respond flexibly to the changing business environment and who proactively engage in managing businesses. MC will pursue companywide initiatives to develop its management professionals, and through the businesses they create, MC will in turn be contributing to both society and the growth of the company. We are working to enhance the corporate value of the MC Group by achieving this virtuous growth cycle.
What transformations are needed to address the challenges of society?

Throughout its history, MC has leveraged its collective capabilities, foresight and execution skills to promote business activities in line with its guiding philosophy, the Three Corporate Principles. By simultaneously generating economic, societal and environmental value in addressing the needs of society through our business, we create corporate value while helping to build sustainable societies.

Our Value Creation

Corporate Philosophy

The Three Corporate Principles

Corporate Responsibility to Society

Integrity and Fairness

Global Understanding Through Business

The Strengths of MC

- Collective capabilities to adopt a holistic view across numerous industries
- Foresight to identify New Seeds of Growth
- Execution skills to achieve growth

Environment Surrounding MC

Geopolitical Risks

Digitalization

Transitioning to a Low-Carbon/ Decarbonized Society
**DX Digital Transformation**

In today’s modern era, with the pace of digitalization accelerating, the transformation of traditional business models is being demanded across every industry. Against this backdrop, MC specified the strengthening of its digital strategies as one of the main themes of Midterm Corporate Strategy 2021, resulting in the implementation of over 70 DX-related projects in the fiscal year ended March 31, 2021. By combining our industrial expertise with digital technologies in projects that span multiple industries, we aim to address the needs of society through business model transformation.

**EX Energy Transformation**

With Europe leading the way in global decarbonization efforts, Japan also aims to achieve carbon neutrality and a decarbonized society by 2050. The MC Group has been deeply involved in securing a stable supply of energy for Japan, which has limited natural resources. As a company that has always worked to fulfill its social mission in this area, we must adapt to current trends with a heightened sense of responsibility and determination. We will actively pursue EX with the aim of meeting the challenge of addressing environmental issues while also fulfilling our social mission to ensure a stable supply of energy.

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**Pushing Boundaries**

- **DX** Industrial structure reform
- **EX** Energy sector reform

**Solutions to key issues**

**Value provision**

**Corporate Vision**

- Economic value
- Societal value
- Environmental value

Simultaneous generation of all three values

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Special Feature: MC’s Value Creation P.36
Message from the President and CEO

ACHIEVING GROWTH
THROUGH BUSINESS MANAGEMENT MODEL

Takehiko Kakiuchi
Member of the Board, President and CEO
In addition to increasing geopolitical risks, we are seeing accelerating global shifts toward digitalization and a low-carbon/decarbonized society. In this changing environment, MC will continue to work under its corporate philosophy, the Three Corporate Principles, to drive digital transformation (DX) and energy transformation (EX), which we see as key issues for the future, across the MC Group. We recognize DX and EX as being essential to our ability to achieve sustainable growth through the simultaneous generation of economic, societal and environmental value in ways that fulfill the needs of society.

MC will demonstrate its adaptability by effectively responding to three major shifts in its external environment—geopolitical risks, digitalization and the transition to a low-carbon/decarbonized society.

The impact of the COVID-19 pandemic since last year has further accelerated the pace of change globally, including in terms of the political and economic situation, technological advances and societal values. Among these, I would like to share our perspective regarding three shifts that will have a major impact on our business environment.

### Geopolitical Risks

The most important issue from a geopolitical perspective is the hegemonic struggle between the US and China. Differences between the ideologies and value systems of these two countries have become more pronounced with the rise of state capitalist countries, including China, within the existing framework of globalism based on democracy and capitalism. Politics and economics, which were traditionally seen as separate spheres, have become increasingly intertwined, leading to concerns that an escalation of political disputes could result in economic disruption and decoupling. As a company engaged in business activities worldwide, we must thoroughly analyze geopolitical risks and exercise caution when determining where to situate our manufacturing and sales facilities.

### Digitalization

Also referred to as the Fourth Industrial Revolution, advanced digitalization based on the use of AI/IoT technologies is driving the transformation of traditional business models across every industry. In order to accurately identify issues and locate profit pools in each industry, we must adopt a big picture approach to our business activities. Over many years, MC has become deeply involved in a wide variety of industries. I believe that by combining the industrial knowledge gained through that experience with our digital expertise, we can play a pioneering role in the development of DX concepts that have the potential to transform entire industries.

### Transitioning to a Low-Carbon/Decarbonized Society

With Europe leading the way in global decarbonization efforts, Japan is also aiming to achieve a carbon neutral, decarbonized society by 2050. MC views this transition to a low-carbon/decarbonized society as an irreversible trend. Achieving this goal over the next three decades will require perseverance as well as numerous innovations. Since MC is involved in a variety of industries including the energy business, we have been and will continue to contribute toward realizing the necessary transformations for society.

Since becoming President and CEO, I have been consistently telling employees that the most important priority for MC is to strengthen our adaptability. The COVID-19 pandemic that began last year quickly grew to become a global crisis of historic significance, and I believe it has also highlighted some fundamental challenges that need to be addressed. The intelligence and knowledge gained by each and every one of our officers and employees through business management will enable us to demonstrate our adaptability, so that we can appropriately respond to this era of rapid transformation.
Message from the President and CEO

We will further accelerate our efforts to strengthen our business portfolio, promote our cyclical growth mechanism and implement HR reforms as set forth in Midterm Corporate Strategy 2021.

The MC Group’s consolidated net income for the fiscal year ended March 31, 2021 was 172.6 billion yen. We are deeply concerned by this extremely disappointing result, which fell short of our earnings forecast. This result was primarily attributable to large impacts to a number of key business areas, including mineral resources, natural gas, automobiles and retail. We see this situation as a crucial moment when our business management is being put to the test. However, thanks to the rebalancing of market-related and business-related segments based on the lessons learned after we posted a consolidated loss for the fiscal year ended March 31, 2016, we have built up sufficient resilience to avoid booking a deficit for the MC Group as a whole, even when significant fluctuations occur in the commodity market.

We have been making a number of efforts under Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model. Our automobile business in Thailand, which has established deep roots in the country over many years, achieved profit growth despite the COVID-19 pandemic by carrying out sales promotion activities and introducing new models. We are also laying foundations for future growth. For example, in the fiscal year ended March 31, 2020, we acquired the European integrated energy company Eneco, which is expected to make a steady contribution to the MC Group’s profits. While the economic environment is currently heading toward a gradual recovery, we believe this is no time for complacency, and we are determined to further enhance our business portfolio.

Expanding Our Portfolio in Downstream and Services Sector Businesses

MC’s business portfolio is managed across 12 segments consisting of upstream, midstream, and downstream areas in four fields: Living, Mobility & Infrastructure, Energy & Power Generation, and Services (IT, Logistics, Finance, etc.).

MC has consistently performed strongly in the upstream areas and has also built up a presence across midstream industries. However, we recognized that our initiatives in downstream areas, which are closest to customers, had been inadequate. Over the past two years, we have made progress on several initiatives in downstream areas. These include the acquisition of Eneco, which has a customer base consisting of over 6 million households, primarily in the Netherlands, as well as the launch of smart-city developments in BSD City in suburban Jakarta, Indonesia, and the formation of a partnership to start evaluation of urban management. We are also enhancing our services sector business by investing in location-based services company HERE Technologies, and I believe that we have achieved our original goal of strengthening our business portfolio.

Establishing Cyclical Growth Mechanisms

To achieve sustainable growth while also adapting to changes in our business environment, we need to proceed with strategic asset replacement while also establishing cyclical growth mechanisms. We will work to establish Growth Drivers and Core Businesses by discovering New Seeds of Growth and addressing management issues in Group companies. There will also be cases in which further involvement by MC is unlikely to deliver growth.

We need to create an ecosystem based on a virtuous growth cycle, in which the task of taking such companies into their next growth phase can be handed over to suitable partners. In this context, capital gains resulting
MC is pursuing its own unique DX and EX strategies that integrate DX initiatives, which are based on its knowledge and networks spanning a wide range of industries, with EX initiatives designed to combine sustainable improvement in industry competitiveness with solutions to environmental issues.

**DX Initiatives**

**Using Industrial Knowledge to Minimize Various Forms of Waste**

Our approach to DX calls for initiatives based on our unique strengths, including our network spanning a wide range of industries. MC is currently implementing over 70 DX projects with the aim of transforming entire industries by combining the industrial knowledge we have gained through practical business development across virtually every industry, from manufacturing and logistics to wholesaling and retail, with our digital know-how. A specific example of this approach is our involvement with DX initiatives in food distribution through Industry One, Inc., a joint venture company established by MC and Nippon Telegraph and Telephone Corporation (NTT) in June 2021. As part of this initiative, in 2019 we formed a business partnership with NTT in the field of industrial DX, with the aim of contributing to the transformation of Japanese industry by combining MC’s industrial knowledge with NTT’s advanced information and communications technology. By integrating data related to the distribution of food from manufacturers to retailers, and introducing an ordering system based on sophisticated demand forecasting through the use of AI, this project will minimize food loss, which has occurred in the past due to long-term storage, while improving inventory turnover rates and vehicle loading rates. Going forward, it will be possible to apply these concepts not only to food distribution, but to all industries.

Another example of our DX initiatives is Chubu Electric Power Miraiz Connect Co., Inc., which was established as a joint venture between MC and Chubu Electric Power to promote DX in the power retail business. Chubu Electric Power Miraiz Connect is able to provide optimized services by combining a highly localized customer base with marketing activities based on digital technologies. Chubu Electric Power Miraiz Connect is able to provide optimized services by combining a highly localized customer base with marketing activities based on digital technologies.
Power’s future growth and success depends directly on the prosperity of its service area. We will collaborate with them on an in-depth exploration of concepts that will help to enhance convenience for residents in their service area.

**EX Initiatives**

**Our Dual Responsibilities of Ensuring Stable Energy Supplies While Addressing Environmental Issues**

In the field of EX, MC will promote initiatives based on three perspectives: “Avoid” greenhouse gas (GHG) emissions through new development of renewable energy and other facilities and businesses; “Reduce” GHG emissions from existing facilities and projects; and “Remove” or neutralize any remaining GHG emissions. Through these initiatives, we aim to achieve sustainable improvement in competitiveness in various industries while working to find solutions to environmental issues. First, in the “Avoid” category, we aim to double our renewable power generation capacity by 2030 through the development of new offshore wind power generation and other projects. Second, in the “Reduce” category, we aim to divest our thermal power generation businesses and shift to low-carbon/zero-emission thermal power generation systems, while also switching to renewable energy sources. MC has set a goal to achieve 100% non-fossil fuel generation by 2050. During this transitional phase, we will also focus our efforts toward the creation of supply chains for next-generation energy sources in readiness for a shift to ammonia and ultimately hydrogen. Finally, in the “Remove” category, we aim to apply methods such as carbon capture and utilization/storage technology (CCU/S).

We see the realization of a low-carbon/decarbonized society as a goal that will require concerted efforts by society as a whole over the medium to long term. In the previous fiscal year, we formed an in-house Energy Committee consisting of three Group CEOs as a forum for continuing discussions about specific approaches that will allow us to address the environmental challenge of decarbonization while still ensuring stable supplies of the energy and power needed for industrial development. Each country and region has a unique perspective regarding energy security based on its specific circumstances. The most important goal of EX is to achieve a steady transition to a low-carbon/decarbonized society through comprehensive approaches that take timelines and regional characteristics into consideration. MC will actively develop new renewable energy businesses, while also continuing to fulfill its responsibilities as a long-standing member of the energy industry by ensuring stable supplies of energy and power. By approaching these efforts with a heightened sense of responsibility and commitment, and by working to realize a scenario calling for the phased reduction of CO₂ emissions, we are targeting a carbon-neutral society by 2050. I am also hopeful that we can contribute to decarbonization in other Asian countries by exporting business models that have succeeded in driving emission reductions in Japan.

**Under the Three Corporate Principles, MC will respond to societal needs and achieve sustainable growth together with society through the simultaneous generation of triple-value growth.**

**The Three Corporate Principles and the Simultaneous Generation of Triple-Value Growth**

Our Three Corporate Principles originated with the emergence of a new era in Japan after its turbulent transition from the Edo Period to the Meiji Restoration. Set out as values to be handed down to future generations, the Three Corporate Principles constitute the guiding philosophy for all of MC’s business activities. We are working to realize the simultaneous generation of economic, societal and environmental value based on the Three Corporate Principles. Fulfilling our responsibility for the stable supply of energy and power will lead to the...
After joining the company, I was assigned to the Feed, Meat & Livestock Department. In the 1960s, the Japanese livestock industry had only just begun to evolve into an industry in the real sense of the term. When I joined, MC was establishing a company based on the concept of raising chickens and pigs for the Japanese market. Feed materials were mainly purchased from the US and transported by ship, so we needed to develop port facilities to unload the feed, as well as large silos and compound feed manufacturing facilities. The new company decided to distribute chicken meat nationwide from the outset. This was an ambitious concept that had never been attempted in Japan before. Our fundamental goal was to take on the challenge of responding to society’s needs. It was wonderfully exciting to be directly involved in a process that transformed industrial structures and societal norms. Through this experience, I learned that activities with societal value also produce economic value. From an early age, I was in an environment that facilitated my awareness of such values and concepts.

Cross-Group Collaboration that Further Advances Our Strong Collective Capabilities

To shift toward digitalization and the realization of a low-carbon/decarbonized society, MC sees DX and EX as significant challenges in terms of encouraging changes in value systems and lifestyles. To achieve DX, we need to envision the process from the perspective of the dynamic changes that result from cross-group collaboration. Moreover, EX is obviously a concept that cannot be considered solely in terms of a single company or specific products, such as power or natural gas. Collaboration across Business Groups is therefore becoming an increasingly important factor when considering how we should change our business portfolio going forward, as well as our approach to emission reductions. We believe that all officers and employees across every Business Group need to think about these issues together, and we are working to raise awareness of these concepts accordingly.

Moving Forward

I would like to conclude this message by reiterating that despite the challenging business environment, MC will continue to do everything in its power to drive structural reforms in various industries and contribute to the realization of a low-carbon/decarbonized society. We will also work to fully meet the expectations of all of our stakeholders by achieving growth over the medium to long term under our business management model, while also addressing social and environmental issues through our business activities.
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In Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing, formulated in May 2016, Mitsubishi Corporation (MC) described a policy of simultaneously generating triple-value growth through our businesses: economic value, societal value and environmental value.

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 as our management direction the Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model, which is in the execution stage with the final year of the plan being the fiscal year ending March 31, 2022. 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 the preparation process and the accuracy of the content of disclosure with respect to this integrated report.

August 2021

Kazuyuki Masu
Member of the Board, Executive Vice President, Corporate Functional Officer, Chief Financial Officer
VALUE CREATION

MC’s Sustainable Value Creation Story

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Corporate Philosophy and Vision

Corporate Philosophy

Since its founding years, Mitsubishi Corporation has embraced the spirit of the Three Corporate Principles as its corporate philosophy.

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

The Three Corporate Principles

**Corporate Responsibility to Society**

*Shoki Hoko*

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

**Integrity and Fairness**

*Shoji Komei*

Maintain principles of transparency and openness, conducting business with integrity and fairness.

**Global Understanding Through Business**

*Ritsugyo Boeki*

Expand business, based on an all-encompassing global perspective.

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

MC Group Corporate Vision

**Mission**

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 on adapting to our ever-evolving world by anticipating and responding to changes including geopolitical shifts, economic transformation, technology-driven industrial developments and changes in societal values.

**Consolidated Growth Strategy**

The MC Group includes approximately 1,700 companies, and as it works to raise its consolidated earnings for the group as a whole, it remains equally committed to growing each enterprise’s own corporate value, while simultaneously generating economic, societal and environmental value. By leveraging the collective capabilities found throughout its network of Group companies and over 130 Business Units, MC shall continue to innovate and inspire global industries.

MC optimizes 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 Group is also dedicated to training highly ethical management professionals who have the foresight to identify new seeds of growth and the execution skills to achieve that growth.

Regardless of how our world evolves, there will always be opportunities to deliver goods and services that meet societal needs and improve quality of life. The realization of these opportunities forms the very foundation of MC’s consolidated growth strategy.
The MC Group aims to deliver sustainable growth by adapting to changes in the business environment and fulfilling societal needs with due consideration for the United Nations’ Sustainable Development Goals (SDGs). To achieve this aim, the MC Group shall rely on its three core strengths: the collective capabilities to adopt a holistic view across numerous industries, the foresight to identify new seeds of growth and the execution skills to achieve growth.

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

The Three Corporate Principles
Corporate Responsibility to Society
Integrity and Fairness
Global Understanding
Through Business

Collective Capabilities
to adopt a holistic view across numerous industries

Foresight
to identify new seeds of growth

Execution Skills
to achieve growth

Economic Value

Societal Value

Environmental Value

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

Trading Phase
From its founding until the 1980s, MC was primarily involved in the trading and distribution business. The Company supported a wide range of industries by serving as an intermediary, 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.

Trading Evolution Phase
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 was that such intermediaries were unnecessary. Under these circumstances, MC decided to step out from its role as an intermediary 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.

Major Events
- 1870: Original Mitsubishi organization founded
- 1954: New MC founded (historic re-merger)
- 1957: MC becomes Japan’s first trading company to take part in petroleum wholesale
- 1969: MC founds Brunei LNG
- 1974: MC signs construction contract for the international airport at Mombasa, Kenya
- 1981: MC signs joint venture contract with Saudi Petrochemical
- 1985: MC partners with Mitsui & Co., Ltd. in Northwest Australian LNG development project
- 1989: MC acquires Princes Limited, a UK-based food and drink company
- 1992: MC establishes Metanol de Oriente, METOR, S.A. (METOR), a methanol manufacturing and sales company in Venezuela
- 1992: MC joins the Sakhalin offshore oil and LNG development project
Business Model Transformation Phase (Acceleration of Business Investment)

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 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 31, 2016. Since then, MC has worked to rebalance its resources and non-resources businesses and has emphasized cash flow in management. Under Midterm Corporate Strategy 2021, MC is currently endeavoring to shift its business model from one that looks to investment as a source of growth toward a model of business management to actively generate value and drive growth. Furthermore, MC is focusing on promoting DX and EX to address the needs of society and create new business opportunities.
MC’s Value Creation Story

The External Environment Surrounding MC
Since 2020, the global COVID-19 pandemic has caused significant disruption to social and economic activities. Meanwhile, the adaptability of the MC Group has been further put to the test by other megatrends including geopolitical conflict and societal digitalization, as well as accelerating momentum toward transitioning to a low-carbon/decarbonized society.

Amid these circumstances, we will act in accordance with the Three Corporate Principles, which have served as MC’s guiding philosophy since its founding, to stay on top of global trends and to offer solutions to societal issues and needs by uncovering new business opportunities.

The Three Corporate Principles

Management Capital

- Human capital: Approximately 86,000 employees excelling in various fields of business across the globe. (Group consolidated basis)
- Network: A common ground for contact with all industries through 130 Business Units and 1,700 companies doing business in 90 countries and regions.
- Customer and partner capital: Relationships of trust with good customers and partners built upon long-term trading interactions.
- Intellectual capital: Multifaceted intelligence and know-how, including in macroeconomics, industry and geopolitics, accumulated through our global network.
- Brand capital: The trust and confidence the MC Group has earned through approximately 70 years of contributing to the development of society based on the Three Corporate Principles.

The Strengths of MC

- Collective capabilities: to adopt a holistic view across numerous industries (P. 20-21)
- Foresight: to identify New Seeds of Growth (P. 22-25)
- Execution skills: to achieve growth (P. 22-25)
Toward Value Creation Through the Simultaneous Generation of Triple-Value Growth

Based on the Three Corporate Principles, MC has continued to pass down the ideals of promoting integrity and fairness through its global business and contributing to the sustainable development of society. By flexibly adapting its business model in response to changes in the external environment and striving to create value, MC has grown together with society.

We will continue to work to simultaneously generate triple-value growth, to contribute to the achievement of the SDGs and to raise corporate value by addressing our Key Sustainability Issues, which are issues for management to address to promote sustainable growth. To accomplish these goals, we will leverage the diverse and capable management capital of the entire MC Group by applying our three core strengths: the collective capabilities to adopt a holistic view across numerous industries, the foresight to identify New Seeds of Growth, and the execution skills to achieve that growth.

Main megatrends

- Climate change
- Water shortages
- Depletion of natural resources
- Human rights issues
- Increasing demand for food
- Changes in economic and social structures
- Demographic changes (declining birthrate and aging population)
- Technological innovation
- Rapid urbanization, etc.

MC's Businesses

- Natural Gas (P. 94-95)
- Industrial Materials (P. 96-97)
- Petroleum & Chemicals Solution (P. 98-99)
- Mineral Resources (P. 100-101)
- Industrial Infrastructure (P. 102-103)
- Automotive & Mobility (P. 104-105)
- Food Industry (P. 106-107)
- Consumer Industry (P. 108-109)
- Power Solution (P. 110-111)
- Urban Development (P. 112-113)

Key Sustainability Issues (P. 34-35)

Achieving Growth Through Business Management Model

Midterm Corporate Strategy 2021

Compliance (P. 55)

Stakeholder Engagement (P. 62-67)
Global Partnerships that Facilitate Business Development in Diverse Industries

Global Network
MC has been developing a network to drive its next phase of major growth by continually enhancing its ability to respond to change, as well as by encouraging collaboration through the efficient and effective division of labor among the Head Office, MC offices and subsidiaries, and Group companies.

Customers and Partners in a Wide Range of Industries
MC has long contributed to the development of societies and economies by working with its customers and partners all over the world to develop various businesses that it could not have realized on its own. These good relationships are built up day by day as our irreplaceable assets that span the past, present and future.
Demonstrating the Collective Capabilities of MC

Aiming for a Comprehensive Service Offering Through Partnerships with Power Companies

Message from a Group CEO

Power companies often hold a substantial share of regional markets, having earned the trust of their local communities. By working together with these companies to uncover potential consumer needs and to formulate cross-industry strategies, we will leverage our respective strengths to drive innovation and create new businesses. I believe that this approach to DX is something that can only be achieved by the MC Group, given our ability to adopt a holistic view across virtually every industry through our vast business network.

Katsuya Nakanishi
Executive Vice President
Group CEO,
Power Solution Group

FOCUS

Collective Capabilities Spanning the MC Group — DX Initiatives in the Power Solution and Consumer Industry Groups

In order to promote digital transformation (DX) strategies that reflect the dynamically-changing power market environment, MC is making efforts to leverage its collective capabilities across Business Groups, including the Power Solution, Consumer Industry, Urban Development and Automotive & Mobility groups.

By combining the customer bases of utility companies with the MC Group’s services and networks, we aim to transform our energy retail business into a comprehensive service offering that incorporates a broad range of services that support the everyday lives of consumers.

We provide services that support local communities, together with energy transformation (EX) initiatives toward a decarbonized society.

A new business model combining the respective strengths of MC and power companies

Providing new value to consumers and local communities

TOPIC

Power and Retail DX: Establishment of Chubu Electric Power Miraiz Connect, Inc.

Driven by a mission to develop lifelong customer connections, Chubu Electric Power Miraiz Connect, Inc. is contributing to Japan’s regional and societal development by offering services that strengthen family bonds across generations and link how people live, form communities and engage in business.

The company builds upon the customer base of Chubu Electric Power Miraiz Co., Inc., which has earned the trust of local communities through its connections with individual households, and combines it with the MC Group’s extensive industry networks as well as retail and marketing expertise gained through its involvement in the operations of Lawson convenience stores, supermarkets and Loyalty Marketing, Inc. By integrating these respective strengths with the latest digital technologies, Chubu Electric Power Miraiz Connect is able to anticipate a wide variety of customer needs, in relation to both everyday life as well as major life events, to provide tailored services on a one-to-one basis.

Chubu Electric Power Miraiz Connect, Inc. was established in April 2021 (Chubu Electric Power Miraiz Co., Inc. 51%, MC 49%).

In addition to life-planning and insurance sales services for each life stage, Chubu Electric Power Miraiz Connect offers community-focused internet retail services, as well as senior monitoring services that utilize power usage data and IoT technologies. It also plans to introduce business process outsourcing (BPO) services, including welfare services, for local small- and medium-sized enterprises.

Chubu Electric Power Miraiz Connect leverages the MC Group’s expertise and networks (through Lawson convenience stores, Loyalty Marketing, Inc. (Ponta), supermarkets, etc.) in service development and partnering.

Profile of Chubu Electric Power Miraiz Connect, Inc.

<table>
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<th>Power Companies’ Customer Bases</th>
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<td>Millions of customers</td>
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<td>Trust in power companies</td>
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<td>Substantial market share in specific regions</td>
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<td>Customer data</td>
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<table>
<thead>
<tr>
<th>MC’s Industrial Expertise and Networks</th>
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<tbody>
<tr>
<td>Retail</td>
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<tr>
<td>Digital</td>
</tr>
<tr>
<td>Healthcare</td>
</tr>
<tr>
<td>Mobility</td>
</tr>
<tr>
<td>Environment and infrastructure</td>
</tr>
</tbody>
</table>

| Providing new value to consumers and local communities |
The Strengths of MC

Growth Driven by Management-Minded Professionals Who are Committed to Increasing Corporate value

People are MC’s greatest asset and the source of its competitiveness. Since its founding, MC has successfully weathered various crises and environmental changes by adapting its business models, thanks to the ability of employees to identify global changes. Without employee growth, there can be no sustainable development for MC. With this in mind, we began implementing HR system reforms in April 2019 as part of Midterm Corporate Strategy 2021 (details on the page to the right). Two years later, these reforms are gradually starting to yield tangible results. One such result is the progress made toward flexible promotions based on duties performed. MC has over 130 Business Units and approximately 1,700 Group companies. As the scale and missions of these organizations and companies evolve, the types of people needed to manage them also change. We have taken steps to ensure that capable and highly motivated people are promoted, regardless of age, gender or other attributes, based on their performance assessments and suitability for management tasks. This policy is resulting in further active contributions from female and younger employees. We have also made improvements in terms of diversity and career mobility as a result of cross-organizational initiatives, such as the work of the Industrial DX Task Force, and increased cross-organizational transfers. We are also adjusting remuneration according to each employee’s tasks and performance. This policy is helping to motivate people and encourage contribution. As a result of these initiatives, we are seeing the formation of a virtual cycle in which the Company’s growth and success creates more opportunities for employees to achieve growth and advance their careers.

We have also established a culture that supports self-growth by enhancing and expanding talent management and training programs. In the fiscal year ending March 31, 2022, we will launch a new training program to accelerate digital transformation (DX). We will also continue to support employee growth and skill improvement through both on- and off-the-job (OFF-JT) training. In order for our diverse professionals to be able to fully demonstrate their capabilities and continuously create corporate value, measures to develop employees and enhance working environments will be essential on a global, consolidated basis. We will further expand our focus to include initiatives to promote new ways of working, including health management, support for women’s careers and improvements in productivity and efficiency. The world is moving at an accelerating pace toward digitalization and the creation of a low-carbon/decarbonized society. Companies, together with their employees, must continue to change, grow and enhance their adaptability. However, the Three Corporate Principles, which are rooted in the minds of all of our officers and employees, will remain unchanged as our universal approach. Each of MC’s officers and employees will apply their foresight and execution skills, as well as other aspects connected to the Three Corporate Principles such as integrity and fairness, to improve the corporate value of every MC Group company. Furthermore, by contributing broadly to society through earnest engagement across a wide array of industries, we aim to achieve sustainable growth together with society.

Akira Murakoshi
Member of the Board, 
Executive Vice President, Corporate Functional Officer, 
CDO, CAO, Corporate Communications, Corporate Sustainability & CSR
HR System Reforms under Midterm Corporate Strategy 2021

Under Midterm Corporate Strategy 2021, we will create the necessary mechanisms to achieve our ideal business portfolio, as well as the necessary systems to nurture businesses with the potential to grow into Core Businesses. Developing human resources capable of driving this growth is our most important management priority. In order to respond quickly to developments worldwide, we will continue to promote our business management model, which aims to ensure reciprocal growth between the Company and its employees, by becoming an organization that aggregates the knowledge of its employees working across virtually every industry, and one that brings together and utilizes its diverse talent base.

The Necessary Attributes for MC Employees

In promoting our business management model, our corporate growth is driven by employees who have high moral and ethical standards and who possess the foresight to identify New Seeds of Growth and the execution skills to achieve growth.

Management-minded professionals who are committed to increasing corporate value

- Foresight
  Determine the true nature of one’s own business and function, anticipate changes in the internal and external environments and develop forward-looking strategies

- Execution skills
  With teamwork as a prerequisite, demonstrate leadership and the ability to develop talent, drive the organization forward and see efforts through to the end

- High moral and ethical standards
  Maintain highly ethical standards and earn the respect of all stakeholders

HR System Reforms—Four Key Policies

1. Support employees’ self-growth and company growth
   • We will achieve high levels of growth by enabling every employee to achieve self-growth on the path toward becoming management professionals.
   • With “supporting growth” set out as one of the most important objectives for managers, we provide development opportunities for employees and support growth.

2. Ensure employees gain the right experience earlier
   • We enable employees to achieve growth and succeed by gaining the right experience in a stepwise fashion.
   • We will promote cross-organizational transfers and placements.

3. Ensure meritocratic systems so that the right people are assigned to the right positions
   • We will enhance talent management through multifaceted evaluation and monitoring systems. We will ensure that the right people are assigned to the right positions, regardless of age, gender or other attributes.

4. Utilize management professionals throughout the MC Group and realize more appropriate benefits
   • We will place people with management potential in appropriate positions, promote them to management posts with high levels of importance and difficulty, and utilize them companywide across organizational boundaries.
   • We will ensure that the structure and level of remuneration is appropriate for the job requirements and results, while ensuring that employees take responsibility for results.

Develop and Utilize Management Professionals in a Stepwise Fashion

Frontline Professional Development
MC gives employees the chance to accumulate a variety of in-depth experience in Group companies and other frontline locations, while interacting with internal and external stakeholders directly, for early development into frontline professionals.

Practical Application of Management Experience
Through the management of people, organizations and projects, MC further develops employees into management professionals who can deliver results.

Application as Management Professionals
MC develops professionals who are capable of transcending fields and taking the lead of larger organizations and projects to deliver results.
Progress in HR System Reforms

To achieve our four key objectives as well as to develop and utilize employees at an early stage in their careers, MC is advancing the following initiatives.

Assigning the right people to the right positions
by promoting management professionals according to work responsibilities and realizing more appropriate benefits

We are conducting assessments of work responsibilities and talent, and we have placed about 700 people (as of April 2021), into important management positions such as officers, Division COOs and General Managers of MC as well as management executives of MC Group companies, regardless of age or gender.

Balanced Compensation Structure and Share-Based Compensation Plan

We have shifted our compensation structure for employees meeting a certain level of ability and responsibilities to a structure based on job evaluation. The higher the degree of involvement in managerial duties, the higher the proportion of variable remuneration. We have also introduced a share-based compensation plan to promote reciprocal growth between MC and its employees in the medium to long term.

Developing management professionals and supporting growth through the expansion of talent management

We promote the self-growth of employees by conducting dialogues which provide opportunities for insights in response to self-review and feedback from colleagues including 360-degree management reviews.

In addition, through a multifaceted evaluation and observation system, we take a skills and experience inventory of every employee, which helps in deciding transfers and placements in the wider workforce.

Through this system, we will support the growth of every employee, and by accumulating diverse experiences through a system of transfers and placements where the right people are assigned to the right positions, we will develop talent with high management capabilities at an early stage.

Growth Dialogues

Growth dialogues were adopted as a system to encourage employees’ self-growth and to promote support for that growth from superiors and colleagues. Conducted separately from performance evaluations, employees receive feedback from their colleagues about their strengths and weaknesses before engaging in one-on-one dialogues with their managers, who focus on reviewing their skills and career development. Employees’ requests regarding their careers are also considered in transfers and placements.

Career Challenge Program

This program allows employees to request transfers outside of their organizations. For employees who want to steer their own career and take on new challenges, we offer opportunities for growth in a variety of forms.

HR development programs to nurture management capabilities

We plan and implement our HR resources development programs with 3 key policies: 1) Encouraging employees’ self-growth with further focus on management professionals, 2) Providing trainings to strengthen leadership and HR development capabilities for management positions, and 3) Setting up a learning mechanism to enhance employees’ autonomous growth, while reviewing them every year.

Innovators’ Program

Run by MC, this program invites professors from the Stanford d.School as lecturers and aims to nurture the conception skills necessary to grow business value. It is a good platform for learning about design thinking and other thought processes that inspire innovation, as well as the background and mechanisms behind the rapid growth of Silicon Valley enterprises.

(DX Acceleration Program

To accelerate the development of DX project managers, starting in the fiscal year ending March 31, 2022, we will conduct a program aimed at the early achievement of DX projects currently at the conceptualization stage and intensively strengthen DX project management capabilities. This program invites outside experts who are currently active and at the forefront of their industries to serve as lecturers and instructors.

MC conducts regular, ongoing reviews and discussions about HR systems and important HR-related issues in forums such as the Human Resource Development (HRD) Committee, set up under the Executive Committee. We also conduct opinion exchanges with internal and external stakeholders through business execution reports in Board of Directors’ meetings, dialogues with Audit & Supervisory Board Members, labor management meetings with the staff union, among others.
**My Story of Growth**

**Messages from employees who continue to take on challenges in the field**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Joined Foods (Products) Division, Living Essentials Group</td>
</tr>
<tr>
<td>2009</td>
<td>Seconded to San-Esu Inc. (currently Mitsubishi Shokuhin Co., Ltd.) as Executive Assistant to the President</td>
</tr>
<tr>
<td>2012</td>
<td>Global Consumer Business Development Unit</td>
</tr>
<tr>
<td>2015</td>
<td>Studied at Stanford Graduate School of Business</td>
</tr>
<tr>
<td>2019</td>
<td>Appointed to CO-COO of PT. FAST RETAILING INDONESIA</td>
</tr>
</tbody>
</table>

**CO-COO**

<table>
<thead>
<tr>
<th>Name</th>
<th>CO-COO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yugo Shima</td>
<td>PT. FAST RETAILING INDONESIA</td>
</tr>
</tbody>
</table>

**Taking on the rewarding challenge of leading an organization to leave an impact on society**

Early in my career, I was transferred to a long-established food wholesaler where I visited sites all over Japan, shadowing the president and learning the ropes of management firsthand. I remember thinking that top management was difficult, but the job seemed rewarding as it involves leading an organization to leave an impact on society. I knew that I wanted to take on that challenge myself in the future. Next, I was put on a team to develop new business in emerging countries in Asia, with a focus on India and Pakistan. Seeing those growth markets with my own eyes, I realized I wanted to do a job that can enrich people’s lives in the growing middle class.

My wish came true, and I am now the CO-COO of the Indonesian subsidiary of Fast Retailing Co., Ltd., which owns UNIQLO. Indonesia was hit hard by the COVID-19 pandemic and UNIQLO, too, experienced temporary store closures during lockdowns. Amid this, we thought hard each day to find ways to contribute to the lives of people in Indonesia, such as by proposing leisurewear and other products to match lifestyle changes and meet customer needs, as well as donating over 1.8 million masks and protective clothing items to healthcare workers as a corporate philanthropy initiative.

Management is a daily battle against difficulties, but we will move forward under the belief that we can overcome any challenges if we work together as a team.

**Striving to build a recycled plastics business using diverse experiences as a source of growth**

Since joining the company, I have had diverse experiences spanning different organizations. In the chemicals field, I started with the trading of raw materials in fertilizers, became involved in large-scale investment project development and also a withdrawal project and experienced the challenges involved in project execution. In the mineral resources field, I gained firsthand experience of iron ore and copper at mining sites in Chile and Peru, and learned approaches to both operation management and business investment. Along with comprehensive experience in business life cycles, in the Corporate Sustainability Department, I learned how to incorporate the concept of sustainability into company policies and actual operations. I feel that I can draw upon these experiences and put them to good use when problems arise in business development.

Currently, I am working to build new business models in the recycling field within the petrochemical value chain, an area where climate change, marine plastics and other issues are demanding transformation. In the future, I want to take on the challenges of managing a company and to contribute to further value creation.
## Progress toward Midterm Corporate Strategies

### Demonstrating adaptability to changes in the business environment, and executing management strategies from a long-term perspective

<table>
<thead>
<tr>
<th>Awareness of Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Platform Reform</strong></td>
</tr>
<tr>
<td>• Due to the deterioration in the market for natural resources, MC rebalanced its portfolio based on the fiscal year ended March 31, 2016, in which the Company recorded the first consolidated net loss since its founding</td>
</tr>
<tr>
<td>• In a rapidly changing business environment, focused on managing cash flow to maintain business stability amid economic uncertainty</td>
</tr>
<tr>
<td><strong>Stable Shareholder Returns</strong></td>
</tr>
<tr>
<td>• Recorded a consolidated net loss for the fiscal year ended March 31, 2016. Maintained a dividend of 50 yen per share (base portion). Necessity of stable shareholder returns based on ability to create cash flow</td>
</tr>
<tr>
<td><strong>Acceleration of Asset Replacement and Shift to a Business Model Aimed at New Growth</strong></td>
</tr>
<tr>
<td><strong>Rebalancing of Resources and Non-Resources</strong></td>
</tr>
<tr>
<td>(Exposure of market-related segments: business-related segments = 3:7)</td>
</tr>
<tr>
<td>Replace “resources/non-resources,” with “market-related segments/business-related segments” based on risk sensitivity to market conditions</td>
</tr>
<tr>
<td>Achieve optimum balance by maintaining a constant investment balance for market-related segments</td>
</tr>
<tr>
<td>• For market-related segments (mainly resources), continue to invest in prime assets while maintaining investment balance, thereby optimizing portfolio quality</td>
</tr>
<tr>
<td>• For business-related segments (mainly non-resources), re-profile portfolios but increase their size by investing in growing businesses where we can proactively demonstrate our strengths and functions</td>
</tr>
<tr>
<td><strong>Cash-Flow-Focused Management</strong></td>
</tr>
<tr>
<td>• Controlling interest-bearing debt by managing investments and shareholder returns within our total cash flow</td>
</tr>
<tr>
<td>• To flexibly control cash flow, have corporate and Business Groups focus on managing cash flow to make steady progress toward autonomous Group management</td>
</tr>
<tr>
<td><strong>Further Evolution from Investing to Managing</strong></td>
</tr>
<tr>
<td>• Shift from the concept of investing in businesses to managing them and generating continuous value</td>
</tr>
<tr>
<td><strong>Lifecycle-Based Portfolio Re-Profiling</strong></td>
</tr>
<tr>
<td>• Promote re-profiling by assessing whether or not a business should be continued based on our functional engagement in the business and its lifecycle</td>
</tr>
</tbody>
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### Midterm Corporate Strategy 2018  Evolving Our Business Model from Investing to Managing

Leverage our ingenuity to create new business models and generate value for societies, thereby developing the highest level of management expertise.

<table>
<thead>
<tr>
<th>Shareholder Returns Policy</th>
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<tbody>
<tr>
<td>Introduce a progressive dividend scheme, which increases in line with sustainable earnings growth, as a base, and flexibly buy back our stock when necessary</td>
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### Review

Financial soundness improved under the stabilization of business performance through the rebalancing of market-related and business-related segments, and through the promotion of asset replacement based on strict investment discipline. Ordinary profits accumulated for both the business-related and market-related segments, hitting record highs. In addition to the continuation of dividend increases in line with profit growth based on a progressive dividend scheme, we carried out share buybacks (300 billion yen) to boost capital efficiency based on cash flow, investment leverage and other circumstances over the course of three years.

<table>
<thead>
<tr>
<th>Awareness of Issues</th>
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<tbody>
<tr>
<td>• Building our envisioned business portfolio, adapted to changes in the external environment</td>
</tr>
<tr>
<td>• Building growth mechanisms that demonstrate our strengths and improve business value in line with business stage</td>
</tr>
<tr>
<td>• Deepening our business management model through early-stage HR development of highly skilled management professionals</td>
</tr>
</tbody>
</table>
Changes in the external environment recognized in the fiscal year ended March 31, 2021

- Vaccination against COVID-19 has started in earnest worldwide, and the economic environment is on track for a gradual recovery. Digitalization has progressed further due to changes in lifestyles brought on by the COVID-19 pandemic.
- Governments around the world have declared targets to achieve net-zero GHG emissions, and the shift toward a low/zero carbon society has accelerated.
- Geopolitical uncertainty centered around the hegemonic confrontation between the US and China has increased.

Outline of Midterm Corporate Strategy 2021

Achieve growth premised on triple-value growth through our business management model, while adapting to rapidly changing developments including geopolitical shifts, digitalization and the transition to a low-carbon/decarbonized society.

Business Portfolio

Portfolio-based decision-making (strengthening of downstream and services sector businesses)

DX/EX progress in downstream areas, Energy & Power Generation segment and services segment
- Enhanced downstream businesses, including by acquiring Eneco (a European integrated energy company with a customer base of 6 million households primarily in the Netherlands) as well as by participating in BSD City District smart-city development in suburban Jakarta, Indonesia, and forming a partnership to start evaluation of urban city management.
- Strengthened the Energy & Power Generation sector business through acquisitions including development rights for a large-scale offshore wind farm in the Netherlands following the acquisition of Eneco.
- Enhanced the services sector business through the conclusion of an investment agreement with the world’s leading location-based service company HERE Technologies.

Upstream activities connected to the progress of electrification
- Development of the Quellaveco copper project in Peru, is on track to start production in 2022.
- Acquired a 30% stake in the Aurukun Bauxite Project in Australia. Bauxite is a raw material source for lightweight, highly recyclable aluminum.

Progress of DX/EX initiatives to address key issues of the future
- Business partnership with the NTT Group in DX, Established Industry One, Inc. to deliver DX solutions for industry.
- Established Chubu Electric Power Miraiz Connect Co., Inc. with the Chubu Electric Power Group to promote power and retail DX initiatives.
- Currently considering and advancing over 70 DX projects companywide, through actions including the formation of a companywide industrial DX Task Force.
- For EX, aiming to improve the sustainable competitiveness of industry while addressing environmental issues.
- Aim to double renewable power generation capacity by the fiscal year ending March 31, 2031 relative to the fiscal year ended March 31, 2020 and achieve 100% non-fossil fuel generation by 2050.

Progress in asset replacement under the Value-Added Cyclical Growth Model
- Implemented asset replacements of power generation and real estate development assets after improving their business value.
- Evaluated a companywide list of loss-making companies and strengthened turnaround and replacement policies.

HR System Reforms

HR system reform aiming for the continuous development of highly skilled management professionals
- Fully introduced evaluation and compensation systems to ensure reciprocal growth between the Company and its employees.
- Revised the HR system in April 2019 to:
  (1) ensure that employees gain the right experience to become management professionals earlier in their careers;
  (2) be more meritocratic to ensure that the right people are assigned to the right positions; and
  (3) utilize management professionals more widely and effectively throughout the MC Group.
- Efforts to place the right people at the right positions; assignment of management professionals to positions well aligned with their expertise.
- Fair treatment of employees appropriate to their duties through well-balanced evaluation and compensation systems.
- HR development for management professionals and growth support through reinforced talent management.

Financial Targets & Capital Policy

Shareholder Returns Policy

Consolidated net income for the fiscal year ended March 31, 2020: ¥535.4 billion; Consolidated net income for the fiscal year ended March 31, 2021: ¥172.6 billion
Forecast of consolidated net income for the fiscal year ending March 31, 2022: ¥380 billion
Continued progressive dividends under a capital policy based on financial discipline*
- Dividends in the fiscal year ended March 31, 2020: ¥132 per share; dividends in the fiscal year ended March 31, 2021: ¥134 per share; dividends forecast for the fiscal year ending March 31, 2022: ¥134 per share.

*While maintaining cash flow management, we will work to make a clean break from “market-follower” investment practice by investing as necessary, regardless of the Group’s business performance.
Progress toward Midterm Corporate Strategies

01 Business Portfolio

- DX/EX progress in downstream areas, Energy & Power Generation segment, and services segment
- Upstream activities connected to the progress of electrification

02 Growth Mechanisms: Enhancement of New Business Concepts and Digital Strategies

Progress of DX/EX initiatives to address key issues for the future
- Formed a business partnership with NTT Corporation and set up a companywide Industrial DX Task Force. As part of this initiative, established Industry One, Inc. as a DX services company to steadily promote industrial DX
- Established Chubu Electric Power Miraiz Connect Co., Inc. with the Chubu Electric Power Group to promote power and retail DX initiatives
- Aim to double renewable power generation capacity by the fiscal year ending March 31, 2031 relative to the fiscal year ended March 31, 2020 and achieve 100% non-fossil fuel generation by 2050

DX Actions
- Promote DX in a way that is unique to the MC Group by leveraging our knowledge and networks across a wide range of industries.
- Promote DX together with EX to reduce food loss and CO₂ emissions through greater logistics efficiency

Promote Industrial DX
- Established Industry One with the NTT Group
  MC and NTT aim to provide DX solutions for Japanese industry by leveraging respective strengths of industrial knowledge and ICT technology expertise

Promote Power and Retail DX
- Established Chubu Electric Power Miraiz Connect Co., Inc. with the Chubu Electric Power Group
  The company provides solutions for the daily needs and events of a diverse customer base by integrating strong community connections and digital marketing expertise
  (More than 70 other DX projects are underway in addition to the above)

EX Actions
- MC will present its unique optimal solution within the fiscal year ending March 31, 2022 targeting a carbon-neutral society by 2050
- We aim to achieve a balance between improving the sustainable competitiveness of industry and addressing environmental issues through initiatives from the following three perspectives:

  Avoid
  - New development of renewable energy, as well as other facilities and businesses that avoid generating greenhouse gas (GHG) emissions
  - Strengthen efforts in renewable energy projects such as offshore wind and hydroelectric power generation

  Reduce
  - Reduce of GHG emissions from existing facilities and projects, including thermal power
  - Set thermal power divestment targets
  - Contribute to stable energy supplies and the transition to low/zero-emission thermal power

  Remove
  - Neutralize remaining GHG emissions
  - Strengthen carbon neutrality initiatives through carbon capture and utilization/storage (CCU/CCS), etc.
**03 Growth Mechanisms: Asset Replacement under a Value-Added Cyclical Growth Model**

- Implemented asset replacements of power generation and real estate development assets after improving their business value.
- Evaluated a companywide list of loss-making companies and strengthened turnaround and replacement policies.

**What makes MC capable of enhancing business value?**
- Collective Capabilities: To enable a holistic view across numerous industries.
- Foresight: To identify New Seeds of Growth including industrial restructuring and M&A.
- Execution Skills: To grow corporate value by actively managing businesses.

**Growth trajectory of operating companies**

**New Seeds of Growth**

**Growth Drivers**

**Candidates**

**Enhance Business Value**

**Core Businesses**

**Improved ROE**

Generate sufficient returns as capital gains by enhancing value of businesses.

1. Improve capital efficiency from all investments, including large-scale M&As.

**Cost of Capital**

(equity-market capitalization ÷ investment amount)

**Invest**

**Growth Drivers**

- LNG-related/Fund-related
- Aircraft leasing-related/Ship-related/Real estate-related
- Thermal coal-related/Aircraft leasing-related/Ship-related
- Thermal coal-related/Power generation-related/Real estate-related
- Power generation-related/Real estate-related/North American shale gas business

**Cash flow from replacement of assets:**

Execute divestment and recovery totaling approximately 2.5 trillion yen over 5 years. Execute total of approximately 1 trillion yen over 2 years during the period of Midterm Corporate Strategy 2021, compared to the initial assumption of 0.7 trillion yen over 3 years.

<table>
<thead>
<tr>
<th>Period</th>
<th>Divestment and Recovery (billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/3</td>
<td>390.0</td>
</tr>
<tr>
<td>2018/3</td>
<td>478.4</td>
</tr>
<tr>
<td>2019/3</td>
<td>621.1</td>
</tr>
<tr>
<td>2020/3</td>
<td>558.7</td>
</tr>
<tr>
<td>2021/3</td>
<td>446.1</td>
</tr>
</tbody>
</table>

**2017/3**

**04 HR System Reforms**

- Efforts to place the right people at the right positions; assignment of management professionals to positions well aligned with their expertise.
- Fair treatment of employees appropriate to their duties through well-balanced evaluation and compensation systems.
- Progress in HR development in the area of management and growth support through the enhancement of talent management.

**Ideal Employees**

Management-minded employees committed to enhancing business value

- Foresight
- Execution skills
- High moral and ethical standards

**Four Key Policies**

1. Support employees’ self-growth and company growth
2. Ensure employees gain the right experience earlier
3. Ensure meritocratic systems so that the right people are assigned to the right positions
4. Utilize management professionals throughout the MC Group and realize more appropriate benefits

**Specific Initiatives**

- As a result of efforts to place the right people at the right positions, increased the number of younger employees promoted to management positions by 50% from April 2019.
- Shifted the evaluation and compensation systems for management positions to structures based on roles and achievements, and expanded the proportion of variable remuneration and conduct fairer evaluations.
- Conducted growth dialogues for all employees, and considered transfers and placements from a wide group based on diverse evaluation and observation mechanisms by superiors, colleagues, subordinates, etc.
- Introduced new HR development programs such as the Innovators’ Program and DX Acceleration Program.
- Promoted the development of vibrant workplaces that can encourage the engagement of our diverse pool of talent (employee health and productivity management and supporting women’s careers).

In addition to HR system reforms, formed a companywide Industrial DX Task Force to promote collaboration across organizational boundaries.

Note: The members removed their face masks only when this picture was taken.
Realizing stable returns through investments, asset replacement and progressive dividends while maintaining financial discipline

Kazuyuki Masu
Member of the Board, Executive Vice President
Corporate Functional Officer, Chief Financial Officer

A Steady Recovery on the Heels of an Extremely Harsh Financial Result

MC’s consolidated net income for the fiscal year ended March 31, 2021 was an extremely harsh result of 172.6 billion yen, a decrease of 362.8 billion yen from the previous fiscal year. Against a backdrop framed by the impact of the COVID-19 pandemic and falling resource prices, our performance was negatively affected by several factors: a steep drop in profitability starting with the Australian metallurgical coal business, one of MC’s strengths, and extending to the LNG- and automotive-related businesses; a rebound in one-off gains recorded in the previous fiscal year in connection with the restructuring of the Chilean copper business; and impairment losses on goodwill to Lawson, Inc. and its intangible assets recorded in the latest full fiscal year.

We take these harsh results very seriously and will apply the lessons learned to future initiatives. Meanwhile, we must also correctly acknowledge factors including that: (1) operating income exclusive of transient income such as impairment losses was maintained at a scale of 300 billion yen despite the challenging business environment; (2) even with the impact of the COVID-19 pandemic, businesses including meat and petroleum, as well as the Thailand automotive business, buoyed earnings with year-on-year profit growth; and (3) certain mineral resources businesses such as copper and iron ore have started to grow their profits through initiatives to restore and lift market conditions.

Cash Flows Continue to Evolve Steadily

While consolidated net income declined sharply by 362.8 billion yen compared with the previous fiscal year, cash flow from operations was 625.2 billion yen, a decrease of only 46.9 billion yen from the previous fiscal year. Among the factors behind the decrease in consolidated net income were non-cash-related losses, which included the impairment charges for Lawson. Meanwhile, the inclusion of Eneco in consolidated financial reporting started to generate a positive contribution to cash flow. Cash flow for investment consisted of 803.4 billion yen in outflow, including an equity investment in HERE Technologies as well as capital investments in the European renewable energy businesses and LNG-related businesses. Meanwhile, MC took steps to maintain financial discipline such as proceeding with divestment of strategic shareholdings and selling off properties in the North American real estate business. This resulted in the recovery of 446.1 billion yen, yielding a net outflow of 357.3 billion yen. Consequently, even while consolidated net income

A review of the fiscal year ended March 31, 2021 and a look toward the final year of Midterm Corporate Strategy 2021.
fell, once cash flow from operations and cash flow for investment were taken into account, free cash flow after adjustment was 267.9 billion yen.

**Anticipating a Certain Level of Resilience even in a Declining Resource Price Scenario**

Our earnings outlook for the fiscal year ending March 31, 2022, predicts a year-on-year increase of 207.4 billion yen to 380.0 billion yen. Although this outlook anticipates increased income for eight Business Groups, we recognize that we are still in a recovery period. Against this backdrop of continued uncertainty in the external environment, we have set an outlook that anticipates a certain level of resiliency even if resource prices decline.

Nevertheless, our first quarter results show a consolidated net income of 187.6 billion yen, which represents a 49% attainment of the full-year earnings forecast of 380.0 billion yen. This result was achieved due to improvements in our operating environment. As economic activity resumes worldwide, this has led to a recovery in demand for the automobile-related business and higher prices for mineral resources such as copper and iron ore, which has contributed to steady profits in these businesses. Based on these results, our full-year earnings will likely exceed the 380.0 billion yen forecast. However, in estimating how far it will exceed this figure, factors including the impact of the recent resurgence of the COVID-19 pandemic, especially in Southeast Asia, and highly volatile resource prices must also be analyzed carefully. We plan to continue assessing the situation through the second quarter.

**Trends in Consolidated Net Income and Outlook for the Fiscal Year Ending March 31, 2022**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income (billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020/3</td>
<td>535.4</td>
</tr>
<tr>
<td>2021/3</td>
<td>172.6</td>
</tr>
<tr>
<td>2022/3 outlook</td>
<td>380.0</td>
</tr>
</tbody>
</table>

Also, looking to the fiscal year ending March 31, 2023 and beyond, we see many investments that are expected to start contributing to profits. Among MC’s larger projects in particular, the Quellaveco copper mine in Peru plans to enter production during the fiscal year ending March 31, 2023, and LNG Canada is slated to start operations in the latter half of this decade. Moreover, there are numerous other projects that could have a significant impact on our performance. Among these are the expansion of the data center business, the release of new car models in the ASEAN region by Mitsubishi Motors Corporation, and the Tangguh LNG extension. In order for these investments to continue contributing toward steady profits, we will promote each of them with careful consideration.

Furthermore, while the consolidated net income target of 900 billion yen for the fiscal year ending March 31, 2022, presented in Midterm Corporate Strategy 2021, was predicated on certain assumptions, it will be difficult to meet the target this year—a matter which we take seriously. Besides factors such as highly volatile resource prices and the impact of the COVID-19 pandemic, one of the key differences is the effect of having placed priority on maintaining financial discipline in light of these changing conditions. While strengthening our foundation by reducing costs and thoroughly reorganizing loss-making companies, we will work to transform our business in response to changing business conditions in order to generate new value. Along with this, we will move forward with the Value-Added Cyclical Growth Model presented in the Midterm Corporate Strategy 2021, which we are confident will deliver results.

**Cash Flow Trends**

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted FCF 1</th>
<th>Adjusted FCF 2</th>
<th>Adjusted FCF 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/3</td>
<td>-273.7</td>
<td>849.7</td>
<td>625.2</td>
</tr>
<tr>
<td>2020/3</td>
<td>887.3</td>
<td>672.1</td>
<td>625.2</td>
</tr>
<tr>
<td>2021/3</td>
<td>613.6</td>
<td>171.4</td>
<td>267.9</td>
</tr>
</tbody>
</table>

---

1. Adjusted Free Cash Flows: Total of underlying operating cash flows (after repayments of lease liabilities) and investing CF.
2. Underlying operating cash flows (after repayments of lease liabilities): Operating cash flows excluding changes in working capitals (= Net income (including non-controlling interests) – DD&A – profits and losses related to investing activities – equity in earnings of affiliated companies not recovered through dividends – allowance for bad debt, etc. – deferred tax) while including repayments of lease liabilities.

---

MC’s Sustainable Value Creation Story
With the second year of Midterm Corporate Strategy 2021 having come to an end, how would you evaluate the progress of the Value-Added Cyclical Growth Model presented in the strategy?

A. The Value-Added Cyclical Growth Model is continuing to permeate within the Company, and we have replaced assets of about 1 trillion yen over two years, including capital gains.

In the past, the term “investment for growth” was used, with the notion that if you do not invest, you will not grow, and that if you do invest, you will make a profit. However, since two years ago, we have been communicating internally to fundamentally change this way of thinking. Against this backdrop, we have been seeing an increase in “brown field” projects. “Green field” projects, through which businesses are cultivated from scratch, can have large yields when successful, and expanding investment and achieving growth have been seen as two sides of the same coin. However today, as the market matures and liquidity increases, these types of projects are decreasing. Instead, “brown field” projects are on the rise, and while their risk levels are comparatively low because they involve entering the market after the business has progressed up to a certain point, they also require payment of a reasonable premium for entry, which lowers the investment yield. To compensate for this decrease, earning capital gains through divestment becomes the key to success. In other words, at the stage where there is low potential for further growth from our involvement in a particular business, even if it is profitable, we will divest and recover our investment funds to reinvest new growth sectors. Within this cycle, what is important is to steadily accumulate capital gains.

In order to promote this value-added cycle, in addition to having each Business Group set divestment targets, we have compiled a list of projects with slower growth trajectories as candidates for divestment and requested the Business Groups to determine which ones to sell in order to achieve those targets. This policy is permeating widely, and we have carried out asset replacements amounting to approximately 1 trillion yen over two years, including capital gains.

In light of the results for the fiscal year ended March 31, 2021, will MC be changing its capital allocation or investment strategy?

A. Our basic policy remains unchanged, and we are strengthening cash flow management based on rigorous financial discipline.

Since our current management system was put in place in the fiscal year ended March 31, 2017, we have adhered to a basic policy of paying progressive dividends within the scope of adjusted free cash flow and have not raised interest-bearing liabilities. To ensure financial soundness, we set 40–50% as the appropriate range for the investment leverage ratio (ratio of total capital covered by investment balance), but at the end of the fiscal year ended March 31, 2021, this ratio had risen above the appropriate range to 54%. This was mainly a result of an investment balance that grew quite large due to large-scale investments such as the acquisition of Eneco, followed by a significant decrease in consolidated net income, leading to a decline in capital augmentation. As a result of restrictions on net investment, through continued promotion of proactive asset replacement and a recovery in consolidated net income, we are endeavoring to restore the leverage ratio to its appropriate range by the end of the fiscal year ending March 31, 2022. Moreover, with restrictions in place on net investment, we are seeking for the necessary funds for investment to be generated through revenues from the sale of existing assets. As such, from a financial discipline perspective, we are supporting the promotion of the Value-Added Cyclical Growth Model.

In addition, although MC is focusing on digital transformation (DX) and energy transformation (EX) as key issues for the future, this will not involve directing extreme amounts of funding toward specific areas. It could be said that one of MC’s strengths is that it develops businesses across a diverse range of industries, providing opportunities to discover New Seeds of Growth in a wide variety of fields. The key to whether we succeed or fail will be how well we can carefully select the best projects from among these, we will execute investments as a result of this selection process. Without changing our capital allocation or investment strategy, we will continue to move forward based on rigorous financial discipline.

By proceeding with asset replacement and further promoting the Value-Added Cyclical Growth Model, we will continuously make investments and return capital to shareholders while maintaining financial soundness.
In recent years, impairments have continued in business-related segments. What do you view to be the cause of this?

A. Investment timing is one major element. We are taking care to not simply follow investment trends. Looking back at our recent investments, we see large impairment charges incurred for investments outside of the resource area, and we take this very seriously. The timing of the investment is one of the biggest factors. In other words, I believe this stems from investing when earnings are climbing. The biggest takeaway here is that although in the resources segment investment decisions were made based on reflections of past performance, in the end this was not achieved in the business-related segment. Capitalizing on this finding, I think it is important not only to make investments based on trends, but also to bear this in mind.

In the past, we practiced decentralized management, whereby in order to accelerate asset replacement, we set up a scheme to manage the cash flow of our Business Groups. This meant we had a structure in which the more profits our Business Groups earned, the more investments they could make. In actuality, it was a system that encouraged simply following trends. Striking the right balance between centralized and decentralized management is a difficult challenge with no absolute solution. In our current Midterm Corporate Strategy, rather than assign an investment limit to each Business Group in accordance with the cash flow it has earned, decisions on large-scale investments such as Eneco are made within a companywide investment discipline.

Are there any changes to your policy on shareholder returns, particularly dividends?

A. We plan to maintain the progressive dividend scheme, and for the fiscal year ending March 31, 2022, we are planning on dividends of 134 yen per share, the same as the year before. For the fiscal year ending March 31, 2022, we are planning on dividends of 134 yen per share, the same as the year before. Although we saw a significant drop in profits for the year, cash flows have been on the rise, and we have also been able to maintain our financial soundness. In line with the commitment we made in our current Midterm Corporate Strategy, without cutting dividends, we will maintain our “progressive dividend scheme.” Moreover, the earnings outlook for the fiscal year ending March 31, 2022 will continue to be considered through the second quarter to determine the extent to which we expect profits to increase. Looking ahead, in order to meet the expectations of our shareholders, we will examine our dividend policy with an eye on changes in the internal and external environments.

Regarding share buybacks, while giving consideration to investment leverage, no changes will be made to our policy, but we will consider flexible response measures if leverage falls below an appropriate level.

In terms of the next Midterm Corporate Strategy, which will start from the fiscal year ending March 31, 2023, although we can make no concrete assurances at this time, we will put emphasis on dialogue with shareholders and investors.

The fiscal year ended March 31, 2021 saw a substantial year-on-year decline in profits. Please tell us about your action plan toward earnings recovery.

A. By thoroughly reorganizing loss-making companies, we will work to strengthen our foothold. As earnings deteriorated during the fiscal year ended March 31, 2021, we began reorganizing loss-making companies as a measure toward future earnings recovery. As we move to reorganize these companies, one-time losses will be incurred such as those on sale of assets and reserve provisions. If we only look at net income for a single fiscal year, there will be cases where the one-time losses outweigh the positive effect of the operating deficit disappearing. Measuring the effect may be difficult at times, but the point of our efforts will be to avoid carrying deficits into the future. Among the loss-making companies, two-thirds have already decided on an action plan. For the remaining one-third, we must urgently determine a path forward, reduce the amount of future losses and build a solid foundation for future growth.

Message

By steadily reorganizing loss-making companies, we aim to increase their ROE through the continued promotion of our Value-Added Cyclical Growth Model while thoroughly solidifying our footing. In addition, it will be essential to reduce capital costs in response to the expectations of capital market participants in order to improve the confidence they place in us. To achieve this, we will strive to gain the understanding and support for our business and management policies by engaging with our shareholders and investors and enhancing our disclosure materials. At the same time, we will be able to gain an accurate grasp of the expectations and demands of the capital market toward MC, which we will apply to the formulation of our next Midterm Corporate Strategy.
Identifying the Key Sustainability Issues

Overview and Identification Process of Key Sustainability Issues (Materiality)

Simultaneous generation of economic, societal, and environmental value is essential for the MC Group’s growth. From this perspective, in 2016 MC identified a set of Key Sustainability Issues (Materiality) as mileposts for proactively realizing the simultaneous generation of triple-value growth (including in financial terms) for the MC Group.

MC believes that their measures to address the Key Sustainability Issues will also help to achieve the Sustainable Development Goals (SDGs)* related to each key issue. MC recognizes the role that companies are expected to play in order to achieve the SDGs. With this in mind, MC will make every effort to help make progress on the Goals.

*The SDGs are a set of 17 global goals adopted at the UN summit held in September 2015 as the core of “The 2030 Agenda for Sustainable Development.”

1st Period: Identification of Management Issues

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

- **STEP 2** Gauging the importance of each issue based on internal and external perspectives
  - MC gauged the importance of each theme, in terms of both opportunities and risks, and selected priority issues based on the perspectives of MC’s Business Groups as well as those of external stakeholders.

- **STEP 3** Identifying the Key Sustainability Issues
  - MC reexamined the selected priority issues while incorporating the views of the Sustainability Advisory Committee. Following deliberations by the Executive Committee and the Board of Directors, the Key Sustainability Issues were determined.

2nd Period: Incorporation into Business Strategy

- MC holds Sustainability Dialogues followed by regular meetings of the Sustainability & CSR Committee to incorporate the Key Sustainability Issues into its business strategy. Participants discuss changes in the external environment surrounding each issue and examine how value creation by each business contributes to the growth of the MC Group overall. Additionally, ideas are exchanged on how to drive initiatives at the front lines of our business.
In 2019, MC formulated individual business goals so that each Business Group could autonomously promote initiatives around the Key Sustainability Issues. In 2020, MC reviewed these individual business goals to make them more specific and quantifiable, taking into account the external environment and societal demands. The goals following the review and the main initiatives associated with them are as follows:

**Transitioning to a Low-Carbon Society**
- Aim to double renewable power generation capacity by the fiscal year ending March 2031 compared to the fiscal year ended March 2020 (from 3.3 GW to 6.6 GW).
- In addition, aim to reduce existing thermal power capacity and switch to zero-emission thermal power, targeting 100% non-fossil by 2050.
- Establish ammonia fuel supply chains for power generation.
- Promote the commercialization of CCUS and hydrogen-related projects.
- Promote initiatives around electric vessels (reducing environmental impact).

**Procuring and Supplying in a Sustainable Manner**
- Reduce food waste by 50% (compared to the fiscal year ended March 31, 2019).
- Develop the recycled PET and eco-friendly material manufacturing businesses to achieve low-carbon and circular plastics.

**Tackling Evolving Regional Issues**
- Advance coal/oil to gas projects as a pragmatic solution to reduce air pollution and transition to a low-carbon society (changeover from coal/oil to natural gas).
- Promote initiatives around autonomous ships (reducing crew stress and maritime accidents).
- Develop the Mobility Services Business.
- Realize and manage valuable integrated urban development projects with accessibility and environmental friendliness.

MC will continue striving for sustainable growth from a long-term perspective.
Our vision for industrial DX

The MC Group is active across a wide range of businesses, with operations spanning the entire supply chain at the upstream, midstream and downstream levels, providing connections with customers in virtually every industry. Our earnings are generated by the approximately 1,700 companies that comprise the consolidated MC Group, each of which plays a leading role in the business. For this reason, our commitment to industrial digital transformation (DX) must not only apply to the relevant business interests within the parent company, but also extend to our wider business networks through our support to the independent DX initiatives being promoted by players in each industry. Our vision is to create a shared digital platform that can provide solutions to accelerate DX across a variety of sectors in order to support industrial growth and address societal issues.

A DX promotion system to drive business model transformation across diverse industries

Through industrial DX, we aim to provide new value by combining our wide-ranging industrial knowledge with digital technologies. Even as a global integrated business enterprise, the MC Group needs to possess core technological capabilities in order to increase competitiveness. Accordingly, we established MC Digital, Inc. in September 2019 with the aim of enhancing our internal capabilities to drive DX. Through this company, which brings together leading data scientists, design specialists and IT engineers, MC is implementing measures to promote industrial DX.

In December 2019, MC concluded a business partnership with Nippon Telegraph and Telephone Corporation (NTT). This partnership was established with the goal of creating new value by combining MC’s strong industrial expertise with the digital capabilities of NTT. In May 2020, MC and NTT jointly invested in HERE International B.V., the world’s leading location-based service company, and in June 2021, they established Industry One, Inc., a joint venture company specializing in DX services. Through Industry One, MC aims to support the development of industries and businesses in Japan as a transformation partner by providing a comprehensive range of services from DX platform creation to the establishment of digital businesses.
CASE Addressing Societal Issues with Industrial DX
—— Creating a Food Distribution DX Platform

Contributing to the Food Distribution Field and Offering New Value

MC has been active in the food distribution sector for over 50 years, and today works with thousands of suppliers and business partners. Together with our partners, we have for some time been adapting and implementing digitalization measures in preparation for the creation of a platform. At present, the environment surrounding food distribution is affected by various societal issues, including food loss and a shrinking labor pool. One of the challenges facing the food distribution industry in Japan is the problem of food loss, which costs an estimated one trillion yen annually. Most of this food loss occurs during the distribution process, primarily due to product expiration as a result of over-production or excess inventory.

One possible solution to this problem might be the use of point of sale (POS) data from retail operations, which are the closest touchpoints with consumers, as the basis for sophisticated demand forecasting by food wholesalers and manufacturers. This could help reduce food loss and improve the efficiency of food distribution activities.

MC and Nippon Telegraph and Telephone Corporation (NTT) have collaborated to create a platform that uses digital technology to seamlessly integrate data scattered within and among companies, together with weather forecasts and other external data.

Using this platform as a foundation, we are currently developing our own demand forecasting AI in collaboration with MC Digital, Inc. During proof-of-concept (PoC) inventory-reduction trials with Mitsubishi Shokuhin Co., Ltd., this AI system successfully reduced the amount of inventory held at distribution centers by around 30% on average, and by as much as 40% in some cases, while also cutting down on the rate of product shortages.

This system will initially be provided to Lawson, Inc. distribution centers operated by Mitsubishi Shokuhin, and it will then be progressively rolled out in collaboration with Mitsubishi Shokuhin to other companies. Through these initiatives, we hope to simultaneously generate economic, societal and environmental value by reducing CO2 emissions associated with food loss and shipping, while also working to address other social and environmental issues, such as labor shortages.

Our future plans include further collaborative initiatives with our external partners, such as Toshiba TEC Corporation and Fujitsu Limited. In addition, MC, NTT and Industry One, Inc. are planning to conduct a PoC study on smart contracts later this year. We will continue to announce more initiatives designed to expand DX services not only in the food distribution sector, but throughout Japanese industry as a whole.

Kiyotaka Kikuchi
Executive Vice President
Group CEO,
Consumer Industry Group

Transforming Food Distribution Through DX

**CURRENT SITUATION**
Accumulation of excess inventory throughout supply networks

<table>
<thead>
<tr>
<th>Food manufacturers</th>
<th>Food wholesaling</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overproduction to avoid opportunity loss</td>
<td>Purchasing in anticipation of large-scale retail orders</td>
<td>Purchasing in anticipation of increased sales volumes</td>
</tr>
<tr>
<td>Production volumes</td>
<td>Distribution efficiency</td>
<td>Shipping volumes</td>
</tr>
<tr>
<td>Logistics cost loss</td>
<td></td>
<td>Sales volumes</td>
</tr>
</tbody>
</table>

**MC’s goals**
- Analysis of all commercial distribution data through a single system
- Forecast of supply and demand balances to prevent excess inventories and product shortages

**Medium- to long-term goals**
- Elimination of waste across the entire industry, and addressing societal issues such as food loss
- Utilization of joint distribution beyond the MC Group
MC’s EX Initiatives

Our vision for EX

The global shift toward a low-carbon/decarbonized society is accelerating, as evidenced in 2021 by developments such as the discussions during the Leaders Summit on Climate in April and the G7 summit in June. In Japan, which has limited natural resources, MC has long fulfilled a societal mission to provide a stable supply of energy through its deep involvement as a supplier of LNG, metallurgical coal and other resources. As such, we need to adapt to this transition with a heightened sense of responsibility and determination. We will evolve our business portfolio by taking on the challenge of energy system innovation, striving to both meet environmental challenges and fulfill our societal mission of providing a stable supply of energy. By actively pursuing energy transformation (EX) initiatives, we will work toward the ambitious goal of achieving a decarbonized society. In 2020, MC established the Energy Committee, which consists of three Group CEOs responsible for its energy and power-related businesses—the Power Solution Group, the Natural Gas Group and the Petroleum & Chemicals Solution Group—together with the Corporate Strategy & Planning Department.

Energy Committee Initiatives, Messages from the Three Group CEOs

Background and Role of the Energy Committee

The transition to a decarbonized society is anticipated to move forward with a focus on intensive electrification and emissions reductions in the energy and power generation sector.

Adapting and developing initiatives in response to this global shift has become a common priority across all industries. In May 2020, MC established the Energy Committee as a forum for discussing medium- to long-term portfolio strategies and optimal approaches with a focus on the energy and power generation sector. Topics discussed by the committee, which is led by the three Group CEOs responsible for MC’s energy and power-related businesses, together with the Corporate Strategy & Planning Department, include the alignment of perspectives on the business environment and the development of business strategies based on these perspectives. The results of these deliberations are reported to MC executive management members.

Energy Committee Initiatives

The theme selected for the Energy Committee’s deliberations is the anticipated paradigm shift in the energy and power generation sector amid the transition to a carbon-neutral society. Since its establishment, the committee has worked to verify hypotheses relating to this theme, examined portfolio and business strategies, and engaged in intensive dialogue and debate about the order of priorities for implementing measures. In the fiscal year ended March 31, 2021, the committee held meetings approximately twice a month.

Key verification themes
1. Synergies between the LNG business and power generation business
2. Changes in power infrastructure due to renewable energy being adopted as a main power source
3. MC’s unique approach to power retailing
4. Synergies through the integrated promotion of power generation and power retailing
5. Next-generation energy initiatives
   - In September 2020, the Next-Generation Energy Subcommittee was established with members from six related groups

MC informed the Outside Directors and Outside Audit & Supervisory Board Members in July 2020, and held a joint meeting with the Sustainability & CSR Committee in December. Our policy is to continue discussions at this committee while further strengthening cooperation with relevant parties. MC will present its unique optimal solution within the fiscal year ending March 31, 2022 targeting a carbon-neutral society by 2050.
Developing Renewable Energy as a Main Power Source

Renewable Energy Generation Business and Next-Generation Energy System Initiatives
Toward the realization of a decarbonized society, MC aims to double its renewable power generation capacity from 3.3 GW in the fiscal year ended March 31, 2020 to 6.6 GW by the fiscal year ending March 31, 2031. This shift toward using renewable energy as a primary power source is accelerating efforts to introduce various types of renewable power systems, from large-capacity offshore wind farms to small, decentralized solar power facilities. Renewable energy is the ultimate zero-cost, distributed power supply. We believe that by making full use of these characteristics, we can achieve progress toward the shift to local production for local consumption, as well as the development of community-based power infrastructure. However, it will also be necessary to upgrade our function to balance supply and demand to compensate for the intermittent nature of renewable energy. In addition to providing power adjustment based on conventional gas-fired power generation, MC is also taking on the challenge of creating new systems for the supply and demand of power that make use of digital technology and artificial intelligence in power generation forecasting, virtual power plant (VPP) technologies, as well as utilization of battery storage and electric vehicles (EV).

Katsuya Nakanishi
Executive Vice President
Group CEO, Power Solution Group

100% Non-Fossil Fuel Ratio
Looking ahead to 2050, we will actively promote the greening of our power generation portfolio by adopting renewable energy supplies and zero-emission thermal power generation. Our aim is to achieve a 100% non-fossil fuel ratio in our power generation business.

Natural Gas: A Pragmatic Solution

Switching from Coal and Oil to Natural Gas
With the growing use of renewable energy as part of decarbonization efforts, balancing supply and demand with gas-fired power generation will become increasingly important. The MC Group is a leading supplier of LNG, which has the lowest greenhouse gas (GHG) emissions of any fossil fuel during combustion. LNG will play a vital transitional role as the power sector decarbonizes.

In addition, shifting from coal and oil to natural gas as an energy source would be an effective and pragmatic solution to the issue of growing energy needs, particularly in Asia. This approach would balance economic growth with the need to address environmental concerns in emerging economies, where air pollution, among others, is a major problem.

Natural gas is also used as a raw material in the production of blue hydrogen and blue ammonia, which are both seen as next-generation energy sources, so we are confident that natural gas will continue to be a valuable energy resource in the future.

Jun Nishizawa
Executive Vice President
Group CEO, Natural Gas Group

Reducing LNG Emissions
While LNG emits less GHG than any other fossil fuel when combusted, further improvements in its environmental performance will be needed amid the shift toward decarbonization. In addition to reducing CO₂ emissions across our LNG supply chain, we will also need to make further mitigation actions toward achieving net-zero emissions through carbon management businesses including carbon capture and utilization and storage (CCUS).

Building Supply Chains to Meet the Needs of Future Generations

Decarbonizing Energy
Realizing the vision of a hydrogen-based society will require the decarbonization of energy itself. We are carrying out wide-ranging analyses and studies about various options, including green hydrogen produced with renewable energy. Still, for the time being, we believe that blue hydrogen combined with carbon capture and storage (CCS) is the most promising candidate.

Building a Blue Ammonia Value Chain
MC has long regarded ammonia as a promising hydrogen carrier and is developing an ammonia business. We also possess industrial knowledge and global networks in such areas as natural gas and CCUS. MC aims to build a competitive blue ammonia value chain as a step toward decarbonizing industry as a whole.

Osamu Takeuchi
Executive Vice President
Group CEO, Petroleum & Chemicals Solution Group

In addition to developing zero-emission thermal power generation that is fueled by hydrogen and ammonia, we believe it is our mission to expand the utilization of these technologies into new fields, such as mobility and raw materials, through the development of the necessary societal systems, including infrastructure.
MC’s EX Initiatives

Avoid

Newly develop renewable energy, as well as other facilities and businesses that avoid generating GHG emissions

Strengthen efforts in renewable energy power generation, with an aim to double renewable power generation capacity from 3.3 GW in the fiscal year ended March 31, 2020 to 6.6 GW by the fiscal year ending March 31, 2031.

Expansion of Our Renewable Energy Business Through the Acquisition of Eneco

- In March 2020, MC acquired Eneco, which had 1.6 GW of renewable power generation capacity as of March 2021.
- Eneco’s first project since its acquisition by MC was the development of the Hollande Kust Noord offshore wind farm in the Netherlands as a joint venture with a resource major. Eneco won the contract for this project in July 2020. This was followed in February 2021 by the signing of a long-term contract to supply power to Amazon data centers.
- MC has positioned Eneco as the core platform for its European energy business. Through Eneco, we will accelerate our efforts in the field of renewable power generation, while also making an active contribution to decarbonization by exporting Eneco’s expertise to other regions, including Japan.

Expanding the Distributed Solar Power Generation Business

- In 2016, MC invested in Nexamp, a business engaged in distributed solar power generation projects in the US, and in 2018, Nexamp became an MC subsidiary.
- Since MC became a shareholder, Nexamp has steadily acquired new assets and has grown to become a leading company in the US community solar industry. Nexamp has over 2 GW of capacity in its total asset portfolio including development pipeline, projects under construction and in operation.

Reduce

Reduce GHG emissions from existing facilities and projects, including thermal power

MC will strive to reduce GHG emissions at its existing facilities and businesses by divesting from thermal power generation, or alternatively by transitioning them to zero-emission systems that do not emit CO2 during power generation. We will also focus on the early societal adoption of zero-emission thermal power generation by establishing next-generation value chains that include ammonia and hydrogen.

Divestment from Thermal Power Generation

- MC aims to achieve a 100% non-fossil fuel ratio by 2050 in its power generation business by reducing its existing thermal power capacity and switching to zero-emission thermal power.

Policy on Coal-Fired Power Generation

- MC will not enter into any new projects in this area, with the exception of any projects for which orders have already been accepted.
- We plan to complete our exit from coal-fired power generation projects by 2050.

Converting from Coal and Oil to Natural Gas

- We regard natural gas as a vital energy source during the transition to a low-carbon/decarbonized society. To provide the energy required for economic development, particularly in emerging economies in Asia, we will leverage our LNG assets, which have a smaller environmental footprint compared to any other fossil fuel, to fulfill our responsibility to provide a reliable and stable supply of energy.
- MC aims to reduce GHG emissions on a global scale by stimulating demand for LNG in emerging Asian economies, and by leading the transition from coal and oil to natural gas (LNG).

Ammonia and Hydrogen Value Chains

- Natural gas
- Oil and coal
- Power generation
- Industry
- Mobility
- Ammonia (NH₃)
- Organic hydride (MCH)
- Liquid hydrogen (LH₂)
- Reforming + Carbon Capture and Storage (CCS)
- Electrolysis
MC will present its unique optimal solution within the fiscal year ending March 31, 2022 targeting a carbon-neutral society by 2050. We will aim to achieve a balance between improving the sustainable competitiveness of industry and addressing environmental issues through initiatives from three perspectives.

### Remove

**Neutralize remaining GHG emissions**

MC will use CCU/CCS and other technologies to neutralize any GHG emissions that remain even after efforts to avoid and reduce emissions.

- We will promote the commercialization of CCUS by establishing a cross-group task force and liaison committee.

### CCS

As a suitable CO₂ reduction method is required for each construction material, such as ready-mixed concrete, MC aims for the maximum reduction in CO₂ by approaching each product with a combination of various technologies and collaborations with corporations.

- **CO₂-SUICOM**
- **Blue Planet Systems Corporation**
- **CarbonCure Technologies Inc.**

With five other companies, MC is working on the research and development of a method to produce para-xylene, which is a material used in clothing and PET bottles, from CO₂.

### CO₂-based para-xylene

CO₂-based polyester

Clothing

PET bottles

### CO₂-based polyester

CO₂-based polyester clothing

PET bottles

### Carbon Credit Development and Sales

MC will use CCU/CCS and other technologies to neutralize any GHG emissions that remain even after efforts to avoid and reduce emissions.

- We will promote the commercialization of CCUS by establishing a cross-group task force and liaison committee.

### CCU

**Construction Materials**

**Fuel and Chemicals**

**Usage**

Various sources of CO₂ emissions → CO₂-based para-xylene production

- Renewable energy-based hydrogen

**CO₂-based para-xylene**

- CO₂-based polyester clothing

- PET bottles

### CO₂

H₂

### Renewable energy-based hydrogen

### Usage

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MC’s EX Initiatives

Past MC Initiatives toward a Low-Carbon/Decarbonized Society

Moves by the international community to mitigate global warming have accelerated since the Paris Agreement entered the implementation phase in 2020. Like Europe, Japan has set a goal of achieving carbon neutrality by 2050.

Even before this global shift, MC has worked to fulfill its responsibility to the global environment and society through business activities based on the spirit of the Three Corporate Principles, which form the basis of its corporate philosophy. The MC Group strives to achieve sustainable growth through the simultaneous generation of economic, societal and environmental value.

We have been involved in the offshore wind power generation business since the early 2010s, when the industry was still in its infancy. These pioneering efforts allowed us to establish a solid foundation in the renewable energy business. MC was the first to import LNG into Japan in 1969, and became an active player in the LNG business in 1972. Since then, we have helped to accelerate progress toward a low-carbon society by expanding our LNG business and ensuring a stable supply of this fuel, which has a lower environmental impact than other fossil fuels. Other areas in which we are contributing to the realization of a low-carbon/decarbonized society include lithium-ion batteries and the battery storage business.

MC will continue to provide a stable supply of energy and work toward the realization of a low-carbon/decarbonized society by actively promoting EX initiatives.

Initiatives Toward a Low-Carbon/Decarbonized Society

Expanding Renewable Energy Generation
MC’s involvement in the renewable energy business began with its participation in geothermal and onshore wind power projects in 1987. We play a proactive role in every aspect of these projects, including development, construction, financing and operation. In March 2020, we acquired Eneco as part of the continuing expansion of our renewable energy business.

Withdrawal of Upstream Crude Oil Assets and Expansion of LNG Business
We have almost completed our withdrawal of the oil and gas exploration and production (E&P) assets that are not linked to our LNG business. Since arranging the first shipment of LNG to Japan over 50 years ago in 1969, MC has contributed to the stable supply of energy by expanding its LNG portfolio, which has a lower impact on the environment than other fossil fuels.

Other Activities (Batteries, EVs, Etc.)
MC is using its extensive industrial connections to drive initiatives toward the realization of a low-carbon/decarbonized society in various business areas, including lithium-ion batteries, battery storage, EVs and CCUS projects.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Expanding Renewable Energy Generation</td>
<td>• Entered the onshore wind power generation business in the US (two projects)</td>
<td>• Entered the concentrated solar power (CSP) generation business in Spain</td>
<td>• Entered the offshore power transmission business in Germany</td>
<td>• Made a final investment decision regarding the Donggi-Senoro LNG project in Indonesia, the first all-Asian project of its kind without the participation of resource majors</td>
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<tr>
<td></td>
<td>2011</td>
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<tr>
<td></td>
<td>• Entered the offshore power transmission business in the UK</td>
<td>• Entered the onshore wind power generation business in France</td>
<td>• Began participating in the onshore wind power business in Mexico</td>
<td>• Entered the solar power generation business in Canada</td>
</tr>
<tr>
<td>Withdrawal of Upstream Crude Oil Assets and Expansion of LNG Business</td>
<td>2011</td>
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<tr>
<td></td>
<td>• Made a final investment decision regarding the Donggi-Senoro LNG project in Indonesia</td>
<td>• Expanded into the vehicle lithium-ion battery manufacturing business</td>
<td>• Acquired an equity interest in ElectroRoute, an Irish electric power trading company</td>
<td>• Launched services based on the Europe’s largest battery energy storage system (BESS)</td>
</tr>
<tr>
<td>Other Activities (Batteries, EVs, Etc.)</td>
<td>2007</td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
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<tr>
<td></td>
<td>• In 2009, started full-scale production of the i-MiEV, the world’s first mass-produced EV</td>
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</tbody>
</table>
**Structure of the Energy Committee**

**Energy Committee**
- Chairperson
  - Group CEO
  - Katsuya Nakanishi
  (Power Solution Group)

**Group CEO**
- Jun Nishizawa
  (Natural Gas Group)
- Osamu Takeuchi
  (Petroleum & Chemicals Solution Group)

**Collaboration**

**Sustainability & CSR Committee**
- Chairperson
  - Executive Vice President
  - Akira Murakoshi
  (Corporate Functional Officer)

**Energy VC* Subcommittee**
- Planning and proposal of overall strategies based on the results of deliberations by each subcommittee

**Next-Generation Energy Subcommittee**
- Establishment of hydrogen value chains (blue/green ammonia, MCH, etc.)
- Creation of hydrogen infrastructure, development of applications (in the mobility field and other industries)

---

**2019**
- Entered the offshore wind power generation business in the Netherlands
- Began participating in solar power generation businesses in France and Italy
- Established a collaborative agreement and strategic partnership with Eneco

**2020**
- Acquired Eneco, an integrated energy company based in the Netherlands
- Invested in the Monsoon Wind Farm, an onshore wind power generation facility in Laos

**2021**
- Divested assets in the Kangean region, Angola and the Kimberley (E&P businesses)
- Commenced commercial production at the Cameron LNG project in the US
- Invested in CarbonCure and formed a business partnership (CCU)
- Signed an MOU concerning a joint study on the use of CCS for the production of clean ammonia fuel in Indonesia
- Commenced collaboration with South Pole to generate and sell carbon credits from carbon removal technologies such as CCUS

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**2017**
- Divested a natural gas exploration and development asset in Papua New Guinea, and assets in Gabon (two blocks) (E&P business)

**2018**
- Made a final investment decision regarding the LNG Canada project
- Began participating in an LNG import terminal business in Bangladesh
- Entered the power retailing and virtual power plant (VPP) business via Lawson stores
- Invested in Boston Energy, an electric power trading company in the US
- Established a joint venture to promote the development and adoption of zero-emission electric vehicles
- Installed a utility-scale rooftop photovoltaic system and battery energy storage system reusing EV batteries
- Invested in Bboxx, a company specializing in distributed power business in off-grid areas
- Invested in the OVO Group, a UK-based innovative energy service provider

**2019**
- Divested assets in the Kangean region, Angola and the Kimberley (E&P businesses)
- Commenced commercial production at the Cameron LNG project in the US
- Established a joint venture to promote the development and adoption of zero-emission electric vehicles
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- Invested in Bboxx, a company specializing in distributed power business in off-grid areas
- Invested in the OVO Group, a UK-based innovative energy service provider

**2020**
- Expanding into the chemical recycling business (manufacturing business utilizing recycled PET)
- Initiated “Technology Development for Para-xylene Production from CO₂” (CCU)
- Commenced R&D on use of CO₂ in concrete and CO₂-SUICOM (CCU)
- Established a partnership agreement with Eneco
- Expanded collaboration with NTT Anode Energy Corporation in the energy sector
- Commenced collaboration with five private Singaporean companies and Chiyoda Corporation aimed at sustainable importation and commercial utilization of hydrogen in Singapore

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**Chairperson**
- Group CEO
  - Katsuya Nakanishi
  (Power Solution Group)
SUSTAINABILITY
Management Platform Supporting Value Creation

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50  Supply Chain Management
52  Risk Management
62  Stakeholder Engagement
  64  Employees
  66  Special Feature: Interview with Female Managers
68  Corporate Governance/ Highlights for the Year Ended March 31, 2021
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  74  MC’s Basic Policy on Corporate Governance
  75  Board of Directors
  76  Board of Directors’ Advisory Bodies
  78  Audit & Supervisory Board Members/ Audit & Supervisory Board
  80  Outside Directors and Outside Audit & Supervisory Board Members
  82  Stance on Acquisition, Holding and Reduction in Listed Stocks/ Reduction in Holdings of Listed Stocks
  82  Overview of Remuneration Package
Sustainability Initiatives

The Three Corporate Principles, which have served as MC’s corporate philosophy since its inception, exhort us to “strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.” Recognizing that social and environmental issues represent both risks that must be addressed and new business opportunities, we believe that creating not only economic value, but also societal value and environmental value is essential for the sustainable growth of MC.

MC defines sustainability initiatives as the creation of societal value and environmental value through business activities. By distinguishing this from corporate philanthropy activities (CSR) such as charitable donations, we are further strengthening initiatives to achieve triple-value growth through our business.

Furthermore, to meet the ever-changing demands of society, we believe it is important to maintain a cycle of dialogue with stakeholders combined with the drafting and execution of related measures.

Companywide Sustainability Framework

In MC’s management framework, sustainability initiatives are overseen by the Member of the Board/Corporate Functional Officer in charge of Corporate Sustainability and CSR. The Corporate Sustainability & CSR Department plans and drafts related policies and measures. Following deliberations by the Sustainability & CSR Committee, which convenes approximately twice a year, items are put forward or reported to the Executive Committee and the Board of Directors.

Main Discussion Themes for the Sustainability & CSR Committee in the Fiscal Year Ended March 31, 2021.

- Sustainability survey report
  - Please refer to pages 51 and 120 for the survey results for the fiscal year ended March 31, 2021.

- Setting of 2030 targets for MC’s Key Sustainability Issues
  - Please refer to page 35 for more about these targets.

- Analysis of the impact of climate change on MC’s business activities
  - (transition risks and physical risks)
  - Please refer to pages 58-61 for more about MC’s climate change initiatives.

- Initiatives toward a low-carbon/decarbonized society
  - (including the establishment of a study group to explore ways to achieve net-zero emissions)
  - Please refer to pages 38-43 for more about MC’s EX initiatives.

- NGO/Shareholder engagement policy
  - Please refer to pages 49, 62-63 for more information about MC’s stakeholder engagement policy.

- Corporate philanthropy activities
  - (including disaster relief projects)
Promoting Sustainability Through Business

To continuously create societal value and environmental value through our business activities, we have established a framework through which not only Corporate Departments, but also Business Groups proactively promote sustainability.

Sustainability Promotion Framework in Each Business Group
- To further promote Business Group initiatives, management personnel responsible for promoting business strategy in each Business Group have been appointed as Chief Sustainability Officers.
- To promote collaboration, MC holds meetings for Group Sustainability Managers as needed to share information and explain measures related to sustainability.

Cycle for Integrating Sustainability into Business Strategy
- Each Business Group formulates its business strategy based on content deliberated by the Sustainability & CSR Committee.
- In the Business Strategy Committee, in which the President and Group CEOs discuss the future strategies for each business, policy approaches based on analyses of multiple climate change scenarios are confirmed for certain Business Groups.

Incorporating Sustainability into Individual Projects
- By having the General Manager of the Corporate Sustainability & CSR Department serve as a member of the Investment Committee, MC has put in place a screening system that reflects potential environmental and social impacts in decision-making.
- For proposal applications such as management plans for subsidiaries and affiliates, by requiring details on aspects including the position of the business in relation to promoting Key Sustainability Issues as well as potential environmental and social risks (including scenario analyses). Through this process, MC seeks to assess risks and create project proposals with an awareness of impacts on the environment and society.
- The Corporate Sustainability & CSR Department has dedicated staff tasked with monitoring both the risks and opportunities of individual proposals for each Business Group from environmental and social perspectives. In reviewing proposals, the department conducts risk management including by performing environmental due diligence together with the Business Group as necessary, as well as by sharing stakeholder concerns and referring to International Finance Corporation (IFC) guidelines. In addition, the Corporate Sustainability & CSR Department helps MC seize new opportunities by offering knowledge and coordination as a department dedicated to sustainability issues.
Disclosure (Sustainability Website)

MC’s approach to the disclosure of sustainability-related information is guided by a recognition that corporate value can be enhanced from a medium- to long-term perspective through a continuous cycle of stakeholder dialogue and strategy execution. Based on requests from investors and other stakeholders, we provide details on how our sustainability initiatives contribute to corporate value creation in the medium to long term through timely and accurate disclosures. The feedback we receive in response to these disclosures is consistently captured and reflected in our initiatives.

In March 2021, MC launched the Sustainability Website as a new platform for ESG disclosures with the aim of centralizing ESG-related information disclosed separately through such channels as the Integrated Report and the ESG Data Book, and of responding in a timely manner to the increasingly complex requirements of ESG evaluation bodies and disclosure standards.

The website is primarily aimed at stakeholders who have a strong interest in ESG investment. Referring to multiple ESG reporting guidelines, it has been organized according to ESG topic for easier reference as listed below.

Furthermore, disclosures are made through the Sustainability Website after approval by the Corporate Functional Officer in charge of Corporate Sustainability & CSR and after reporting to the Disclosure Committee, a subcommittee of the Executive Committee.

Sustainability Website Disclosures by ESG Category

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
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</thead>
<tbody>
<tr>
<td>• Climate Change</td>
<td>• Human Rights</td>
<td>• Board of Directors and Shares, etc.</td>
</tr>
<tr>
<td>• Environmental Management</td>
<td>• Labor Practices</td>
<td>• Audit &amp; Supervisory Board and Audit</td>
</tr>
<tr>
<td>• Water Resources</td>
<td>• Diversity Management</td>
<td>• Directors’ and Audit &amp; Supervisory Board Members’ Remuneration, etc.</td>
</tr>
<tr>
<td>• Biodiversity</td>
<td>• Occupational Health and Safety</td>
<td>• Compliance</td>
</tr>
<tr>
<td>• Prevention of Pollution</td>
<td>• Human Resource Development</td>
<td>• Risk Management</td>
</tr>
<tr>
<td>• Efficient Use of Resources</td>
<td>• Customer Responsibility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Supply Chain Management</td>
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</tbody>
</table>

Collecting Sustainability Information on a Consolidated Basis

To fully grasp qualitative and quantitative information around corporate sustainability, MC annually conducts environmental and occupational health and safety surveys targeting all subsidiaries and affiliates on a global, consolidated basis. The aggregated results are reported to management and are used as basic materials when considering sustainability initiatives and other measures.

The subsidiaries and affiliates subject to the survey are determined by the relevant Business Groups/Divisions. In principle, the survey covers all subsidiaries and affiliates including consolidated subsidiaries, affiliates (including affiliates of subsidiaries) under the equity method, and jointly managed projects and companies.

The survey items include greenhouse gas emissions, water, waste, occupational health and safety data, expenditures for philanthropic activities, environmental management measures and other management policies.

Data on consolidated greenhouse gas emissions, energy usage, electricity consumption, non-consolidated occupational health and safety performance and other aspects has received independent practitioner’s assurance from Deloitte Tohmatsu Sustainability Co., Ltd. to improve data reliability.

The survey results are reported to the Sustainability & CSR Committee, the Executive Committee and the Board of Directors. A portion of the data is disclosed on the Sustainability Website, in our Sustainability Report and in our annual response to CDP.

Greenhouse gas emissions from subsidiaries and affiliates and other figures are aggregated and managed through an internal online system to enable accurate and timely data collection.
MC places great importance on its ability to identify and appropriately address the ever-changing demands of society. We engage in direct dialogue with investors including shareholders and NGOs, and hold discussions with local communities on individual projects. In addition, we carry out supply chain surveys as part of our supply chain management. We see constructive dialogue with all of our stakeholders and the reflection of input from that dialogue in our policies and actions as being vital to the achievement of sustainable medium- to long-term improvement in our corporate value.

Moreover, to better understand global environmental and societal trends, MC has established sustainability departments in Europe, the Americas, Southeast Asia and other regions to share and coordinate information. We are also a signatory of the UN Global Compact and are a member of organizations such as the World Business Council for Sustainable Development (WBCSD). In addition, the Sustainability Advisory Committee, which we established in 2008, is working to incorporate external perspectives into our sustainability activities. The committee meets twice a year to provide advice and recommendations.

**Dialogue with Stakeholders in the Fiscal Year Ended March 31, 2021**

In the fiscal year ended March 31, 2021, MC held approximately 30 direct dialogues with shareholders on the topic of sustainability. We also conducted 70 direct dialogues with NGOs, including two in Japan, 48 in Europe and 20 in Americas. These meetings provided valuable insights into stakeholders’ perspectives, including expectations in relation to our strategies toward the transition to a low-carbon/ decarbonized society, as well as policies around individual fossil fuel projects. MC will firmly consider the suggestions we have received and will strive to provide timely and appropriate disclosure of the response measures and policies we formulate.

**Sustainability Advisory Committee**

MC has established the Sustainability Advisory Committee which consists of six outside experts representing the perspectives of MC’s diverse stakeholders including NGOs, international agencies and the ESG investment sector, as an advisory body to the Corporate Functional Officer (Corporate Sustainability & CSR). MC conveys its thinking on sustainability policies to committee members and, with the aim of improving stakeholder engagement, receives advice and recommendations from them. Moreover, MC conducts tours of business sites for committee members in order to deepen their understanding of MC’s businesses. At the Sustainability Advisory Committee meeting held in May 2021, MC received feedback on the following topics:

**Sustainability Advisory Committee Members**

<table>
<thead>
<tr>
<th>Eiichiro Adachi</th>
<th>Masaru Arai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counselor, Head of ESG Research Center</td>
<td>Chair, Japan Sustainable Investment Forum</td>
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</table>

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<tr>
<th>Peter D. Pedersen</th>
<th>Yasushi Hibi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor Graduate School of Leadership and innovation, Shizenkan University</td>
<td>Vice President, Regional Climate Lead Conservation International Japan</td>
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<thead>
<tr>
<th>Takejiro Sueyoshi</th>
<th>Miwa Yamada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Advisor to the UNEP FI in the Asia-Pacific Region</td>
<td>Director, Law and Institution Studies Group, Inter-disciplinary Studies Center (IDE-JETRO)</td>
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</tbody>
</table>

**Main Discussion Topics**

- MC’s Key Sustainability Issues
- Responding to climate change
- Supply chain management
- Stakeholder engagement
- Corporate philanthropy activities (including recovery activities)
- Consideration of important policies for the future

**On-Site Observation Tour**

In the fall of 2020, MC conducted a site visit to imperfect Inc.,* in Omotesando, Tokyo. During the visit, Sustainability Advisory Committee members learned about the role imperfect’s activities play and the challenges faced in promoting sustainable activities to support livelihoods and conserve the environment.

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*imperfect Inc. sells products that combine ingredients such as nuts, cacao and coffee produced through initiatives with high environmental and societal value, based on MC’s commitment to “address societal issues related to food and agriculture through business practices.”
Supply Chain Management

Basic Approach on Human Rights (Including Response to International Norms)

MC believes that respect for human rights is fundamental to doing business globally. MC stipulates its respect for human rights in its Corporate Standards of Conduct and Social Charter. MC’s Code of Conduct for executives and employees states that MC will “respect human rights; will not engage in discrimination on the basis of race, ethnicity, creed, religion, or any other grounds; will not tolerate harassment; will respect the cultures, customs, and languages of other countries and regions” both inside and outside MC. MC also supports international norms such as the UN Guiding Principles on Business and Human Rights, the core labor standards of the International Labour Organization (ILO), and the Voluntary Principles on Security and Human Rights. Furthermore, in the UK, the government established the UK Modern Slavery Act (MSA), which requires certain companies to disclose actions taken to mitigate modern slavery in their supply chains. In response to this legislation, MC publishes a statement annually. The Mitsubishi Corporation Policy for Sustainable Supply Chain Management includes clauses covering the prohibition of forced labor and child labor. MC expects its suppliers to understand, embrace and abide by this policy.

Reference

Please refer to the Mitsubishi Corporation’s Corporate Standards of Conduct, the Mitsubishi Corporation Code of Conduct and the Mitsubishi Corporation Social Charter. FY2020 Modern Slavery Statement:

Policy and Structure for Supply Chain Management

Policy

For MC, as a global company involved in businesses across a wide range of products and services, ensuring sustainable supply chains is a key issue. MC has established its approach into a supply chain policy. Furthermore, MC has formulated individual guidelines for certain products that require specific individualized initiatives.

Structure

Basic policies and survey results for supply chain management, are determined by the Executive Committee based on deliberations by the Sustainability Advisory Committee and the Sustainability & CSR Committee, and are also reported to the Board of Directors.

Basic Policy/Survey Results for Supply Chain Management

Deliberated by Sustainability Advisory Committee
Deliberated by Sustainability & CSR Committee
Determined by the Executive Committee
Reported to the Board of Directors

Mitsubishi Corporation Policy for Sustainable Supply Chain Management

Basic Policy

Since its foundation, MC has adhered to the Three Corporate Principles which have guided its corporate philosophy and which place considerable emphasis on the importance of its corporate social responsibilities. Moreover, our Corporate Standards of Conduct outline our commitment to comply with all relevant laws and international regulations and to act responsibly with respect to the highest social standards. Our Corporate Standards of Conduct further elaborate on our commitment to preserving the global environment and pursuing sustainable development through all aspects of our business activities.

1. Policy

For MC, as a global company involved in businesses across a wide range of products and services, ensuring sustainable supply chains is a key issue. MC has established the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, which outlines MC’s actions to address human rights, labor rights and environmental issues in the supply chain. This policy serves to convey MC’s fundamental perspective to all its suppliers.

2. Monitoring

MC conducts regular surveys to suppliers to monitor the status of their compliance with the Basic Policy and to strengthen communication with suppliers. Furthermore, MC visits suppliers to confirm the status of their activities when it determines that site visits are necessary based on the regions where suppliers are active and their business activities.

(1) Forced Labor  (5) Discrimination  (9) Anti-Corruption
(2) Child Labor  (6) Abuse and Harassment  (10) Environment
(3) Safe and Healthy Working Environments  (7) Working Hours  (11) Information Disclosure
(4) Freedom of Association and Collective Bargaining  (8) Suitable Remuneration

3. Response to Compliance Violations

If a violation of the Basic Policy is confirmed, MC will demand that the relevant supplier implement corrective measures and will provide guidance and assistance to the supplier as necessary. If MC determines that the supplier is unlikely to implement corrective measures even after providing continuous guidance and assistance, MC will re-evaluate its business relationship with the relevant supplier.

URL
https://mitsubishicorp.disclosure.site/en/themes/126#1147
Supplementary Management Platform Supporting Value Creation

MC received responses from approximately 1,000 suppliers in approximately 30 countries and regions, including China, Vietnam, and Thailand, via its survey conducted in the fiscal year ended March 31, 2021 (survey based on transactions during the fiscal year ended March 31, 2020). Based on these results and other factors including the external environment, MC will conduct additional surveys and site visits for a number of the suppliers.

Supply Chain Management Initiatives

Our Approach to Supply Chain Management

MC regularly conducts surveys of suppliers, with a focus on those in industries where environmental and social risks are considered higher such as marine/agricultural products and apparel, in order to monitor their compliance with MC’s Policy for Sustainable Supply Chain Management. MC determines the target products and suppliers to be surveyed, and conduct post-survey follow-up in line with the approach outlined below.

1. Select target products
   Target products are selected based on the following aspects:
   - External trends related to the product
   - Situation in the country or region of origin of the product

2. Determine target suppliers
   Target suppliers are determined based on factors such as transaction history, etc.

3. Distribute surveys
   Distribute surveys which include questions related to the following items:
   - Existence of policies and compliance with laws and regulations
   - Existence of forced or child labor
   - Environmental protection status
   - Information disclosure

4. Determine initiatives in accordance with supplier status
   Suppliers are categorized into three degrees of risk based on survey results, and additional surveys and site visits are conducted based on the status of each supplier.

Survey Results

In the fiscal year ended March 31, 2021, MC employees visited a garment factory in Japan, which supplies apparel products to MC’s subsidiary Mitsubishi Corporation Fashion Co., Ltd., and conducted interviews with employees and company management.

Working in partnership with suppliers, MC will continue to promote sustainable operations throughout its supply chains.

Employee Training

Many employees at MC have the opportunity to undertake trading activities such as purchasing and sales, or to support such activities at some time in their careers. For this reason, MC strives to deepen the knowledge of all employees as buyers by explaining MC’s corporate philosophy, including respect for human rights in the supply chain. MC also integrates the relevant supply chain policy into buyer training such as programs geared toward specific levels of management including those for new employees as well as training on trading practices.

Communication with Suppliers

In the fiscal year ended March 31, 2021, MC employees visited a garment factory in Japan, which supplies apparel products to MC’s subsidiary Mitsubishi Corporation Fashion Co., Ltd., and conducted interviews with employees and company management.

Working in partnership with suppliers, MC will continue to promote sustainable operations throughout its supply chains.

Communication with Stakeholders

Through dialogue with stakeholders, MC exchanges opinions on supply chain management and perform reviews as necessary to make improvements. The table to the right shows the type of reviews that MC has conducted to date, drawing on comments from stakeholders.

In addition to questionnaire surveys, MC regularly conducts site visits to its suppliers (including its subsidiaries and affiliates) worldwide. Past visits have included shrimp hatcheries and processing companies, coffee milling plants and farms, tea producers, garment factories, pangasius aquaculture and processing plants, chicken processing plants, etc. Through the site visits and interviews with management and employees, MC confirms that its suppliers understand, embrace and abide by its Policy for Sustainable Supply Chain Management. MC also shares best practice examples in relation to sustainability policies and initiatives to achieve two-way communication with our suppliers. MC will continue communicating with our suppliers to ensure that our supply chains operate sustainably.

Examples of items revised based on comments from stakeholders:

- Began regularly obtaining suppliers’ agreement with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management
- Added more target products to the survey
- Developed an online system aimed at improving convenience and accessibility for suppliers answering the survey

URL

https://mitsubishicorp.disclosure.site/en/themes/126#1147

Past site visit report archive

https://mitsubishicorp.disclosure.site/en/themes/155
The MC Group’s Risk Management Framework

As the MC Group expands its diverse range of businesses globally, it faces a variety of risks. To maintain our financial soundness and improve our sustainable corporate value, it is crucial that we appropriately manage and respond to various risks. This section explains the MC Group’s Risk Management Framework and related response measures.

Risk Management Framework and Organization Model

Business Groups and dedicated corporate departments that deal with specific risks collaborate on the development of operations and management frameworks that enable appropriate response to risk.

<table>
<thead>
<tr>
<th>Supervising organization</th>
<th>Matters for supervision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Investment Management Department</td>
<td>Business investment risk (investment asset evaluation systems, new business investment, actions involving existing subsidiaries and affiliates, actions by subsidiaries and affiliates)</td>
</tr>
<tr>
<td>Global Risk &amp; Insurance Management Department</td>
<td>Country risk</td>
</tr>
<tr>
<td>Corporate Accounting Department (Risk Management Team)</td>
<td>Credit risk and market risk (rating systems, accrual (other than foreign exchange accrual), granting loans/guaranty, acquisition/disposal of non-affiliated investments, acquisition/disposal of fixed assets)</td>
</tr>
<tr>
<td>Mitsubishi Corporation Financial &amp; Management Services (Japan) Ltd.</td>
<td>Credit risk (contracts, transaction credits, deposition, payment extension)</td>
</tr>
<tr>
<td>Finance Department</td>
<td>Market risk (foreign exchange risk, interest rate risk, stock price risk, etc.)</td>
</tr>
<tr>
<td>Legal Department</td>
<td>Compliance risk (litigation/government investigations, laws and regulations, scandals/compliance issues)</td>
</tr>
<tr>
<td>Corporate Sustainability &amp; CSR Department</td>
<td>Climate risk, etc.</td>
</tr>
<tr>
<td>Corporate Administration Department (Security &amp; Crisis Management Office)</td>
<td>Risk of natural disasters, etc. (risks related to employee safety, including natural disasters, terrorism, new infectious diseases, and business continuity risks)</td>
</tr>
</tbody>
</table>

Note: The above list excludes those items that are related to major risks and those that are explained separately.
1 Responding to Market Risk

MC broadly divides market risk into four types: commodity market risk, foreign exchange risk, interest rate risk and stock price risk. This section explains the impact of these risks on our business as well as our status in managing these risks.

<table>
<thead>
<tr>
<th>Financial Impacts of Commodity Market Conditions/Exchange Rates/Interest Rates/Stock Price Risks</th>
<th>Fiscal year ending March 31, 2022 Assumptions behind results forecasts</th>
<th>Profit and loss impact on the fiscal year ending March 31, 2022 results forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (yen/US$)</td>
<td>108.00</td>
<td>±1.5 billion yen (±1 yen/US$) per year</td>
</tr>
<tr>
<td>Oil price (Dubai) (US$/BBB)</td>
<td>54 (April-September 2021: 57)</td>
<td>±2.5 billion yen (±1 US$/BBB) per year</td>
</tr>
<tr>
<td>Copper ore (US$/MT) (US$/lb)</td>
<td>7,826 [355]</td>
<td>±1.3 billion yen (±100 US$/MT) per year</td>
</tr>
<tr>
<td>Yen interest rate (%)</td>
<td>0.10</td>
<td>±2.8 billion yen (±10 US$/lb) per year</td>
</tr>
<tr>
<td>US dollar interest rate (%)</td>
<td>0.30</td>
<td>The impact of rising interest rates is largely offset by profits on transactions and investments. If interest rates rise sharply, however, profit and loss will be temporarily affected.</td>
</tr>
</tbody>
</table>

*1 Taking into account effects on MC’s performance from factors including differences in accounting periods of consolidated companies and the time lag before oil prices are reflected in LNG selling prices, the oil price shown is from six months earlier (October–September average for the whole year). However, as there are impacts not only from oil price fluctuations, but also from factors such as dividend payout ratios, foreign exchange rates and production/volumes, the profit impact is not determined by oil prices alone.

*2 However, as there are impacts not only from copper price fluctuations but also from factors such as ore grade, production/operational status and reinvestment plans, the profit impact is not determined by copper prices alone.

2 Responding to Credit Risk

MC sets upper limits on credit extended to third parties in order to manage the contract and credit risk involved in transaction credit, loans/guarantees and investments in unlisted companies. In addition, each business partner is assigned a business partner rating based on an in-house rating system.

We designate business partners that have a significant impact on the Company as targets for priority management, and regularly monitor our guidelines on risk money (limit), returns, credit protection, etc.

<table>
<thead>
<tr>
<th>Individual Project Approval Authority</th>
<th>Approach to Credit Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval authority is categorized according to amount limits and ratings.</td>
<td>Estimating appropriate credit costs and promoting improvements in the quality of loans through a reserve system that uses ratings.</td>
</tr>
</tbody>
</table>

- **Response to Foreign Exchange Risk**
  - MC conducts foreign currency-denominated settlements in import/export and trade transactions with foreign countries, resulting in exposure to the risk of exchange rate fluctuations. In response, we employ hedging measures such as forward exchange contracts. However, there is no guarantee that MC can fully avoid foreign exchange risk.
  - In addition, hedging is used as required for some foreign currency-denominated investments to companies that are included in the consolidation. However, there is a risk that other investments will make reductions in equity capital due to exchange differences on translating foreign companies.

- **Response to Interest Rate Risk**
  - A significant proportion of the interest-bearing liabilities held by MC corresponds to trade receivables and loans exposed to the effects of interest rate fluctuations. While the interest burden will increase if interest rates rise, income gained from these assets will also increase, offsetting the risk of interest rate fluctuations.
  - However, if interest rates rise rapidly, the interest burden could increase beforehand, temporarily impairing MC’s business performance.

- **Approach to Credit Risk Management**
  - Transfer of credit risk to a third party via guarantees, etc.
  - Reducing risk money through transaction management and acquisition of collateral, etc.
3 Responding to Business Investment Risk

To manage business investment risk properly, MC has established a screening process to review and make decisions on new, existing, re-profiling, and each other type of projects.

### Screening process for proposals

<table>
<thead>
<tr>
<th>Management of business projects</th>
<th>New projects</th>
<th>Existing projects</th>
<th>Replacement projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for policy/ Application for implementation</td>
<td>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, as well as risk locations and countermeasures.</td>
<td>Business plan formulation</td>
<td>Once a year, review subsidiaries and affiliates’ management issues and initiatives as well as MC’s functions and business life cycle.</td>
</tr>
<tr>
<td>Review regarding continuation of investments</td>
<td>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.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### MC delegates authority according to the financial scale of each Business Group, while the Investment Committee discusses all new investment and finance proposals as well as sales and withdrawal proposals prior to deliberation by the Executive Committee and the Board of Directors. The Corporate Functional Officer (CFO) 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, the Company selects 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.

### Business investment performance assessment/ Risk analysis and report

Analysis results on the risk/return of business investments, companywide risks and risk tolerance are reported to the managers, and the risk report is utilized to ascertain the overall status of the businesses and determine policies for capital allocation.

### Business plan formulation

Business plans for select subsidiaries and affiliates are reported to the Executive Committee. This information is used in processes that promote business growth and value creation, including the monitoring of business management effectiveness, and the discussion of medium- to long-term growth strategies.

### Perspectives on management of individual projects

Sort projects at the entry stage, Appraisal for policy/Application for implementation, Business plan formulation, Review regarding continuation of investments.

### Companywide monitoring

Companywide projects, Group projects, Envisioned portfolio, Financial soundness, Positioning of business fields, Concentrated risk.
### 4 Responding to Country Risk

MC has established a Regional Strategy Committee and a country risk countermeasure structure to properly assess and manage country risk. We also enact appropriate risk hedging measures, such as insuring projects.

**Regional Strategy Committee**
- The Regional Strategy Committee is chaired by the Corporate Functional Officer (Global Strategy). Its responsibilities include assessing the risk situation in various countries, establishing and managing the country risk countermeasure system, and evaluating individual projects.

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Corporate Functional Officer (Global Strategy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>General Manager, Audit &amp; Supervisory Board Members Office; General Manager, Global Risk &amp; Insurance Management Department; related corporate general managers; Business Group CEO Office general managers, etc.</td>
</tr>
</tbody>
</table>

**Country Risk Countermeasure System**
- Under the country risk countermeasure system, MC controls the accumulation of risk through methods such as setting categories and ceilings based on the credit ratings of each country.
- In addition to risk management through the country risk countermeasure system, MC closely monitors the impact of global economic trends and shifts in international affairs on the political and economic situation of each country in order to flexibly respond to risks based on the current international situation.

### 5 Responding to Compliance Risks

Based on internal rules and regulations related to compliance, MC has established a Compliance Framework and provides support for a Compliance Risk Management Framework on a consolidated basis. Compliance-related measures are enacted through discussions by the Compliance Committee, and these measures are reported to the Board of Directors annually in June.

MC has also set up various whistleblowing helplines and is working to detect and prevent compliance issues at an early stage.

**Compliance Framework**

[Diagram of Compliance Framework]

1. **President and CEO**
2. **Chief Compliance Officer**
3. **Group CEO**
4. **Group Compliance Officer**
5. **Organization Heads (BU, Division, Department, Branch, etc.)**
6. **Employees**
7. **Subsidiaries and Affiliated Companies**
8. **MC Group Outside Legal Counsel Compliance Mail Box and Helpline**
9. **Global Whistleblowing System “LUKS”**

- **Audit & Supervisory Board Members**
- **Employees**
- **Compliance Officer**
- **Immediate Manager**
- **Compliance Mail Box and Helpline**
- **Outside Legal Counsel**

MC has established a Compliance Framework and provides support for a Compliance Risk Management Framework on a consolidated basis. Compliance-related measures are enacted through discussions by the Compliance Committee, and these measures are reported to the Board of Directors annually in June.
Responding to Risks from Natural Disasters and Other Types of Disasters

Crisis management on a consolidated basis/business continuity management (BCM)

Crisis Management Structure on a Consolidated Basis

MC has built up a structure for securing the lives and safety of employees and their families as we respond on a consolidated basis to all crises that impact our profit and business continuity (all-hazard approach) by linking together each Business Group and Regional and National Crisis Management Offices under the management and supervision of the Emergency Crisis Management Officer.

All-Hazard Approach

Based on the all-hazard approach, MC has built up an internal structure that anticipates all kinds of risks, such as major natural disasters, acts of terrorism, riots, new infectious diseases, supply chain disruptions, legal transgressions, and cyber incidents, etc. Under usual conditions, we build up and establish various crisis management measures and structures needed in the event that a crisis does occur, so that we can ensure the safety and ascertain the status of all concerned as part of our initial response, and then act promptly to maintain and recover the infrastructure necessary for business continuity.

In particular, in the event of a serious incident impacting the lives and safety of our employees, as well as continuity of critical business operations, we will respond under the companywide direction of the Emergency Crisis Management Officer, while moving forward with our consolidated business continuity management (BCM) process established for major crises.
Business Continuity Management (BCM) on a Consolidated Basis

In 2018, MC adopted “business continuity management (BCM)” for its core business companies (selected from among MC Group companies) to establish and strengthen our consolidated framework designed to equip us with the business continuity capabilities needed to respond appropriately to major crisis situations.

BCM refers to the comprehensive management and implementation of a continuous PDCA cycle, including the formulation of a first response and business continuity plan (BCP) based on risk/impact analysis of each crisis, the establishment of appropriate systems, and education/training. It takes into account the specific local conditions operational circumstances and business characteristics of operational companies.

* Business impact analysis framework

We conduct analyses of the “cause incidents” that disrupt core operations and trigger “result incidents,” while taking into consideration the characteristics of operations at each company.

- Cause incidents: Natural disasters, infectious diseases, technology-related, external incidents, internal faults, legal issues, third-party related
- Result incidents: Human resources (death/unconfirmed safety, inability to report/commute to work), physical resources (damage of manufacturing/distribution or other facilities), supply chains (disruption of distribution channels, disruption of material/fuel supply), information (breakdown of IT systems or damage to electronic data, data manipulation/alteration, information leakage), reputation (product or service quality issues, environmental problems, administrative penalties), money (suspension of cash withdrawals, suspension of remittance or payments)

What is the status of your COVID-19 response?

Governments around the world are implementing a variety of COVID-19 countermeasures, including vaccination programs. Despite these efforts, the disease remains a major threat to the lives and safety of our employees, as well as our business continuity, due to the emergence of new COVID-19 variants. From the early stages of the global COVID-19 pandemic, we have been promptly implementing necessary countermeasures with the aim of safeguarding employees from infection, preventing the spread of the virus and appropriately ensuring business continuity. The Emergency Crisis Management Headquarters, in which industrial physicians participate, is spearheading these endeavors. In Japan we have introduced teleworking, implemented thorough infection prevention measures at business sites, limited business travel and group dining and taken other actions in response to infection trends and requests from both national and local governments. At our overseas business sites, we have assessed the status of the pandemic and implemented thorough infection prevention measures at business sites, limited business travel and group dining and taken other actions in response to infection trends and requests from both national and local governments. At our overseas business sites, we have assessed the status of the pandemic and implemented thorough infection prevention measures at business sites, limited business travel and group dining and taken other actions in response to infection trends and requests from both national and local governments.

How will MC respond to worsening security situations in overseas countries?

MC has built a global crisis management structure centered on the companywide Emergency Crisis Management Headquarters. In the event of an emergency, this structure will work with the relevant regional organizations and offices to monitor the situation and implement any measures necessary to verify and ensure the safety of all MC employees and their families as well as local staff, in cooperation with the Japanese government and its overseas diplomatic missions.

Under normal circumstances, we are constantly working with the relevant regional organizations and offices to prepare for emergencies on a consolidated basis by both monitoring the political and security situation and carrying out various actions, such as regular inspections of safety measures, BCP development and training exercises.

What do you see as your future priorities in terms of risk management and BCM?

MC faces an increasingly diverse range of risks in its business environment, including COVID-19, worsening security situations in overseas countries and cyber incidents. We must continually strengthen our ability to respond to all types of risks. We will further strengthen and enhance our business continuity preparedness at the consolidated level based on an all-hazard approach to apply the lessons learned and experience gained from each crisis.

Yasuteru Hirai
Emergency Crisis Management Officer
Member of the Board
Executive Vice President
### 7 Responding to Climate Risk

#### Policy

Climate change is one of the key issues for management to address as MC strives to achieve sustainable growth. MC makes full use of its knowledge of the energy industry as well as its core strengths—collective capabilities, foresight and execution skills—to implement initiatives that transcend industries. MC will contribute toward the achievement of international goals such as those expressed through the SDGs and the Paris Agreement by working closely with each company in the MC Group and collaborating 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*, which has proposed disclosure guidelines, and we are working to enhance the disclosure of information in accordance with those guidelines.

*Task Force on Climate-related Financial Disclosures. This task force established by the Financial Stability Board (FSB) proposes items that companies should disclose to markets. The General Manager of MC’s Corporate Sustainability & CSR Department is a member of this task force.

#### Governance

As an important management issue, the Executive Committee determines the basic policies and other important matters regarding climate change, and reports these to the Board of Directors. In addition to seeking advice and recommendations from the external experts of the Sustainability Advisory Committee, the Sustainability & CSR Committee discusses matters thoroughly before they are brought to the Executive Committee.

Discussions focus on policies regarding climate change, such as climate-related initiatives through business and policies for addressing the TCFD. Other important matters such as methods to evaluate climate risks and opportunities (including scenario analysis) and greenhouse gas reduction targets (including the status of reductions) are also discussed.

#### Initiatives to Date

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Start of discussions on the resilience of MC’s business to climate change</td>
</tr>
<tr>
<td>2017</td>
<td>Formulation of policies to address climate change</td>
</tr>
<tr>
<td>2018</td>
<td>Creation of a road map to respond to the TCFD</td>
</tr>
<tr>
<td>2019</td>
<td>Start of detailed discussions on analyzing climate risks and opportunities</td>
</tr>
<tr>
<td>2020</td>
<td>Continued analysis of transition risks and opportunities Begin comprehensive analysis of physical risks</td>
</tr>
</tbody>
</table>

#### Climate-Related Governance Framework

<table>
<thead>
<tr>
<th>Role</th>
<th>Role</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Supervises MC’s climate-related actions and initiatives</td>
<td>Convenes approx. twice per year</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>Makes decisions regarding MC’s basic policy on climate change as well as important matters pertaining to climate change</td>
<td>Convenes approx. twice per year</td>
</tr>
<tr>
<td>Sustainability &amp; CSR Committee (reports directly to the Executive Committee)</td>
<td>Deliberates on MC’s basic policy on climate change and important matters therein, and reports findings to the Executive Committee</td>
<td>Convenes approx. twice per year</td>
</tr>
<tr>
<td>Sustainability Advisory Committee</td>
<td>Offers advice and recommendations regarding MC’s basic policy on climate change and important matters therein</td>
<td>Convenes approx. twice per year</td>
</tr>
<tr>
<td>Officer in Charge</td>
<td>Corporate Functional Officer (Corporate Sustainability &amp; CSR)</td>
<td></td>
</tr>
<tr>
<td>Department in Charge</td>
<td>Corporate Sustainability &amp; CSR Department</td>
<td></td>
</tr>
</tbody>
</table>

**Reference** Please refer to pages 46–51 for information on MC’s Sustainability Promotion Framework.

#### Risk Management

Key climate risks and opportunities are assessed through internal and external surveys which are then evaluated and identified by the Sustainability & CSR Committee in which all Business Group CEOs participate in discussions.

These risks and opportunities are managed under the above Governance Framework.

1. Survey
   - Sustainability survey (of subsidiaries and affiliates)
   - Research on external trends

2. Evaluation and Identification
   - Evaluation and identification of key business risks and opportunities by the Sustainability & CSR Committee

3. Management
   - Manage individual projects through screening process for investment and loan proposals
MC references 2°C climate scenarios set out by the International Energy Agency (IEA) and other organizations (World Energy Outlook Sustainable Development Scenario, Energy Technology Perspectives Sustainable Development Scenario, etc.).

MC is currently in consideration to conduct analysis using the 1.5°C scenario, based on the premise that decarbonization will proceed further than the 2°C scenario, and this will be considered going forward.

The policies and initiatives based on the results of scenario analyses for the projects to be monitored (high risk) as determined by the above

**Strategies**

**Transition Risks and Opportunities**

**Process for Determining Projects to be Monitored**

**STEP 1 Selecting Climate Scenarios**

**STEP 2 Identifying Businesses Most Affected by Climate Change**

**STEP 3 Identifying Risks and Opportunities**

**STEP 4 Determining Projects to be Monitored**

**Policies and Initiatives Based on Scenario Analysis**

The policies and initiatives based on the results of scenario analyses for the projects to be monitored (high risk) as determined by the above process are as follows.

*Scenarios are based on past data and are not forecasts. Instead, they are virtual models based on possible outcomes with high levels of uncertainty. The scenarios and business environment written here represent MC’s understanding of the main scenarios disclosed by international organizations such as the International Energy Agency (IEA), and do not represent MC’s medium- to long-term outlook.

**Power Generation (Fossil Fuels)**

As the global trend toward carbon reduction/decarbonization becomes more pronounced, MC recognizes that the resulting decline in cost competitiveness due to restrictions and tighter regulations on fossil fuel-based power generation businesses could make it difficult to withdraw from existing projects in the future.

**Policy on Coal-Fired Power Generation Businesses (IPP and EPC)**

Independent Power Producer (IPP) Business for Coal-Fired Power Generation

- As of April 2020, MC’s coal-fired power generation capacity for businesses in which MC serves the role of Independent Power Producer, or “IPP), including projects under development and construction, is approximately 2.2 GW on an equity share basis (roughly 20% of MC’s total capacity as of the same date).
- MC has adopted a policy to reduce its equity share to approximately one-third by 2030 (compared to 2020 levels) by not entering into any new coal-fired power generation businesses, with the Vung Ang II project in Vietnam being the last, and to exit all existing coal-fired power generation projects by 2050. Furthermore, we will work to reduce CO2 emissions in our thermal power generation business by taking steps such as converting to alternative fuel sources. We will subsequently aim to achieve a 100% non-fossil power generation portfolio by 2050 by 1) decarbonizing our thermal power generation business by switching to zero-emission thermal power and 2) further expanding our renewable energy business.

Accordingly, MC has disclosed specific policies in relation to coal-fired power generation businesses. In the gas-fired power generation business as well, by conducting a risk analysis based on the impacts of climate change, MC aims to achieve a 100% non-fossil power generation portfolio by 2050.

**Major Opportunities**

- Power generation (renewable energy)
- Copper

**Major Risks**

- Power generation (fossil fuels)
- Metallurgical coal
- Natural gas
- Automobiles (passenger cars, pickup trucks)
- Ships

**Please refer to the Sustainability Website for details:** [https://mitsubishicorp披露.site/en/themes/1134965](https://mitsubishicorp披露.site/en/themes/1134965)
Metallurgical Coal

MC recognizes its metallurgical coal business will be affected by a number of factors in the future, including the growing use of new steel production techniques with reduced greenhouse gas emissions, as well as the electric furnace method. Introduction of carbon pricing will also affect our metallurgical coal business. However, MC expects to maintain its advantage to a certain extent due to the increase in need for high-grade metallurgical coal against the backdrop of increased efficiency in steelmaking using the blast furnace method. MC will continuously monitor and analyze issues including the progress of new technologies (new steelmaking methods, CCUS), electric furnaces and national policies, which could have an impact on metallurgical coal demand, and work to strengthen the competitiveness of its metallurgical coal assets. At the same time, MC will work to reduce greenhouse gas emissions throughout the entire metallurgical coal value chain.

Natural Gas

While global demand for natural gas is expected to start declining after 2030, demand in the Asia-Pacific region is predicted to increase significantly through to 2040. By carefully selecting highly cost-competitive projects, MC expects to maintain a competitive advantage in its natural gas business. As the transition to a low-carbon/decarbonized society continues, MC has positioned natural gas as a vital energy source and intends to expand its revenue base in this area by reinforcing the foundations of its existing operations, while also developing demand in emerging markets, with a particular emphasis on Asia. At the same time, MC will continue to monitor international policy developments, such as the introduction of carbon taxes, which could be a factor that affects business profitability. MC will also continue to pay close attention to technological developments, such as CCUS, and work to implement and consider initiatives transitioning to carbon-neutral natural gas in various fields.

Automobiles (passenger cars, pickup trucks)

While MC anticipates modest growth in overall demand for automobiles, automobile ownership and running costs are also expected to rise as manufacturers come under increasing pressure from tax and regulation systems related to the environment. There is also likely to be an accelerating shift toward electric vehicles (EVs), however, the pace of that shift differs depending on the income level, infrastructure conditions and energy/industrial policies of each country. In the ASEAN region, which MC has positioned as a key market, the demand for automobile internal combustion engines is still high for the time being.

Ships

The transition to next-generation energy sources, such as biofuels, hydrogen and ammonia, is expected to accelerate in response to the tightening of existing regulations and the introduction of new rules. However, because the full-scale global switch to new fuels and development of the necessary supply infrastructure will likely only begin to accelerate after 2030, the cost borne by MC for the replacement of existing vessels is expected to be very limited. There is also limited risk to MC since the additional costs associated with the fuel required for operation is expected to remain incumbent on the shipper/operator. By developing and introducing advanced vessels, MC will make its business more sustainable and add value to the coastal shipping industry.

Incorporation into Business Strategy

The five businesses discussed above are seen as having high transition risks. MC takes these risks into consideration and reflects them in its business strategies.

Reference

Please refer to our Sustainability Website for more information about the scenario analyses, including the results of the analyses for the other projects to be monitored: https://mitsubishicorp.disclosure.site/en/themes/1134915

Physical Risks

Physical climate risks (e.g., floods, droughts and water shortages, sea temperature and sea-level rises) could affect the operations of some of the MC Group’s businesses. Countermeasures are being implemented at the business level, taking into account the characteristics of each business. Specifically, MC is taking the following actions for its metallurgical coal, copper and salmon farming businesses, which are considered to have particularly high exposure to physical climate risks among MC’s businesses.

<table>
<thead>
<tr>
<th>Selected businesses</th>
<th>Physical risks</th>
<th>Measures against physical risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metallurgical coal business</td>
<td>Storm surge and flooding</td>
<td>Factoring in sea-level rises due to climate change and cyclones, latest port infrastructure has been designed assuming a one in a thousand-year occurrence of high waves. For coal mines, water storage levels are monitored and balanced to meet water demand while having storage capacity to provide resistance to flooding. Further enhancement to provide resilience to flooding includes installation of flood levees and pipes between the mines, as well as additional excess water discharge infrastructure and installation of extensive dewatering pumps.</td>
</tr>
<tr>
<td>Copper business</td>
<td>Water shortages and droughts</td>
<td>MC is making efforts to reduce its dependency on freshwater intakes from rivers or groundwater supplies through measures such as investing in desalination plants and improving water reuse efficiency.</td>
</tr>
<tr>
<td>Salmon farming business</td>
<td>Rising sea temperatures</td>
<td>To manage the risk of rising sea temperatures, MC 1) monitors water temperature and quality data, 2) conducts operations in areas that are more resilient to rises in sea temperature, and 3) conducts research about measures to deal with problems associated with rising sea temperature, such as diseases.</td>
</tr>
</tbody>
</table>
In order to comprehensively understand the potential physical risks that climate change poses to the MC Group’s business, MC has started an assessment based on the following process. MC will disclose the results of the assessment upon completion.

**Process**

MC has a large global portfolio of companies with diverse and widespread assets. To determine which of the MC Group’s assets are potentially most exposed to the physical impacts of climate change, MC is undertaking the following systematic process:

- **Determination of MC Group assets that are material to the operational performance of MC by:**
  - Identifying subsidiaries/affiliates that have the greatest potential to have a material financial impact on MC, and
  - Having each subsidiary/affiliate identified under  above nominate assets that are material to their business

  **Phase 0**
  **Identification of material assets**

- Identifying high-risk assets that should be analyzed in Phase 2, and scoring each asset’s potential exposure to climate hazards through 2030.

  **Assets:** 74 assets across 38 MC subsidiaries/affiliates located in 13 countries, identified in Phase 0

  **Climate hazards:** Coastal flooding, stormwater flooding, wildfires, extreme heat, tropical cyclones, water stress

  **Scenarios:** RCP 8.5 scenario

  **Time horizons:** 2030

**Phase 1**
**Screening**

Detailed analysis of each asset’s potential exposure to physical climate hazards with highest scores in Phase 1 (high-risk assets) through 2080, based on observational data, climate model projections and information such as previously experienced impacts due to physical climate hazards.

- **Assets:** 18 assets located in 8 countries that were identified as having high exposure to climate hazards through screening process in Phase 1

  **Climate hazards:** Coastal flooding, stormwater flooding, wildfires, extreme heat, tropical cyclones, water stress

  **Scenarios:** RCP 8.5 scenario, RCP 4.5 scenario

  **Time horizons:** 2030, 2050, 2080

For each asset, each climate hazard is rated by considering the probability that the climate hazard will occur, the magnitude of the hazard’s impact on the asset and the likelihood of the impact occurring and are ranked on a 5-level color scale (red, orange, yellow, green and gray), which indicates the priority for action in developing adaptation strategies.

**Phase 2**
**Detailed Analysis**

Based on the results of this assessment, MC will evaluate existing adaptation/resilience measures already in place and consider improvement plans as necessary.

**Phase 3**
**Consideration of Improvement Plans**

**Incorporation into Business Strategy**

The above assessment will allow MC to identify assets that are most exposed to climate hazards and will enable MC to prioritize adaptation measures and incorporate them into business strategy.

**Metrics and Targets**

MC has set the following climate-related targets to capitalize on opportunities and mitigate risks on a consolidated basis.

**Aim to double renewable power generation capacity by the fiscal year ending March 2031 compared to the fiscal year ended March 2020.**

**Aim to reduce existing thermal power capacity and switch to zero-emission thermal power, targeting 100% non-fossil ratio in MC’s power generation business by 2050.**

MC has set a target of reducing greenhouse gas emissions per unit of total assets*3 by 25% by 2030*4, however MC is currently considering a review of this goal in order to reinforce its low-carbon/decarbonization efforts.

*3 The total assets used for per unit calculations are different from the total assets reported in MC’s financial reports.

*4 Compared with levels in the fiscal year ended March 31, 2017. Consolidated greenhouse gas emissions (parent company plus subsidiaries).

**MC’s response to CDP Climate Change can be viewed via this link**

https://mitsubishicorp披露.サイト/en/themes/113#915

https://mitsubishicorp披露.サイト/en/themes/134

Reference Please refer to the Sustainability Website for details on the assessment process: https://mitsubishicorp披露.サイト/en/themes/113#915
Targeting Sustainable Growth Through Stakeholder Engagement

With the Three Corporate Principles as its core philosophy, MC has continued to grow together with society by addressing societal issues. The MC Group seeks to increase its corporate value in the medium to long term against a global backdrop of rising uncertainty and unpredictability, including geopolitical and economic shifts, changes in industrial landscapes driven by technological innovation, and evolving societal values. To this end, we believe it is vital to accurately grasp the demands and expectations of our diverse stakeholders through engagement and dialogue, and to reflect these in our Group management.

MC has established a system to reflect stakeholder opinions into company management by incorporating external perspectives into the Board of Directors and its advisory bodies (the Governance, Nomination & Compensation Committee and the International Advisory Committee) as well as the Sustainability Advisory Committee. With these and other initiatives to engage with its various stakeholders, MC aims to achieve sustainable, triple-value growth and to provide solutions to societal and environmental issues through its business activities.

Evaluation by Society

MC actively discloses information related to its efforts to generate sustainable corporate value to a variety of stakeholders worldwide. We emphasize environmental, social and governance (ESG) indices and the level of recognition from external stakeholders as indicators for measuring the results of these efforts.

Engaging with the Global Community Through External Organizations

MC is a signatory of the UN Global Compact and is a member of organizations such as the World Business Council for Sustainable Development (WBCSD), the TCFD Consortium, the World Economic Forum and the Japan Business Federation.
**Customers and Partners**

MC will contribute to the development of societies and economies by providing a stable supply of products and services that meet the needs of customers and business partners across a wide range of business areas, from upstream raw material procurement to downstream retail, and by working with its customers and business partners to develop various businesses that it could not have realized on its own. Moreover, as a company that handles a diverse range of products and services worldwide, MC is working to achieve a sustainable supply chain as a key issue.*

**Examples of Engagement**

- Receiving the advice and recommendations of NGO representatives on MC’s CSR activities related to biodiversity (tropical forest regeneration, global coral reef conservation); fisheries improvement and wildlife management initiatives (e.g. about coal-fired power generation business and climate initiatives)
- Meetings with NGOs: Japan (2); Europe (48); the Americas (20)
- Business briefing sessions: 2 times (the fiscal year ended March 31, 2021)
- Publishing business reports, integrated reports, sustainability reports, and use them to improve our initiatives. Moreover, we are promoting requests raised through our robust communication on a day-to-day basis
- Implementing various initiatives in our silica sand operations such as prioritizing employment of indigenous peoples, subsidizing the cost of work training, providing scholarships and supporting local infrastructure development
- Conducting regular Employee Awareness Surveys
- Dialogue with the MC Staff Union, and information dissemination through MC’s intranet and internal magazine

*See pages 50-51 for more information on MC’s supply chain initiatives.

**Shareholders, Investors and Creditors**

MC strives to gain understanding and support of its business and management strategy through the timely and appropriate disclosure of information and enhancement of disclosure materials, as well as through briefings and individual meetings. At the same time, MC works to maximize corporate value by reflecting in its management the opinions and demands of shareholders and investors obtained through dialogue with them.

**Examples of Engagement**

- Meetings with institutional investors and analysts: approx. 20 times (CEO/ CFO), approx. 400 times (IR), approx. 30 times (ESG)
- Communication with shareholders at the Ordinary General Meeting of Shareholders
- Publication of business reports, integrated reports, sustainability reports, investors’ notes
- Quarterly financial results briefings: 4 times annually
- Business briefing sessions: 2 times (the fiscal year ended March 31, 2021)
- Online seminars with individual investors: 3 times (the fiscal year ended March 31, 2021)

**Employees**

In response to the further diversification and globalization of its businesses, MC is working to develop human resources and support their success on a global, consolidated basis. This is to establish vibrant workplaces where MC’s diverse group of employees, regardless of gender, nationality or other attributes, are able to demonstrate their unique abilities to the fullest.

**Examples of Engagement**

- Human resource development* (enhanced talent management, group-wide training initiatives, etc.)
- Health and productivity management, diversity management* (including supporting health with internal medical clinics and career support for female employees)
- Conducting regular Employee Awareness Surveys (total of 32,000 survey responses on a global, consolidated basis for the fiscal year ended March 31, 2020)
- Dialogue with the MC Staff Union, and information dissemination through MC’s intranet and internal magazine

*See pages 22-25 for human resource development initiatives, and pages 64-67 for health and productivity management and diversity management initiatives.

**Local Communities**

MC believes in the importance of “Growing Together with Local Communities” and “Addressing the Needs of Society through Business Innovation,” and recognizes the value of building relationships with communities for the success of its businesses. Furthermore, by growing together with communities through job creation, promoting community development and procuring raw materials from local communities, MC also strives to minimize negative impacts on local communities, including by respecting the rights of indigenous peoples. Particularly for large-scale projects where the understanding and cooperation of local communities is crucial, we hold public hearings and dialogue with local residents as needed. Growing together with local communities is equally as important as advancing our businesses and generating financial return. This represents the true spirit of MC, which seeks to simultaneously generate economic, environmental and societal value.

**Examples of Engagement**

- Implementing a local purchasing program for mining operations to procure certain goods and services from local small- and medium-sized enterprises
- Implementing various initiatives in our silica sand operations such as prioritizing employment of Indigenous peoples, subsidizing the cost of work training, supporting local infrastructure development
- Support activities through foundations and funds

**NGOs**

We recognize NGOs as key stakeholders that function as representatives for the planet and its citizens, and we seriously consider the opinions and requests raised through our robust communication on a day-to-day basis and use them to improve our initiatives. Moreover, we are promoting collaborations with NGOs to address environmental and societal issues.

**Examples of Engagement**

- Meetings with NGOs: Japan (2); Europe (48); the Americas (20)
  (e.g. about coal-fired power generation business and climate initiatives)
- CSR activities related to biodiversity (tropical forest regeneration, global coral reef conservation); fisheries improvement and wildlife management initiatives in the Amazon river basin through foundations set up by MC in Europe and the Americas; supporting NGOs working toward sustainable cacao farming in Côte d’Ivoire.
- Receiving the advice and recommendations of NGO representatives on MC’s Sustainability Advisory Committee into business initiatives

**Governments and Local Authorities**

To achieve improvements and provide solutions to societal issues through our global business operations, we engage in collaboration, joint initiatives and dialogue with public sector bodies through our involvement in business associations, public-private initiatives and other forums, with the aim of contributing to societal development.

**Examples of Engagement**

- Business association activities:
  - Dialogues with public sector bodies through the Japan Business Federation (Keidanren), the Japan Chamber of Commerce and Industry, the Tokyo Chamber of Commerce and Industry, the Japan Association of Corporate Executives, the Japan Foreign Trade Council, Inc., etc.
  - Public-private initiatives with public institutions:
    - Collaborations with and utilization of Japanese government ministries (Ministry of Foreign Affairs, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, etc.), the Japan International Cooperation Agency and Multilateral Development Banks (workshops and seminars hosted by the Ministry of Economy, Trade and Industry and the Ministry of the Environment covering utilization of TCDF guidelines, the greater adoption of renewable energy and other topics; Fuel Ammonia Council, etc.)
    - Discussions held at the Ministerial Meeting on Strategy relating Infrastructure Export and Economic Cooperation led by the Japanese government (51 times since its launch in 2013)
Stakeholder Engagement: Employees

Initiatives to Support the Active Role of Diverse Human Resources

People are MC's greatest asset. To continue creating sustainable corporate value, the MC Group must adapt to the growing diversification and globalization of its business activities by ensuring that its diverse group of employees, regardless of age, gender, nationality or other attributes, are able to demonstrate their unique abilities to the fullest extent possible.

The importance that we place on ensuring the mental and physical health of our employees, as well as on creating environments that embrace diversity, is reflected in our health promotion and diversity management initiatives.

Health and Productivity Management

MC recognizes that the success of each employee depends on their physical and mental wellbeing. Therefore, we consider the health of our employees to be a key management priority that will lead to further value creation and sustainable growth.

Our health promotion measures have received external recognition, and we have been included in the “Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500),” a list of 500 companies recognized for excellence in their health and productivity initiatives every year since 2018.

Going forward, MC will strive to achieve higher productivity and continue creating value by not only working to prevent health issues, but also by providing health support to help employees lead active lives and reach their full potential.

Message from the Head Occupational Physician

Recognizing that working overseas for extended periods can have an impact on one’s health due to differences in language, culture, medical systems and other environmental factors, the MC Head Office medical clinic is equipped to handle health-related inquiries from employees and their family members should they feel unwell while overseas. We also conduct a survey to monitor the health and working environments of employees on overseas appointments. Additional support is provided by the Global Human Resources Department, the Mental Health Support Desk and in-house medical clinics.

In addition, our physicians and nutritionists encourage lifestyle changes by providing health and nutritional guidance based on their knowledge of diverse working environments, lifestyle trends and employee health data. In 2020, we introduced a health app that helps users to visualize and improve their lifestyle habits. Over 90% of the people who used the app reported an improvement in their understanding of good lifestyle habits, and 60% said that their health awareness had improved. There has also been an overall improvement in the BMIs of those examined at the in-house medical clinics.

Going forward, MC will continue to enhance its medium- to long-term health support measures, such as by providing health guidance to younger employees and working to raise the awareness of healthy employees who have normal checkup results on how to structure their lifestyles to maintain their health.

Work Styles and Health Management in Environments with COVID-19 Prevention Measures

Having established infection prevention measures, MC established a hybrid working style that combines teleworking and on-site work according to the characteristics of each job, business environment and industry, with the aim of maximizing productivity. Environmental changes often lead to physical and mental stress, and so our health management support includes consultation sessions and seminars on wellness, targeting both individuals as well as those who are managing subordinates.

In addition to carrying out yearly stress checks, we have established an early detection system for health fluctuations based on regular monitoring of the status of employees undergoing on-site professional training.

Specific Initiatives

- Extensive health management and support via in-house medical clinics
- Health management support for employees and their families during overseas appointments
- Visualization and improvement of lifestyle habits using a health app
- Improvement of health awareness and motivation through seminars
- Mental health measures
- Support for employees balancing work and medical treatment, and for those returning to work after leave due to health issues
- Initiatives that allow each organization and individual to pursue and realize autonomous and flexible work styles
- Countermeasures for infectious diseases

Seigo Ito
Clinic Director
Diversity Management

We believe that the significance of diversity management at the MC Group lies in building a strong organization with the flexibility to adapt to changing business environments.

In sharing the spirit of its guiding philosophy, the Three Corporate Principles, the MC Group aims to:

- Recruit and apply its broad professional expertise without discrimination
- Benefit from workforce diversity by embracing and applying different perspectives and ideas to its management practices, business creations and regional developments.
- Improve organizational performance by ensuring an inclusive professional work environment that maximizes the abilities of a diverse workforce.

Initiatives to Support Women’s Careers

For many years we have supported the development and continuation of women’s careers by enhancing and expanding systems to support those who need to balance work responsibilities with family obligations, so that they can continue to pursue careers with MC. Going forward, we will further enhance our career support systems to create work environments where female employees can independently build their careers and play a more active role in the workplace.

Phase 2: Initiatives Based on Supporting Women’s Careers (Plan Period: April 1, 2021 to March 31, 2026)

In Phase 2, we will implement measures focusing on the following two goals based on a review of progress and the effectiveness of actions in Phase 1.

Target 1 Encourage more high-level appointments of female employees and raise the percentage of women in management-level positions above 15%.

<table>
<thead>
<tr>
<th>Background and Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>By expanding its systems to promote a healthy work-life balance and taking special career-support measures for its female professionals, MC has boosted the percentage of women in management-level positions.</td>
</tr>
<tr>
<td>MC plans to further accelerate its appointment of women to executive positions</td>
</tr>
</tbody>
</table>

Examples of Initiatives

- Expansion of the mentorship program for working women.
- Instructing the Women’s Career Managers to analyze and address any separate issues that may exist companywide and within their respective departments.
- Career support through training programs and networking opportunities that are specifically designed for working women.

Target 2 Ensure that all eligible male employees take their full paternity leave.

<table>
<thead>
<tr>
<th>Background and Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through Phase 1 initiatives, more working fathers at MC have been taking paternity leave and doing so for longer periods.</td>
</tr>
<tr>
<td>MC will raise awareness of paternity leave and make it easier for male employees with newborns to use it.</td>
</tr>
</tbody>
</table>

Examples of Initiatives

- Establishment of a consultation desk for male employees.
- Promote the idea that male employees should in principle take paternity leave when their spouses give birth.
- Encourage male employees to use paternity leave through roundtable discussions with those who already have, internal promotion activities, and the provision of guidance to individuals and their supervisors.
Learning and Maturing Through Business

Egawa  Throughout my time at MC, I have been involved in launching LNG projects, and more than half of my career has been spent overseas, including in North America and Southeast Asia, where cultures and personal values differ from those I had experienced in Japan. In some of these regions, progress toward social advancement for women has been limited due to cultural traditions, and at times I was left guessing what matters I should bring to the attention of my male managers. By repeating a process of trial and error to communicate thoroughly and establish relationships that allow for frank, one-to-one discussions, I believe I built up the ability to get my point across when breakthroughs are necessary at work.

Naka  I have been involved in power plant asset management for many years. Looking back, what I most often recall are the difficulties as well as the joys I experienced when I was seconded to another company. Since this company was in the start-up phase, not only was I carrying out duties as a line manager, but I was also actively involved in setting up corporate functions such as general administration and accounting. Out of these, I found recruiting staff to be especially difficult. First of all, we needed to develop HR systems, and after recruiting staff, we faced conflicts between our diverse group of employees, among other HR-related issues. It was difficult to monitor the overall situation while keeping the organization running smoothly, but it was a rewarding experience unique to a management role. New business proposals also presented some difficulties, and although I was almost at a loss after a series of failed proposals, I continued meeting with our partner companies to identify their concerns and refined the plans with my team members and power plant staff. When we finally came to an agreement on a new business that reduced both costs as well as environmental impacts, I was delighted with the team effort. This experience also changed my own personal values, and ever since, I have felt a responsibility to provide new value to our customers at hand.

Egawa  A lot can be learned from creating a team that works toward a single goal. Joining a bidding team for an LNG project in Canada definitely left an impression on me. I suddenly needed to travel to Canada in the middle of winter, where I would endure four months of harsh conditions, including -30°C temperatures. While there, after negotiating a deal with a bidding team that included lawyers and experts, we put together a number of contracts with the help of the Head Office and managed to win the tender. While not limited to this job, I was lucky enough to have a manager who shared his thoughts frankly even when handling difficult situations such as responding to issues at the company where we were seconded or the often-intimidating sales environment. Being exposed to this type of work ethic throughout my career has been an invaluable asset for me.
Approaches to Organizational Leadership

**Naka** The Power & Retail DX Task Force is also working on initiatives in new areas, such as data matching. Our project teams include employees from other Business Groups and organizations, so I try to be flexible when managing our organization. In addition to providing guidance to the teams, I strive to manage their efforts while respecting the independence and characteristics of each member.

Mutual understanding is essential when working with new people, so it is important to take the time to carefully listen to team members.

**Egawa** Until March 2021, I was seconded to a company as a line manager, but aligning with the structure and startup nature of the company, I took on the role of “player-coach,” playing an active role while also coaching the younger employees. Since April, I have been appointed as the General Manager of the Brunei Natural Gas Department, so I modified my management style.

Essentially, I respect practical boundaries with the two team leaders and get involved when decisions are necessary. I am now in charge of an LNG project that has been supplying customers in Japan for over 50 years. Having been assigned to this department as the project reaches its final stage, I believe I have an important role to play in terms of determining future strategies on the basis of economic viability as well as societal and environmental value.

**Naka** Through the mentorship program*, I was able to discuss my concerns about management-related issues with an executive who had experienced similar problems, and I was relieved to know this was a path everyone goes down. I benefited from the valuable advice my mentor provided based on personal experiences.

**Egawa** Indeed. The mentorship program was an excellent opportunity to obtain advice from different perspectives. My mentor also helped me to build up confidence by encouraging me to challenge myself, and I believe we both learned something from the experience. For my mentor, the lesson was a better understanding of women’s mindsets when they are in management positions and how they approach their work.

* A program in which executives from other departments act as mentors and engage in regular dialogue to support career development for women.

Advice for Junior Employees

**Egawa** My impression is that the working environment at MC has changed significantly compared to when I first joined the Company. The necessary systems are now in place to provide more options for women who want to advance their careers while maintaining a balance with childcare needs. With a little support, women can achieve career growth by seizing the opportunities provided by MC. Because of this, I will do my best to encourage my subordinates and serve as a role model for them. The ability to make good decisions comes from accumulating diverse experiences, and once you acquire this skill, you are ready to take on more responsibility. My message to my junior colleagues is that you can make decisions and offer opinions based on your experiences and career, irrespective of gender.

**Naka** There are circumstances where not only female employees, but also male employees have to deal with various situations such as caring for children and other family members when their spouses also work. I encourage my male colleagues to take paternity leave, and I even talk about my own family situation at times. Moving forward, I believe it is important for every employee to adopt a mindset of contributing to MC while respecting each other's individual circumstances. To achieve a balance between work and childcare, we need to recognize the value of real-time communication with our colleagues. Furthermore, managers can achieve work-life balance by overseeing the key aspects of their work while delegating other tasks to colleagues and subordinates. These are all connected, and I believe they are beneficial for MC and its employees. Everyone should take on challenges with a positive attitude, and not shy away from being seconded or assigned to management positions.
The Chairman of the Board plans and leads various initiatives to help realize more effective corporate governance that contributes to MC’s sustained growth and the enhancement of medium-to-long-term corporate value.

Ken Kobayashi
Chairman of the Board

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.

Governance, Nomination & Compensation Committee
The committee meets at least three times a year and a majority of its members are Outside Directors and Outside Audit & Supervisory Board Members. It deliberates on matters related to governance, nomination and compensation (P. 76).

Record of Meetings Held in the Fiscal Year Ended March 31, 2021

2020

Briefing Sessions Before Board of Directors’ Meetings
Prior to each Board of Directors’ meeting, opportunities are created for the management executives of the Corporate Staff Section and Business Groups to provide explanatory summaries of the agenda items for which they are responsible to Outside Directors and Outside Audit & Supervisory Board Members in order to facilitate substantive deliberations at the meetings. The sessions are also utilized to appropriately share timely information that helps enhance deliberations. A total of 32 hours of briefing were held in the fiscal year ended March 31, 2021.

Meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members
Meetings are held at least once per quarter to provide a forum for free discussion among Outside Directors and Outside Audit & Supervisory Board Members on a wide range of themes (P. 81).

Note: The members removed their face masks only when this picture was taken, and ensured proper distance between their seats during the meeting.
Opportunities to Provide Information and Engage in Dialogue

Orientation upon Assumption of Office
To deepen understanding of MC, all Business Groups and the Corporate Staff Section conduct orientation sessions for newly appointed Outside Directors and Outside Audit & Supervisory Board Members when they assume office (a total of 29 sessions during the fiscal year ended March 31, 2021).

Dialogues and Site Visits to Business Subsidiaries and Affiliates
For further understanding of the MC Group’s wide range of businesses, every year Outside Directors and Outside Audit & Supervisory Board Members participate in site visits to business subsidiaries and affiliates sites, and hold dialogues with the management of business subsidiaries and affiliates.

In August 2019, site visits were made to the Montney shale gas production and development site in Canada and to the LNG Canada project* development site. Through meetings with the local state government, city mayors and tribal leaders, Outside Directors and Outside Audit & Supervisory Board Members confirmed the state of initiatives aimed at simultaneously generating economic, societal and environmental value while taking into account local stakeholders and the natural environment. They also visited a business development site where the Silicon Valley Branch of Mitsubishi Corporation (Americas) operates with a partner company.

In March 2021, discussion was held with management executives at Mitsubishi Shokuhin Co., Ltd., and opinions were exchanged about the business environment and DX initiatives in the food distribution business.

* A joint venture business owned by five companies: MC, Royal Dutch Shell plc, and state-operated energy enterprises from Malaysia, China, and South Korea. The business intends to export and sell LNG to East Asia countries, including Japan.

International Advisory Committee
An advisory body to the Board of Directors made up of overseas experts (P. 77).

Note: Picture was taken at the latest in-person committee meeting. Advice and recommendations of committee members were obtained remotely during fiscal year ended March 31, 2021.

Dialogues and Interactions with Management Executives
Opportunities are created to engage in dialogue and interact with current management executives and next-term management executive candidates.

Dialogues with Mid-Level and Junior Employees
Opportunities are provided to gather information from the front lines via dialogues with mid-level and junior employees.

LNG Canada project development site (August 2019)

Visits to Business Subsidiaries and Affiliates (Past Three Fiscal Years)

<table>
<thead>
<tr>
<th>Month</th>
<th>Visit Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2021</td>
<td>Dialogue with management executives at Mitsubishi Shokuhin Co., Ltd.</td>
</tr>
<tr>
<td>August 2019</td>
<td>Montney shale gas production and development site and LNG Canada project development site (Canada)</td>
</tr>
<tr>
<td>August 2018</td>
<td>Cermaq Group AS (Norway)/Offshore wind farm facility (North Sea)</td>
</tr>
<tr>
<td>April 2018</td>
<td>Large mixed-use redevelopment project / The Mandalay International Airport (Myanmar)</td>
</tr>
</tbody>
</table>
Evaluation of the Effectiveness of the Board of Directors

In the fiscal year ended March 31, 2021, following deliberations by the Governance, Nomination & Compensation Committee in October*, Independent Outside Director Mr. Tatsuoka and Audit & Supervisory Board Member Ms. Sato led an evaluation of the effectiveness of the Board of Directors, formulating questions and conducting interviews, and then analyzing and evaluating the responses. This year, their multifaceted analysis included a survey of Business Group CEOs.

Specific Process

**STEP 1**
Questionnaire and interview for all Directors and Audit & Supervisory Board Members

**STEP 2**
Analysis and evaluation of results in meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members and the Governance, Nomination & Compensation Committee

**STEP 3**
Deliberation by the Board of Directors

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Reduced the number of In-house Directors by two (Outside Directors now make up 45% of the Board of Directors)</td>
<td>The current size and composition of the Board of Directors are appropriate</td>
<td>Continue to consider the necessity of changes in light of changes in the internal and external environment</td>
<td></td>
</tr>
<tr>
<td>Deepening the deliberations by the Board of Directors to further enhance monitoring function</td>
<td>Enhancing the deliberations of companywide management has increased the effectiveness of the Board of Directors</td>
<td>Further enhance deliberations of items that are important on a companywide basis (business strategy oriented toward a low-carbon society, the business portfolio, etc.). Review the current Midterm Corporate Strategy and the process for formulating the next strategy</td>
<td></td>
</tr>
<tr>
<td>Further enhancing the management of major business subsidiaries and affiliates</td>
<td>Enhanced deliberations of investment management systems and investment efficiency in each segment. The Board of Directors also followed up on individual new investments (Eneco Groep N.V. and HERE International B.V.) made in the previous year</td>
<td>Sufficient analysis and reporting are being carried out to confirm the status of investment management systems, which is an important issue for MC given the large number of its subsidiaries and affiliates</td>
<td>In addition to the issues at the left, enhance the monitoring efficacy of investment management systems, including those by which MC confirms the status of initiatives at individual companies</td>
</tr>
<tr>
<td>Succession planning</td>
<td>Governance, Nomination &amp; Compensation Committee reviewed the requirements for the President and CEO on an ongoing basis and discussed the specifics of the process for selecting the next president. Increased contacts between the Outside Directors and Outside Audit &amp; Supervisory Board Members and the management executives to improve information provision</td>
<td>The Governance, Nomination &amp; Compensation Committee conducted sufficient deliberation on succession planning, and dialogue with successor candidates has been fruitful</td>
<td>Confirm specific processes, including those for continuing appropriate information provision to the Governance, Nomination &amp; Compensation Committee members</td>
</tr>
<tr>
<td>Support system</td>
<td>Further enhanced explanations of each Business Group’s strategies. Held dialogues with the management of major business subsidiaries and affiliates</td>
<td>The requests of Outside Directors and Outside Audit &amp; Supervisory Board Members are receiving due attention</td>
<td>Continue timely and appropriate information provision to contribute to the effectiveness of the deliberations of the Board of Directors</td>
</tr>
</tbody>
</table>

* After thoroughly reviewing the fairness of the evaluation process, including the necessity of third-party evaluation, it was determined that a self-evaluation process led by Outside Board members is the most effective, so the same format as in the previous fiscal year was used for this fiscal year. In addition to Independent Outside Board members leading the evaluation, the objective advice from external consultants was sought in (i) formulating the questionnaires, (ii) gathering the results and (iii) drafting a disclosure proposal, with the aim of ensuring objectiveness and neutrality of the process.
Governance Reform at MC

–Building a More Effective Board of Directors–

Based on inputs including the results of the annual evaluation of the effectiveness of the Board of Directors, the Company’s In-house and Outside Directors and Audit & Supervisory Board Members worked together to have active discussions through the Board of Directors and Governance, Nomination & Compensation Committee to further improve monitoring functions for the Board of Directors.

Review of the rules and operations of the Board of Directors

The following directions were confirmed through evaluation of the effectiveness of the Board of Directors and by the Governance, Nomination & Compensation Committee.

1. Revision of rules for the Board of Directors
   Monetary threshold standards for investment and finance proposals were doubled in principle, decision-making was further delegated to the executive side, and focus was placed on deliberations on management strategy and key projects.

2. Monitoring of business subsidiaries and affiliates
   In line with the deepening of consolidated management, deliberations on strategy and governance of major business subsidiaries and affiliates of each Business Group were expanded.

3. Enhancement of briefing sessions before Board of Directors’ meetings
   Prior to Board of Directors’ meetings, executives of the Corporate Staff Section and Business Groups hold briefing sessions for Outside Directors and Outside Audit & Supervisory Board Members to carefully explain strategic positioning and key points of projects, for an average of 3 hours each time. (Annual total hours for briefings increased from 5.5 hours in the fiscal year ended March 31, 2018 to 27 hours in the fiscal year ended March 31, 2019.) This has led to further enhancement of deliberations on the Board of Directors’ meetings.

Further enhancement of the content of deliberations at Board of Directors’ meetings

The following directions were confirmed through evaluation of the effectiveness of the Board of Directors and by the Governance, Nomination & Compensation Committee.

- Conventional reporting on management strategy and progress by the Corporate Staff Section and Business Groups would be performed at venues other than Board of Directors’ meetings. Time freed up by this will be used for business execution reporting under a new framework.

- Specifically, to further improve monitoring functions for a framework that supports major directions such as companywide strategy and appropriate risk-taking, agenda items regarding MC’s vision and structures supporting MC’s vision would be expanded.

Changes in the ratios of agenda items at Board of Directors’ meetings

<table>
<thead>
<tr>
<th>Agenda Items</th>
<th>FY March 31, 2018 %</th>
<th>FY March 31, 2019 %</th>
<th>FY March 31, 2021 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MC’s vision (progress of key items in the Midterm Corporate Strategy)</td>
<td>18%</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>Business portfolio</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Growth mechanisms</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>HR policy</td>
<td></td>
<td></td>
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<tr>
<td>Triple-value growth through business management models</td>
<td></td>
<td></td>
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<tr>
<td>Regional Strategy</td>
<td></td>
<td></td>
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<tr>
<td>Domestic development</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Risk management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management of executed individual investment and finance proposals (monitoring of newly invested proposals in the next fiscal year)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Contents of agenda items (see page 75 for the overall record of deliberations in Board of Directors’ meetings for the fiscal year ended March 31, 2021)
Stimulating discussion by introducing different perspectives

Tatsuoka  I joined the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry) after the peak of Japan’s high economic growth, so I have witnessed, from a governmental standpoint, the transitioning of the Japanese economy over the past 30 to 40 years. I have worked in fields relevant to MC’s business domains, ranging from energy-related matters, such as oil decentralization and the power market liberalization, to various manufacturing industries, including automobiles, materials and machinery. I have also been involved in governance reform and organizational management. Throughout my entire career, rather than focusing on one particular field, I have been involved in various aspects of the economy and business, which allows me to apply my experience to wide-ranging discussions in various MC forums, including MC’s Board of Directors.

Sato  Like Mr. Tatsuoka, I am involved in a wide range of industries, including retail and manufacturing, food, pharmaceuticals and construction as well as trading companies, through my work as an attorney at a firm specializing in corporate legal affairs. During my time at the firm, and after studying in the US I was appointed as an independent outside audit & supervisory board member at a food manufacturer in 2004. Since then, I have served as an outside director and audit & supervisory board member for various companies. Through this experience, I have learned about the specific factors influencing the industries in which I have been involved, problems affecting individual companies and the types of information used to make management decisions. I have also witnessed firsthand the changes that have occurred in boards of directors. I believe that my role is to speak up if I feel that there is a sense of discomfort, whether from an outside perspective or from the viewpoint of shareholders.

A corporate culture that welcomes opinion from outside Board members

Tatsuoka  The ability to incorporate views based on differing backgrounds and experience and a variety of perspectives is very useful for management. Broadly speaking, the main purpose of corporate governance is to find ways to achieve sustainable improvement in corporate value. In my view, the most important way to do this is by achieving a good balance between risk and the pursuit of opportunities, while taking into account the perspectives of outside Board members.

Sato  MC is involved in a wide variety of industries using various business models, so it would be difficult to understand every facet of its activities. However, the governance reforms implemented by MC over the past few years have steadily improved and expanded the provision of information available to help outside officers understand the company’s activities. We now have numerous opportunities to obtain information on which to base our decisions, including extensive briefing sessions before Board of Directors’ meetings. In addition, Outside Directors are able to attend discussions between Audit & Supervisory
Board Members and various Business Group executives, such as Business Group CEOs, and there are also opportunities for us to learn more about corporate culture and employee mindsets through interactions with mid-level and junior employees. I have also found that my opinion is always seriously considered. The earnestness and broad-mindedness with which people listen to the views of outside officers seem to be integral parts of MC's corporate culture, and this is important from the perspective of corporate governance.

Sato As an Audit & Supervisory Board Member, I believe the atmosphere at Board of Directors’ meetings is one where everyone can speak freely. In addition, any information requested is provided promptly. My impression is that executives are always receptive to input and open-minded in their interactions with outside officers.

Tatsuoka As in the previous two years, the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2021 was coordinated by outside officers. This time the process was handled by Ms. Sato and myself. The fact that such a task was assigned to outside officers is another manifestation of the attitudes that we have been talking about. It is also worth noting that some of the topics raised as part of information sharing in Meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members and other forums were also discussed during meetings of the Board of Directors.

Sato One of the important themes this year is reviewing the Midterm Corporate Strategy 2021, which will be completed in the fiscal year ending March 31, 2022. I think it is important for the Board of Directors to share future issues based on internal and external environments by monitoring the progress of important items in this Midterm Corporate Strategy through business execution reports.

Tatsuoka I agree. One of the key themes will be the review of the Midterm Corporate Strategy 2021. However, in addition to looking back, we also need to build a shared understanding about future challenges. I believe there is still room for further fine-tuning of the reforms that have been implemented across MC.

Digital transformation (DX) and energy transformation (EX) initiatives are currently seen as the most important priorities, but MC also needs to offer a vision for the future beyond those changes so that it can move forward to the next stage.

Constant reform from a medium- to long-term perspective

Tatsuoka Looking back over the three years that I have spent as an Independent Outside Director at MC, I see clear evidence of improvement in the MC’s corporate governance, which I find very encouraging. MC has advocated for enhancing monitoring functions, and that is currently being administered and implemented in ways best suited to the current state of MC. Specifically, MC raised the monetary threshold standards for items on agendas for Board of Directors’ meetings. In the past, the majority of agenda items were related to individual investment proposals, but now more time is allocated to themes that are important from the perspective of companywide management, such as DX and EX, financial and non-financial risk management as well as sustainability. In addition, the improvement and expansion of briefing sessions have made it possible for the Board to start discussing core issues immediately. Within the Governance, Nomination & Compensation Committee, members can speak freely and hold discussions. It operates according to a fair and transparent process, where even details relating to compensation are disclosed. In the past, it was as if the Board was talking about ways to plant and nurture individual trees, but the focus has shifted toward ways to grow larger trees and even entire forests. I see this as key to a hybrid approach to business, and believe that such an approach, which contrasts with the management style of leaving everything to the executive organization and simply overseeing personnel matters and strategies, is well suited to this company. However, the external environment is changing at an unprecedented rate, and the corporate governance of MC will also need to constantly evolve.

Sato I have been an Independent Outside Audit & Supervisory Board Member at MC for over a year, and while I think the way topics are selected for discussion at Board of Directors’ meetings is appropriate for MC, I also feel the scope of debate could be expanded further in this time of dramatic change. For example, I would like to see more in-depth deliberations about asset replacement through DX and EX, as well as roadmaps for those processes. Similarly, I also look forward to having more thorough discussions about shareholder returns and capital policy from the perspective of shareholders and investors. In addition, I believe there should be continuing discussions about optimal governance system based on the company’s current situation and external environment.
Overview of Corporate Governance

MC’s Basic Policy on Corporate Governance

MC’s corporate philosophy is enshrined 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 its important subject concerning management since it is foundation for ensuring sound, transparent, and efficient management. MC, based on the Audit & Supervisory Board System, is thus working to put in place a corporate governance system that is even more effective. This includes strengthening management supervision through such measures as appointing Outside Directors and Outside Audit & Supervisory Board Members who satisfy the conditions for Independent Directors or Independent Audit & Supervisory Board Members, and establishing advisory bodies to the Board of Directors where the majority of members are Outside Directors and Outside Audit & Supervisory Board Members and other experts from outside MC. At the same time, MC uses the executive officer system, etc., for prompt and efficient decision-making and business execution.

Corporate Governance Framework (As of July 1, 2021)
**Board of Directors**

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

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

**Matters Deliberated by the Board of Directors**

The Board of Directors deliberates on important management issues, and supervises business execution through reports on priority matters in Midterm Corporate Strategy, the business strategies of Business Groups, and so on. In addition, matters requiring resolution in accordance with laws and regulations, and investment and finance proposals exceeding a monetary threshold standard set by MC are deliberated and resolved with an emphasis not only on the economic aspects, but also on ESG perspectives. MC has also constructed appropriate internal control systems, and checks their operational status every year in order to work toward their continuous improvement and strengthening.

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

**Agenda of the Board of Directors in the Fiscal Year Ended March 31, 2021**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Main resolutions and matters reported</th>
</tr>
</thead>
</table>
| Management strategy-related items | • Business Strategy Committee report  
• Business Execution reports (non-financial and financial risk management, human resources policy, domestic development, regional strategy, power and retail DX, food distribution DX) |
| Corporate-related items | • Appointments of the Board of Directors and Audit & Supervisory Board Members/Appointments of Executive Officers  
• Remuneration for Directors and Audit & Supervisory Board Members  
• Financial Statements  
• Fundraising policy  
• Verification holding policy for listed share  
• Sustainability and social contribution-related policies  
• Compliance report  
• Internal control systems  
• Consolidated business continuity management (BCM) measures |
| Investment and finance proposals | • Chiyoda Corporation  
• Mitsubishi Motors Corporation  
• Mitsubishi HC Capital Inc.  
• Vung Ang 2 Project  
• Confirmation of business status for Eneco Groep N.V. and HERE International B.V.*  
* New investments are monitored by the Board of Directors in the following fiscal year |
| Other          | • Ordinary General Meeting of Shareholders-related items  
• Governance, Nomination & Compensation Committee report  
• Evaluation of the effectiveness of the Board of Directors  
• State of response to COVID-19 |
Overview of Corporate Governance

2 Board of Directors’ Advisory Bodies

Governance, Nomination & Compensation Committee

The committee meets at least three times a year and a majority of its members are Outside Directors. It deliberates on matters related to governance, nomination, and compensation.

Composition of the Committee (*Committee Chairman) (As of July 1, 2021)

<table>
<thead>
<tr>
<th>Outside Members (5)</th>
<th>Outside Members (5)</th>
<th>Outside Members (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akihiko Nishiyama</td>
<td>Akitaka Saiki</td>
<td>Tsuneyoshi Tatsuoka</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Outside Director</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Shunichi Miyanaga</td>
<td>Sakie Akiyama</td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td>Outside Director</td>
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</tbody>
</table>

In-house Members (3)

<table>
<thead>
<tr>
<th>In-house Members (3)</th>
<th>In-house Members (3)</th>
<th>In-house Members (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ken Kobayashi*</td>
<td>Takehiko Kakiuchi</td>
<td>Shuma Uchino</td>
</tr>
<tr>
<td>Chairman of the Board</td>
<td>Member of the Board,</td>
<td>Full-time Audit &amp;</td>
</tr>
<tr>
<td></td>
<td>President and CEO</td>
<td>Supervisory Board</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Member</td>
</tr>
</tbody>
</table>

Convenes three times or more per year

Number and Percentage of Outside Directors*

- **63%**
- **5/8**

* Based on status as of July 1, 2021

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

Main Discussion Themes

- Composition of the Board of Directors and Audit & Supervisory Board, policy on appointment of and proposals for appointment of Directors and Audit & Supervisory Board Members
- Requirements for the President and CEO and basic policies concerning the appointment and dismissal of the President and CEO, as well as a personnel proposal for the President and CEO
- Review of the remuneration package including the policy for setting remuneration and appropriateness of remuneration levels as well as composition
- Evaluation of the effectiveness of the Board of Directors

President’s Performance Evaluation Committee

The President’s Performance Evaluation Committee has been established as a subcommittee to the Governance, Nomination & Compensation Committee, comprising the same Chairman and Outside Directors as the parent committee to deliberate the assessment of the President’s performance. The President is not a member.
International Advisory Committee **Convenes one time per year**

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

### International Advisory Committee (6) (As of July 1, 2021)

<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><strong>Ambassador Richard Armitage</strong></td>
<td>United States of America</td>
<td>Former United States Deputy Secretary of State</td>
<td>5 years</td>
<td>Ambassador Armitage previously served as Special Emissary to Jordan and United States Deputy Secretary of State. He is widely experienced in foreign diplomacy, is a leading expert on Asia and Japan within the US and is acknowledged as an authority on the Middle East.</td>
</tr>
<tr>
<td><strong>Professor Joseph S. Nye</strong></td>
<td>United States of America</td>
<td>Harvard University Distinguished Service Professor</td>
<td>13 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><strong>Mr. Ratan N. Tata</strong></td>
<td>India</td>
<td>Chairman, Tata Trusts</td>
<td>21 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><strong>Mr. George Yeo</strong></td>
<td>Singapore</td>
<td>Former Chairman, Kerry Logistics Network</td>
<td>8 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><strong>Mr. Niall FitzGerald, KBE</strong></td>
<td>Ireland</td>
<td>Former CEO and Chairman, Unilever</td>
<td>8 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><strong>Mr. Jaime Augusto Zobel de Ayala II</strong></td>
<td>The Philippines</td>
<td>Chairman, Ayala Corporation</td>
<td>21 years</td>
<td>Mr. Zobel has experience in growing a global business launched from the ASEAN region, and therefore has a thorough knowledge of various geopolitical and industry trends in Asia, particularly in the ASEAN region.</td>
</tr>
</tbody>
</table>

### Japanese Members (5) (As of July 1, 2021)

Chairman of IAC

Ken Kobayashi  
Chairman of the Board  
Takehiko Kakiuchi  
President and CEO  
Yasuteru Hirai  
Member of the Board, Executive Vice President  
Akitaka Saiki  
Outside Director  
Tsuneyoshi Tatsuoka  
Outside Director

### Main discussion themes

<table>
<thead>
<tr>
<th>State of the Global Economy</th>
<th>Trade tensions, trends in emerging countries, country-based outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geopolitics</td>
<td>Bilateral relations, world order, global risks</td>
</tr>
<tr>
<td>Innovation</td>
<td>Digitalization-driven changes in industry and society around the world</td>
</tr>
</tbody>
</table>

Note: Photo was taken at the latest in-person committee meeting. Advice and recommendations of committee members were obtained remotely during fiscal year ended March 31, 2021.
Overview of Corporate Governance

3 Audit & Supervisory Board Members

The Audit & Supervisory Board comprises all of the Audit & Supervisory Board Members responsible for auditing the decision-making processes and management performances of Directors in compliance with the Companies Act and other laws and regulations, as well as Mitsubishi Corporation’s Articles of Incorporation and internal rules/regulations. Full-time Audit & Supervisory Board Members ensure the soundness of the management by executing audits from a perspective based on abundant working experience at the Company, while Outside Audit & Supervisory Board Members execute audits with a background of abundant working experience in their particular fields as well as neutral and objective perspectives. In addition to resolutions of matters required by law and other important issues, the Audit & Supervisory Board strives to enhance information-sharing among the members through briefings on key matters and reporting the status of auditing activities for each of the members.

Audit Plans

Prior to each fiscal year, the Audit & Supervisory Board formulates audit plans with key areas. In the fiscal year ended March 31, 2021, the following three key audit areas were selected for the monitoring of specific progress in management and execution.

1 Measures Related to Midterm Corporate Strategy 2021:
   - Initiatives aimed at achieving digital transformation (DX)
   - Progress in the streamlining and restructuring of existing businesses
   - Implementation of both employee development and revitalization measures

2 Enhancing MC Group Management:
   - Delegation of authority and development/implementation of management systems reflecting the actual state of business management
   - Autonomous activities at all MC offices and subsidiaries in accordance with new regional frameworks
   - Responding to Key Sustainability Issues
   - Business continuity management in core businesses

3 Initiatives to Strengthen Group Corporate Governance
   - Enhancement of deliberations at Board of Directors’ meetings
   - Strengthening the effectiveness of control companywide
   - Self-sustaining governance through the dispatch of full-time audit & supervisory board members to business subsidiaries and affiliates

Approaching the Final Year of Midterm Corporate Strategy 2021

In the fiscal year ended March 31, 2021, we affirmed progress in Midterm Corporate Strategy 2021 and the initiatives toward enhancing Group management and strengthening Group corporate governance. Amid constraints on traveling due to the prolonged COVID-19 pandemic, as Full-time Audit & Supervisory Board Members we actively collected information and strived to understand our situation through dialogues with executives of MC as well as MC Group companies using remote communication tools as necessary, while working to strengthen cooperation with Outside Directors and Outside Audit & Supervisory Board Members. We will continue working to strengthen our corporate governance as we assess the effects of the pandemic.

As we reach the final year of Midterm Corporate Strategy 2021, we will keep monitoring the status of management execution while taking into account social situations including digitalization and low carbon/decarbonization.
Main Activities of the Audit & Supervisory Board and Its Members

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

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

3. On-Site Audits and Visits
   In the fiscal year ended March 31, 2021, the Audit & Supervisory Board enhanced on-site audits and visits in Japan, due to restrictions on traveling overseas during the COVID-19 pandemic. In addition, remote audits were conducted using a variety of tools in response to the situation. In the fiscal year ended March 31, 2021, the Audit & Supervisory Board Members met with the CEOs and executive officers of four companies in four countries overseas and 24 domestic MC Group companies, as well as the regional chiefs of three overseas and domestic offices. The Audit & Supervisory Board Members reported on the results of their on-site audits to the Chairman of the Board, the President and CEO, and relevant executive officers.

4. Strengthening of Group Corporate Governance
   In addition to dialogues with the CEOs and other executive officers of the MC Group companies, opportunities are arranged for the exchange of information every quarter with the audit & supervisory board members of 40 major Group companies in Japan. Smaller groups of subcommittees also meet among them to share information and exchange opinions. We also provide assistance in training for those who will be assigned to the MC Group companies as full-time audit & supervisory board members. We will continue working to strengthen the Group corporate governance through regular monitoring.

5. Collaboration among Outside Directors and Outside Audit & Supervisory Board Members
   Outside Directors participate in dialogues between Audit & Supervisory Board Members and executive officers, and in briefing sessions on important matters to be discussed at the Board of Directors. We are maintaining close alignment among Outside Directors and Independent Outside Audit & Supervisory Board Members.

Enhancement of Tripartite Audits

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

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

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

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

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

Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors and Outside Audit & Supervisory Board Members are as follows (as of July 1, 2021).

Independent Outside Directors

Akihiko Nishiyama

Main career: Professor, Ritsumeikan University

Number of years on Board of Directors: 6 years

Mr. Nishiyama has an extensive and varied career that includes both entrepreneurial and management experience, work on think-tank surveys and university-level business studies, all of which have equipped him with broad expertise in organizational reforms, HR development and business management.

Shunichi Miyanaga

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

Number of years on Board of Directors: 2 years

Mr. Miyanaga possesses deep knowledge in the tech sectors and has spent many years at the helm of a listed manufacturing conglomerate that is engaged in businesses all over the world. He brings to MC’s Board global management experience and practical insight.

Akitaka Saiki

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

Number of years on Board of Directors: 4 years

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

Sakie Akiyama

Main career: Founder and CEO, Saki Corporation

Number of years on Board of Directors: 1 year

Ms. Akiyama possesses extensive expertise in the digital and IT spaces having worked as an international business consultant and is the founder of Saki Corporation, a firm that specializes in robotic inspection systems for the electronics assembly markets. She brings to MC’s Board a wealth of know-how in innovation and its role in growing global enterprises.

Tsuneyoshi Tatsuoka

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

Number of years on Board of Directors: 3 years

Mr. Tatsuoka worked at Japan’s Ministry of Economy, Trade and Industry, and brings to MC’s Board extensive know-how with respect to strategies in resources, energy, manufacturing and other industries; insight into the economic policies and trends adopted both in and outside of Japan; and extensive knowledge of sustainability measures.

Sakie Akiyama

Main career: Founder and CEO, Saki Corporation

Number of years on Board of Directors: 1 year

Ms. Akiyama possesses extensive expertise in the digital and IT spaces having worked as an international business consultant and is the founder of Saki Corporation, a firm that specializes in robotic inspection systems for the electronics assembly markets. She brings to MC’s Board a wealth of know-how in innovation and its role in growing global enterprises.

Ratio of Independent Outside Directors to Directors

45%

5/11
Independent Outside Audit & Supervisory Board Members

Yasuko Takayama

Main career: Former Audit & Supervisory Board Member, Shiseido Company, Limited
Number of years on Audit & Supervisory Board: 5 years

Ms. Takayama possesses extensive experience in branding strategy, marketing and sustainability gained at a B2C company, having held key positions including Full-time Audit & Supervisory Board Member at Shiseido Company, Limited, in addition to management perspectives nurtured through extensive experience as an Outside Director and Outside Audit & Supervisory Board Member.

Rieko Sato

Main career: Partner, ISHII LAW OFFICE
Number of years on Audit & Supervisory Board: 1 year

Ms. Sato possesses extensive knowledge of corporate law (Companies Act, Financial Instruments & Exchange Act, compliance, etc.), having worked as an attorney for many years, and management perspectives gained through extensive experience as an Outside Director and Outside Audit & Supervisory Board Member.

Takeshi Nakao

Main career: CEO, PARTNERS HOLDINGS, Co. Ltd.
Number of years on Audit & Supervisory Board: 1 year

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

Meetings of Independent Outside Directors and Independent Audit & Supervisory Board Members

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

Main Discussion Themes (Fiscal Year Ended March 31, 2021)
- The Corporate Governance Framework of MC
- Succession planning
- Future issues and initiatives based on evaluation of the effectiveness of the Board of Directors

Note: The members removed their face masks only when this picture was taken, and ensured proper distance between their seats during the meeting.
Stance on Acquisition, Holding and Reduction in Listed Stocks/Reduction in Holdings of Listed Stocks

Stance on acquisition, holding and reduction in listed stocks
MC may acquire and hold shares acquired for other than pure investment as a means of creating business opportunities and building, maintaining and strengthening business and partner relationships. When acquiring these shares, MC confirms the necessity of its acquisition based on the significance and economic rationale of the purchase in accordance with internal company rules. Also, MC periodically reviews the rationality of continuing to hold the shares and promotes reducing holdings of stocks with decreased significance.

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

The economic rationale is confirmed by whether or not the related earnings from each stock, such as dividends and related business profits on transactions, exceed MC’s target capital cost (weighted average cost of capital) for the market price of each individual share. The qualitative significance is confirmed by the achievement or status of progress of the expected purpose for holding the stock, etc.

Reduction in holdings of listed stocks
Based on the results of the above verification, in the fiscal year ended March 31, 2021, we sold 68.7 billion yen, a decrease of slightly less than 20% compared to the previous fiscal year. As of the fiscal year ended March 31, 2021, the total market value was 448.9 billion yen (excluding deemed shareholdings). Past reduction results are as follows.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/3</td>
<td>¥82.3 billion</td>
</tr>
<tr>
<td>2020/3</td>
<td>¥73.0 billion</td>
</tr>
<tr>
<td>2021/3</td>
<td>¥68.7 billion</td>
</tr>
</tbody>
</table>

(Excluding market value basis and deemed shareholdings)

Matters verified by the Board of Directors
Verification was conducted by the Board of Directors for all listed shares held by MC as of March 31, 2021. As a result of verification from the perspectives of both economic rationale and qualitative significance of holding them, numerous shares were identified as candidates for reduction due to a decreased importance of the expected purpose and significance for holding them, etc.

Overview of Remuneration Package

Basic Approach

- Remuneration levels are set based on the functions and roles of the Directors and Audit & Supervisory Board Members, and the Company’s level of performance and others.
- Remuneration levels are globally competitive and based on performance targets to motivate career growth in human resources who will be responsible for the next generation of management and to further raise organizational vitality.

Remuneration for Directors is designed for greater focus on increasing medium- and long-term corporate value by more closely linking remuneration to medium- to long-term corporate value and fiscal year earnings, as well as the creation of stock remuneration with stronger ties to shareholder value, in addition to cash compensation. From this perspective, consolidated net income (single year and medium to long term), the share price and growth rates in shares (medium to long term) are adopted as key performance indicators.

To ensure the independence of the Chairman of the Board and Outside Directors, who undertake functions of management oversight, and Audit & Supervisory Board Members, who undertake audits, the Company only pays them fixed monthly remuneration.

The Governance, Nomination & Compensation Committee, where a majority of the members are Outside Directors and Outside Audit & Supervisory Board Members, continuously deliberates and monitors methods for deciding remuneration packages, the fairness of remuneration levels and compositions, and the status of implementation.
## Remuneration Package for Directors and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Remuneration item/Composition</th>
<th>Key performance indicator (KPI)</th>
<th>Forms of payment</th>
<th>Remuneration details</th>
<th>Executive Directors</th>
<th>Chairman of the Board</th>
<th>Outside Directors</th>
<th>Audit &amp; Supervisory Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>Fixed: about 25–50%</td>
<td></td>
<td>An amount determined by the Board of Directors according to position, paid monthly.</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Annual deferral for retirement remuneration</td>
<td></td>
<td></td>
<td>Fixed amount of annual deferral for retirement remuneration set aside each year; to be paid in full retirement, with Board of Directors' approval of payment amounts.</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual performance bonus</td>
<td>Variable (single year)</td>
<td>Cash</td>
<td>Payment amount determined for each Director and Executive Officer based on performance assessments by the President, with the authority delegated by the Board of Directors.</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus (short term)</td>
<td>Consolidated net income (single year)</td>
<td></td>
<td>The amount paid is determined in line with consolidated net income in the relevant fiscal year (average of three fiscal years in the case of medium to long term), based on formulas resolved by the Board of Directors following deliberation by the Governance, Nomination &amp; Compensation Committee.</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus (medium to long term)</td>
<td>Consolidated net income (medium to long term)</td>
<td></td>
<td>The amount paid is determined in line with consolidated net income in the relevant fiscal year (average of three fiscal years in the case of medium to long term) exceeds the level of earnings that leads to enhanced corporate value (consolidated capital cost) (average over the three years in the case of medium to long term).</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based remuneration linked to medium- to long-term share performances</td>
<td>Share price/ growth rate in shares (medium to long term)</td>
<td>Shares (stock acquisition rights)</td>
<td>Stock options as remuneration are granted from the perspective of aligning Directors’ interests with those of shareholders and providing incentives to enhance corporate value and to increase the Company’s share price over the medium to long term.</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: 1 to 5 in the table indicate the number of limits on remuneration that correspond to each remuneration item. See the next table for details.

(Figures rounded down to nearest million yen)

<table>
<thead>
<tr>
<th>Item type</th>
<th>Item details</th>
<th>Fiscal year ended (March 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Director remuneration*1</td>
<td>¥1,106 billion (of which, ¥149 million for Outside Directors)</td>
</tr>
<tr>
<td>2</td>
<td>Performance-linked bonus (short term) up to 0.06% of consolidated net income (attributable to owners of the Company) for the relevant fiscal year (annual amount)</td>
<td>¥0 million</td>
</tr>
<tr>
<td>3</td>
<td>Performance-linked bonus (medium to long term) up to 0.26% of the average of consolidated net income (attributable to owners of the Company) for the relevant fiscal year and subsequent two fiscal years (annual amount)</td>
<td>¥0 million</td>
</tr>
<tr>
<td>4</td>
<td>Stock-based remuneration linked to medium- to long-term share performances up to ¥600 million annually (up to 400,000 shares annually)</td>
<td>¥388 million (up to 161,000 shares)</td>
</tr>
<tr>
<td>5</td>
<td>Base salary for Audit &amp; Supervisory Board Members totaling up to ¥250 million annually</td>
<td>¥238 million (of which, ¥63 million for Outside Audit &amp; Supervisory Board Members)</td>
</tr>
</tbody>
</table>

Total | ¥1,653 billion |

*1 Approved at the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2019. The number of directors to whom the above amounts of director remuneration (excluding stock-based remuneration linked to medium- to long-term share performance) applied was 13 (including 5 Outside Directors; the number of directors to whom the above amount of stock-based remuneration linked to medium- to long-term share performance applied was 7, and the number of Audit & Supervisory Board Members to whom the above amount of Audit & Supervisory Board Member remuneration applied was 5 (including 3 outside members).

*2 Please see page II for details on remuneration of Directors and Audit & Supervisory Board Members.
Overview of Corporate Governance

Calculation Method for Performance-Linked Remuneration (Fiscal Year Ending March 31, 2022)

### Performance-linked bonus (short term)

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

2. **Individual payments**
   - **President and CEO** (consolidated net income attributable to owners of MC in the fiscal year ending March 31, 2022 - ¥440 billion) × 0.025% + 0.105 (¥100 million)
   - **Executive Vice President** (consolidated net income attributable to owners of MC in the fiscal year ending March 31, 2022 - ¥440 billion) × 0.0075% + 0.105 (¥100 million)

Note: The payment amount will be zero if consolidated net income is lower than the consolidated capital cost. Consolidated capital cost for the fiscal year ending March 31, 2022 is ¥440 billion.

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

1. **Upper limit on total payment**
   - Same as performance-linked bonus (short term)

2. **Individual payments**
   - **President and CEO** (Average consolidated net income attributable to owners of MC for the three fiscal years ending March 31, 2022, March 31, 2023, and March 31, 2024 - ¥440 billion) × 0.025% + 0.35 (¥100 million)
   - **Executive Vice President** (Average consolidated net income attributable to owners of MC for the three fiscal years ending March 31, 2022, March 31, 2023, and March 31, 2024 - ¥440 billion) × 0.0075% + 0.105 (¥100 million)

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

Maximum Payment and Total for Each Position

<table>
<thead>
<tr>
<th>Position</th>
<th>Maximum payment amount</th>
<th>Number of persons</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>President and CEO</td>
<td>¥175 million</td>
<td>1</td>
<td>¥175 million</td>
</tr>
<tr>
<td>Executive Vice President</td>
<td>¥52.5 million</td>
<td>4</td>
<td>¥210 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥385 million</strong></td>
<td><strong>5</strong></td>
<td><strong>¥385 million</strong></td>
</tr>
</tbody>
</table>

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

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

2. **Conditions for exercise of stock options**
   - Some or all stock options may be exercised depending on the stock growth rate (market conditions*).

   *Markets Conditions*

   - **Number of stock options that can be exercised by each position**
     - Number of stock options initially allocated for the position (based on positions as of April 1, 2021) × vesting ratio

   - **Stock options initially allocated by position**
     - President and CEO: 100,500 shares (1,005 options)
     - Executive Vice President: 27,700 shares (277 options)

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

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

   - **Market Conditions**
     - Growth rate in the Company’s shares
       - 75%: 100%: 125%

   - **Growth rate in the Company’s shares**
     - 100%: 70%: 40%

Governance of Remuneration

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

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

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

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

The annual assessment on the President’s performance is decided by the
President’s Performance Evaluation Committee, which is delegated this authority by the Board of Directors (and is a subcommittee of the Governance, Nomination & Compensation Committee). The subcommittee is comprised of the Chairman of the Board, who also serves as the chair of the Governance, Nomination & Compensation Committee, and Outside Directors sitting on the committee (see page 76). Results of the performance assessment are reported to the Board of Directors and the Governance, Nomination & Compensation Committee to ensure objectivity, fairness and transparency.

Based on the policy for determining remuneration packages (including methods for calculating performance-linked remuneration) that was approved at the ordinary meeting of the Board of Directors held on May 17, 2019, and the extraordinary meeting of the Board of Directors held on June 21, 2019, each year, the Governance, Nomination & Compensation Committee deliberates and the Board of Directors makes a resolution determining that the total amount of director remuneration packages and methods for deciding payments to individual directors are consistent with said policy for determining remuneration packages.

Each year, the Governance, Nomination & Compensation Committee deliberates and evaluates the fairness of remuneration levels and composition based on compensation data provided by an external consulting firm (Willis Towers Watson). Total and individual amounts of remuneration paid to Audit & Supervisory Board Members are determined following deliberations by the Audit & Supervisory Board within the scope of remuneration for Audit & Supervisory Board Members approved at the Ordinary General Meeting of Shareholders held on June 21, 2019.

### Conceptual Image of Payment Mix for Remuneration of Executive Directors

<table>
<thead>
<tr>
<th>Consolidated net income is below consolidated capital cost</th>
<th>Consolidated net income exceeds consolidated capital cost</th>
<th>Consolidated net income is ¥600 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>Annual deferral for retirement remuneration</td>
<td>Fixed (about 50%)</td>
</tr>
<tr>
<td>Individual performance bonus</td>
<td></td>
<td>Variable (about 50%)</td>
</tr>
<tr>
<td>Stock-based remuneration linked to medium- to long-term share performances</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>No performance-linked bonus (short term and medium to long term) is paid</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base salary</td>
<td>Annual deferral for retirement remuneration</td>
<td>Fixed (about 30%)</td>
</tr>
<tr>
<td>Individual performance bonus</td>
<td></td>
<td>Variable (about 70%)</td>
</tr>
<tr>
<td>Stock-based remuneration linked to medium- to long-term share performances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus (medium to long term)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus (short term)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base salary</td>
<td>Annual deferral for retirement remuneration</td>
<td>Fixed (about 40%)</td>
</tr>
<tr>
<td>Individual performance bonus</td>
<td></td>
<td>Variable (about 80%)</td>
</tr>
<tr>
<td>Stock-based remuneration linked to medium- to long-term share performances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus (medium to long term)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus (short term)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base salary</td>
<td>Annual deferral for retirement remuneration</td>
<td>Fixed (about 20%)</td>
</tr>
<tr>
<td>Individual performance bonus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based remuneration linked to medium- to long-term share performances</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### Directors’ and Audit & Supervisory Board Members’ Remuneration:

#### Total Amounts and Number of Eligible Persons in the Fiscal Year Ended March 31, 2021

<table>
<thead>
<tr>
<th>Title</th>
<th>Total remuneration</th>
<th>Base salary</th>
<th>Annual deferral for retirement remuneration</th>
<th>Individual performance bonus</th>
<th>Performance-linked bonus (short term)</th>
<th>Performance-linked bonus (medium to long term)</th>
<th>Stock-based remuneration linked to medium- to long-term share performances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible persons</td>
<td>Total</td>
<td>Eligible persons</td>
<td>Total</td>
<td>Eligible persons</td>
<td>Total</td>
<td>Eligible persons</td>
<td>Total</td>
</tr>
<tr>
<td>In-house Directors</td>
<td>1,265</td>
<td>8</td>
<td>735</td>
<td>6</td>
<td>80</td>
<td>5</td>
<td>140</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>149</td>
<td>6</td>
<td>149</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
<th>Total remuneration</th>
<th>Base salary</th>
<th>Annual deferral for retirement remuneration</th>
<th>Individual performance bonus</th>
<th>Performance-linked bonus (short term)</th>
<th>Performance-linked bonus (medium to long term)</th>
<th>Stock-based remuneration linked to medium- to long-term share performances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible persons</td>
<td>Total</td>
<td>Eligible persons</td>
<td>Total</td>
<td>Eligible persons</td>
<td>Total</td>
<td>Eligible persons</td>
<td>Total</td>
</tr>
<tr>
<td>Full-time Audit &amp; Supervisory Board Members</td>
<td>174</td>
<td>2</td>
<td>174</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board Members</td>
<td>63</td>
<td>5</td>
<td>63</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

(Figures rounded down to nearest million yen)

Notes:
1. The above figures include 3 Directors and 2 Audit & Supervisory Board Members who retired during the fiscal year ended March 31, 2021. Furthermore, there were 11 Directors (including 5 Outside Directors) and 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) as of March 31, 2021.
2. The above amounts of individual performance bonus represent the amounts provided for in the fiscal year ended March 31, 2021.
3. The above figures for performance-linked bonus (short term) are determined based on consolidated net income of ¥172.6 billion for the fiscal year ended March 31, 2021, based on a formula confirmed in advance by the Governance, Nomination & Compensation Committee and resolved by the Board of Directors.
4. The above amounts for performance-linked bonus (medium to long term) is paid on an average of the consolidated net income for the fiscal years ended March 31, 2020 to 2022 and the fiscal years ended March 31, 2021 to 2023, but as this cannot be determined currently, the amount shown is as of the fiscal year ended March 31, 2021. The actual amount paid will be based on a formula confirmed in advance by the Governance, Nomination & Compensation Committee and resolved by the Board of Directors, and the amount for the fiscal year ended March 31, 2020/2021 disclosed in the Fiscal 2022/2023 Business Report.
5. The above figures for stock-based remuneration linked to medium- to long-term share performances (stock options with market conditions) is the amount recorded as an expense granted for the fiscal year ended March 31, 2021. In regard to stock-based remuneration linked to medium- and long-term share performances, the number of exercisable shares will be determined according to the growth rate in MC’s shares over three years from being granted, based on a formula confirmed in advance by the Governance, Nomination & Compensation Committee and resolved by the Board of Directors.
6. In addition to the above, MC paid executive pension to retired Directors and Audit & Supervisory Board Members. The amounts paid in the fiscal year ended March 31, 2021 were as follows:

- Retirement bonus system, excluding executive pension for Directors and Audit & Supervisory Board Members, was abolished at the close of the 2007 Ordinary General Meeting of Shareholders.
- MC paid 1.07 million yen to 63 Directors (Outside Directors were ineligible for payment).
- MC paid 4 million yen to 7 Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members were ineligible for payment).
DETAILED FACTS

Reference Information

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Members of the Board and Audit & Supervisory Board Members (As of July 1, 2021)

### Members of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position Details</th>
<th>Years and Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ken Kobayashi</td>
<td>2016 Chairman of the Board (present position)</td>
<td>2010 Member of the Board, President and CEO (present position) 1971 Joined MC</td>
</tr>
<tr>
<td>Takehiko Kakiuchi**1</td>
<td>2016 Member of the Board, President and CEO (present position) 1979 Joined MC</td>
<td></td>
</tr>
<tr>
<td>Kazuyuki Masu*1</td>
<td>2019 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO (present position) 2017 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, IT 2016 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO 1982 Joined MC</td>
<td></td>
</tr>
<tr>
<td>Akira Murakoshi**1</td>
<td>2021 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, Global Communications, Corporate Sustainability &amp; CSR (present position) 2020 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, Human Resources, Global Strategy 2017 Member of the Board, Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources 1982 Joined MC</td>
<td></td>
</tr>
<tr>
<td>Akihiko Nishiyama*2</td>
<td>2018 Professor, Ritsumeikan University (present position) 2010 Member of the Board, MC (present position) 2013 Adjunct Professor, Hitotsubashi University (resigned in March 2018) 2004 Professor, Dept. of International Liberal Arts, Tokyo Jogakkan College (resigned in March 2013) 1975 Joined Tokyo Gas Co., Ltd. (resigned in March 2015)</td>
<td></td>
</tr>
<tr>
<td>Akitaka Saiki*2</td>
<td>2017 Member of the Board, MC (present position) 2016 Retired from Ministry of Foreign Affairs Japan 1975 Joined Ministry of Foreign Affairs Japan</td>
<td></td>
</tr>
<tr>
<td>Shunichi Miyanaga*2</td>
<td>2019 Member of the Board, MC (present position) 2018 Chairman of the Board, MHI (present position) 2014 Member of the Board, President and CEO, MHI 2013 Member of the Board, President, MHI 1972 Joined Mitsubishi Heavy Industries, Ltd. (MHI)</td>
<td></td>
</tr>
<tr>
<td>Akira Murakoshi*1</td>
<td>2021 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, Global Communications, Corporate Sustainability &amp; CSR (present position) 2020 Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, Human Resources, Global Strategy 2017 Member of the Board, Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources 1982 Joined MC</td>
<td></td>
</tr>
</tbody>
</table>

### Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Position Details</th>
<th>Years and Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shuma Uchino</td>
<td>2019 Full-time Audit &amp; Supervisory Board Member (present position) 2018 Senior Audit &amp; Supervisory Board Member (full-time) 1978 Joined MC</td>
<td></td>
</tr>
<tr>
<td>Hajime Hirano</td>
<td>2019 Full-time Audit &amp; Supervisory Board Member (present position) 1979 Joined MC</td>
<td></td>
</tr>
<tr>
<td>Yasuko Takayama*3</td>
<td>2016 Audit &amp; Supervisory Board Member, MC (present position) 2011 Full-time Audit &amp; Supervisory Board Member, Shiseido Company, Limited (resigned in June 2015) 1980 Joined Shiseido Company, Limited</td>
<td></td>
</tr>
<tr>
<td>Rieko Sato*3</td>
<td>2020 Audit &amp; Supervisory Board Member, MC (present position) 1998 Partner, SOUTHERN OFFICE (present position) 1989 Shearman &amp; Sterling LLP (resigned in July 1996) 1984 Admitted to the Bar of Japan</td>
<td></td>
</tr>
</tbody>
</table>
Members of the Board

**Audit & Supervisory Board Members**

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

- **Yutaka Kashiwagi**
  - 2021 Member of the Board, Executive Vice President, Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch (present position)
  - 1986 Joined MC

- **Sakie Akiyama**
  - 2020 Member of the Board, MC (present position)
  - 2016 Founder, Saki Corporation (present position)
  - 1994 Founder and CEO, Saki Corporation (currently Accenture PLC)
  - 1987 Joined Arthur Andersen & Co. (resigned in April 1991)

- **Yasuteru Hirai**
  - 2021 Member of the Board, Executive Vice President, Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters (present position)
  - 1984 Joined MC

**Outside Directors**

- **Sakie Akiyama**
  - 2020 Member of the Board, MC (present position)
  - 2016 Founder, Saki Corporation (present position)
  - 1994 Founder and CEO, Saki Corporation (currently Accenture PLC)
  - 1987 Joined Arthur Andersen & Co. (resigned in April 1991)

- **Yasuteru Hirai**
  - 2021 Member of the Board, Executive Vice President, Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters (present position)
  - 1984 Joined MC

**Outside Audit & Supervisory Board Members**

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

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.


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 Audit & Supervisory Board Members.


---

*1 Indicates a Representative Director.
*2 Indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 15 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc. and other stock exchanges in Japan as well as selection criteria for Outside Directors specified by MC.

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


*3 Indicates the fulfillment of the conditions for Outside Audit & Supervisory Board Members as provided for in Article 2, Item 16 of the Companies Act. Also indicates the fulfillment of the conditions for Independent Directors/Auditors as specified by Tokyo Stock Exchange, Inc. and other stock exchanges in Japan as well as selection criteria for Outside Audit & Supervisory Board Members specified by MC.

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

Executive Officers (As of July 1, 2021)

Executive Officers

**President**

Takehiko Kakiuchi*  
Kazuyuki Masu*  
Iwao Toide  
Akira Murakoshi*  
Mitsumasa Icho  
Norikazu Tanaka  
Hidenori Takaoka  
Kotaro Tsukamoto  
Katsuya Nakanishi  
Jun Nishizawa  
Norio Saigusa  
Aiihiro Matsunaga  
Yasuteru Hirai*  
Osamu Takeuchi  
Yutaka Kashiwagi*  
Kiyotaka Kikuchi  

**Executive Vice Presidents**

Tatsuo Nakamura  
Koji Kishimoto  
Eisuke Shiozaki  
Yoshinori Katayama  
Yoshifumi Hachiya  
Hisashi Ishimaki  
Takuya Kuga  
Yasumasu Kashiwagi  
Hiroki Haba  
Keiichi Shiobara  
Shigeru Wakabayashi  
Koichi Seri  
Yasuhiro Kawakami  
Kenji Ota  
Yuzo Nouchi  
Masaru Saito  
Koji Ota  

**Senior Vice Presidents**

Makoto Okawara  
Naoshii Ogikubo  
Yoshiyuki Nojima  
Akihiko Takada  
Tetsuo Kawate  
Kyoya Kondo  
Yasuyuki Asakura  
Ko Imamura  
Sadahiko Haneji  
Tetsuya Shinohara  
Shota Kondo  
Satoshi Koyama  
Toshiaki Maekawa  
Hideyuki Hori  
Koji Ohno  
Akihumi Suzuki  

*Indicates a Director.
Organizational Structure (As of July 1, 2021)

Corporate Staff Section
- Business Investment Management Dept.
- Digital Strategy Dept.
- IT Service Dept.
- Corporate Communications Dept.
- Global Human Resources Dept.
- Corporate Sustainability & CSR Dept.
- Corporate Administration Dept.
- Legal Dept.
- Global Strategy and Regional Management Dept.
- Regional Market Development Dept.
- Global Risk & Insurance Management Dept.
- Corporate Accounting Dept.
- Finance Dept.
- Structured Finance, M&A Advisory Dept.
- Investor Relations Dept.

Natural Gas Group
- Natural Gas Group CEO Office
- Natural Gas & Mineral Resources Administration Dept.
- Asia-Pacific Div.
- North America Div.
- New LNG Ventures & Marketing Div.

Industrial Materials Group
- Industrial Materials Group CEO Office
- Industrial Materials, Petroleum & Chemicals Solution Administration Dept.
- Construction Materials Dept.
- Ceramic Minerals Dept.
- Performance Materials Div.
- Steel Products Div.

Petroleum & Chemicals Solution Group
- Petroleum & Chemicals Solution Group CEO Office
- Industrial Materials, Petroleum & Chemicals Solution Administration Dept.
- Global Marketing Div.

Mineral Resources Group
- Mineral Resources Group CEO Office
- Natural Gas & Mineral Resources Administration Dept.
- Mineral Resources Investment Div.
- Mineral Resources Trading Div.

Industrial Infrastructure Group
- Industrial Infrastructure Group CEO Office
- Industrial Infrastructure Administration Dept.
- Plant Engineering Div.
- Industrial Machinery Div.
- Ship & Aerospace Div.

Automotive & Mobility Group
- Automotive & Mobility Group CEO Office
- Automotive & Mobility Administration Dept.
- Isuzu Business Div.
- Mobility Business Div.

Food Industry Group
- Food Industry Group CEO Office
- Food Industry Administration Dept.
- Livestock, Meat & Dairy Products Dept.
- Food Sciences Div.
- Food Resources Div.
- Produce & Marine Products Div.

Consumer Industry Group
- Consumer Industry Group CEO Office
- Consumer Industry Administration Dept.
- Tire Dept.
- Retail Div.
- Healthcare Div.
- Logistics & Food Distribution Div.

Power Solution Group
- Power Solution Group CEO Office
- Power Solution Administration Dept.
- International Power Div.
- Energy Service Solution Div.
- Utility Retail Div.

Urban Development Group
- Urban Development Group CEO Office
- Urban Development Administration Dept.
- Urban Infrastructure Div.
- Urban Development Div.
- Asset Finance Div.

Note: Organizational structure of the Head Office
### Business Groups at a Glance (Year ended March 2021)

<table>
<thead>
<tr>
<th>Business Groups</th>
<th>Natural Gas Group</th>
<th>Industrial Materials Group</th>
<th>Petroleum &amp; Chemicals Solution Group</th>
<th>Mineral Resources Group</th>
<th>Industrial Infrastructure Group</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Automotive &amp; Mobility</th>
<th>Industrial Materials</th>
<th>Petroleum &amp; Chemicals Solution</th>
<th>Food Industry</th>
<th>Power Solution</th>
<th>Other, Adjustments and Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-28.1</td>
<td>4.7</td>
<td>26.2</td>
<td>39.4</td>
<td>42.3</td>
<td>15.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Consumer Industry</th>
<th>Natural Gas</th>
<th>Mineral Resources</th>
<th>Industrial Infrastructure</th>
<th>Urban Development</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-73.2</td>
<td>21.2</td>
<td>78.1</td>
<td>21.2</td>
<td>25.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Net Income (loss)*</th>
<th>Total Assets</th>
<th>Investment accounted for using the equity method</th>
<th>Property, plant, equipment and investment property</th>
<th>Intangible assets and goodwill</th>
<th>Other investments</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.2</td>
<td>1,579.9</td>
<td>580.5</td>
<td>171.2</td>
<td>2.4</td>
<td>376.1</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>4.7</td>
<td>1,128.5</td>
<td>136.5</td>
<td>107.7</td>
<td>11.5</td>
<td>77.0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>26.2</td>
<td>947.5</td>
<td>139.3</td>
<td>57.4</td>
<td>3.3</td>
<td>94.4</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>78.1</td>
<td>3,425.0</td>
<td>475.2</td>
<td>846.7</td>
<td>2.2</td>
<td>337.0</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>21.2</td>
<td>1,090.2</td>
<td>206.2</td>
<td>127.6</td>
<td>129.8</td>
<td>46.1</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th>Investment accounted for using the equity method</th>
<th>Property, plant, equipment and investment property</th>
<th>Intangible assets and goodwill</th>
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<th>ROA</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td>580.5</td>
<td>171.2</td>
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<tr>
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<td>136.5</td>
<td>107.7</td>
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<tr>
<td></td>
<td></td>
<td>206.2</td>
<td>127.6</td>
<td>129.8</td>
<td>46.1</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

| | Year Ended March 2021 Net Income* | ¥172.6 billion |
| | Net income (loss) refers to “Net income (loss) attributable to owners of the parent.” | |

92 MITSUBISHI CORPORATION
### Net Income (loss)*

<table>
<thead>
<tr>
<th>Division</th>
<th>Fiscal Year Ended March 2021</th>
<th>Total Assets</th>
<th>¥18,635.0 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas Group</td>
<td>-28.1</td>
<td>1,579.9</td>
<td></td>
</tr>
<tr>
<td>Petroleum &amp; Chemicals Solution Group</td>
<td>39.4</td>
<td>1,128.5</td>
<td></td>
</tr>
<tr>
<td>Mineral Resources Group</td>
<td>-73.2</td>
<td>3,425.0</td>
<td></td>
</tr>
<tr>
<td>Industrial Infrastructure Group</td>
<td>42.3</td>
<td>1,090.2</td>
<td></td>
</tr>
<tr>
<td>Food Industry Group</td>
<td>25.4</td>
<td>1,730.8</td>
<td></td>
</tr>
<tr>
<td>Consumer Industry Group</td>
<td>15.4</td>
<td>3,876.3</td>
<td></td>
</tr>
<tr>
<td>Power Solution Group</td>
<td>172.6</td>
<td>1,815.0</td>
<td></td>
</tr>
<tr>
<td>Urban Development Group</td>
<td>-2%</td>
<td>996.2</td>
<td></td>
</tr>
<tr>
<td>Other, Adjustments and Limitations</td>
<td>2%</td>
<td>584.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>18,635.0</td>
<td></td>
</tr>
</tbody>
</table>

### Percent Change

<table>
<thead>
<tr>
<th>Division</th>
<th>Percent Change</th>
<th>Total Assets</th>
<th>¥18,635.0 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas Group</td>
<td>-2%</td>
<td>1,579.9</td>
<td></td>
</tr>
<tr>
<td>Petroleum &amp; Chemicals Solution Group</td>
<td>2%</td>
<td>1,128.5</td>
<td></td>
</tr>
<tr>
<td>Mineral Resources Group</td>
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<td>Consumer Industry Group</td>
<td>-2%</td>
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<tr>
<td>Power Solution Group</td>
<td>3%</td>
<td>1,815.0</td>
<td></td>
</tr>
<tr>
<td>Urban Development Group</td>
<td>—</td>
<td>996.2</td>
<td></td>
</tr>
<tr>
<td>Other, Adjustments and Limitations</td>
<td>1%</td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>18,635.0</td>
<td></td>
</tr>
</tbody>
</table>
Demand for natural gas (LNG), which has a low impact on the environment, is increasing due to growing global interest in environmental initiatives as well as increasing energy demand created by economic growth. Our goal is to achieve economical, societal, and environmental value through stable supply of LNG by recognizing it as an energy resource that realizes both economic growth and environmental preservation.

Risks and Opportunities in Light of Changes in the External Environment

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Future decline in demand for natural gas due to low-carbon societies</td>
<td>• Increase in demand for natural gas due to the switching from coal and petroleum and the need to compensate for the intermittent nature* of renewable energy</td>
</tr>
<tr>
<td>• Decline in market competitiveness of natural gas due to tighter regulations for industries against a backdrop of low-carbon societies</td>
<td>• Increase in operational efficiency and profitability due to innovations in technology</td>
</tr>
<tr>
<td>• Exhaustion of fossil fuel resources including natural gas</td>
<td>• Utilization of natural gas for the development of next-generation energy sources (blue hydrogen, blue ammonia, etc.)</td>
</tr>
</tbody>
</table>

*The output of power generation based on naturally derived renewable energy can fluctuate with unpredictable weather and other factors, thus other power sources are essential to make up for this uncertainty.

In addition to strengthening the existing businesses and completing the projects under construction in a timely manner, we aim to expand earnings in the LNG business by participating in competitive new supply projects, strengthening sales capabilities, and developing new markets. We also recognize the resolution of both climate change and increasing energy demand as most important issues, and will work to reduce emissions while promoting a stable supply of environmentally low-impact LNG.

Strengths of the Natural Gas Group

- Market presence as the largest LNG player in Japan (based on production share)
- Supply capacity from our LNG facilities around the world, and market development capability as well as supply and demand balancing capability focused on our subsidiary in Singapore
- Development of hydrogen from natural gas and CCUS technologies, as part of our efforts to achieve low-carbon societies

Elements of the Midterm Corporate Strategy 2021

- Strengthen profit base of existing businesses by reduction of costs.
- Completed construction of the Cameron LNG trains 1/2/3 and all started production in the fiscal year ended March 31, 2021. Construction progressed at Indonesia Tangguh (Expansion) and LNG Canada projects with production beginning in 2022 and in the mid-2020s, respectively.
- In order to further expand our profit base, we conducted studies on participation in new LNG projects, and development of emerging LNG markets.
- Established the Natural Gas/Hydrogen Business Development Office and the Carbon Capture & Storage Project Unit, and began full-scale studies aimed at shifting to the decarbonization of natural gas.

Progress for the fiscal year ended March 31, 2021
**EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES**

(Units: billions of yen)

| Year | LNG business-related equity method income* | LNG business-related dividend income (after tax) | Shale gas business-related equity method income
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>—</td>
<td>37.8</td>
<td>—</td>
</tr>
<tr>
<td>2020</td>
<td>42.8</td>
<td>61.9</td>
<td>—</td>
</tr>
<tr>
<td>2021</td>
<td>45.7</td>
<td>47.0</td>
<td>—</td>
</tr>
<tr>
<td>2022</td>
<td>25.7</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2023</td>
<td>—</td>
<td>18.2</td>
<td>—</td>
</tr>
</tbody>
</table>

*In addition to the LNG business-related equity method income listed above, the industrial infrastructure Group's equity method income amounted to 0.3 billion yen (fiscal year ended March 31, 2019), 0.3 billion yen (fiscal year ended March 31, 2020) and 2.5 billion yen (fiscal year ended March 31, 2021).

**INVESTMENT IN LNG PROJECTS**

<table>
<thead>
<tr>
<th>Existing Projects in Production</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
</tr>
<tr>
<td>----</td>
</tr>
<tr>
<td>Brunei</td>
</tr>
<tr>
<td>Malaysia (S)</td>
</tr>
<tr>
<td>Indonesia Tenggara</td>
</tr>
<tr>
<td>North West Shelf</td>
</tr>
<tr>
<td>Oman</td>
</tr>
<tr>
<td>Qatar</td>
</tr>
</tbody>
</table>

**Projects Under Construction**

<table>
<thead>
<tr>
<th>Project</th>
<th><strong>Beginning of construction</strong></th>
<th><strong>Total production capacity (million ton)</strong></th>
<th><strong>Buyer</strong></th>
<th><strong>Seller</strong></th>
<th><strong>Shareholding</strong></th>
<th><strong>MC's share</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia Tenggara</td>
<td>2022</td>
<td>3.8</td>
<td>9.92%</td>
<td>PUN, Kansai Electric</td>
<td>Tangguh JV</td>
<td>Same as (3)</td>
</tr>
<tr>
<td>LNG Canada</td>
<td>Mid-2020s</td>
<td>14.0</td>
<td>15%</td>
<td>Shell, Petronas, PetroChina, MC, Korea Gas</td>
<td>Equity Lifting**</td>
<td>Shell (49%), Petronas (25%), PetroChina (15%), Diamond LNG Canada Partnership (MC/Toho Gas = 96.7:3.3) (15%), Korea Gas (5%)</td>
</tr>
</tbody>
</table>

**PRODUCTION SHARE CAPACITY AND PROJECTED GROWTH**

<table>
<thead>
<tr>
<th>Year</th>
<th><strong>Capacity (MTPA)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>8.12 MTPA</td>
</tr>
<tr>
<td>Mid-2020s</td>
<td>14.60 MTPA*</td>
</tr>
</tbody>
</table>

* New project + Expansion
+ New project
+ Expansion
+ New project

**Mid-2020s**

<table>
<thead>
<tr>
<th>Capacity (MTPA)</th>
<th><strong>Under construction</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.00 MTPA**</td>
<td>0.30 MTPA**</td>
</tr>
<tr>
<td>2.10 MTPA**</td>
<td>0.30 MTPA**</td>
</tr>
</tbody>
</table>

**Notes:**
- 1 Business segment A: Investment in exploration & development (upstream).
- 2 Business segment B: Investment in liquefaction plant.
- 3 Business segment C: Marketing and/or import agent.
- 4 Business segment D: Shipping.
OUR VISION

Our Group aims to create a sustainable society through innovative transformation in the material industries.

Industrials Materials Group Organization

Performance Materials Division
Trading and business investments in carbon, PVC, hydrogen peroxide, and other products

Steel Products Division
Sales, logistics, inventory, manufacturing, and processing business in the field of steel products through Metal One Corporation (MC’s stake 60%), a general steel trading company

Construction Materials Department
Manufacturing and sales business for cement, ready-mixed concrete, and other products

Ceramic Minerals Department
Manufacturing and sales business for silica sand and other products

Risks and Opportunities in Light of Changes in the External Environment

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Decline of existing business models due to innovation in digital technologies, etc.</td>
<td>• Increase in demand for silica sand, etc. in conjunction with the expansion of renewable energy</td>
</tr>
<tr>
<td>• Deterioration of supply and demand for handled materials due to tighter regulations for industries against a background of low-carbon/decarbonized societies</td>
<td>• Increase in demand for carbon materials, etc. in conjunction with the spread of electric furnaces for steelmaking and electric vehicles (EV)</td>
</tr>
<tr>
<td>• High market share in the Japanese steel processing and distribution industry through Metal One Corporation, with a sales network of over 140 offices and subsidiaries in Japan and overseas</td>
<td>• Increase in new business opportunities originating in materials due to higher environmental value</td>
</tr>
<tr>
<td>• Innovation in the materials industry through the use of digital technologies</td>
<td>•</td>
</tr>
</tbody>
</table>

Strengths of the Industrial Materials Group

- Long-existing relationships with highly competitive materials manufacturers
- Global knowledge and network in the materials industry, accumulated through entry into the manufacturing and logistics businesses
- High market share in the Japanese steel processing and distribution industry through Metal One Corporation, with a sales network of over 140 offices and subsidiaries in Japan and overseas

Against a backdrop of an increasingly competitive environment, diversifying material 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 it can leverage its strengths and capabilities.

Elements of the Midterm Corporate Strategy 2021

- Steadily promoting a bold shift in management resources to business fields that can demonstrate independence and are expected to grow
- Considering and promoting higher efficiency and functionality by using digital technology for the globally expanding materials production and distribution platforms
- Expanding MC’s stock of functions to solve common issues facing the materials industry, such as lighter loads, recycling and reducing environmental impact

Progress for the fiscal year ended March 31, 2021

- Increasing the efficiency of logistics and inventory management
- Expanding the use of sustainable materials in construction
- Enhancing the recycling and disposal of waste materials
- Developing new materials for use in renewable energy generation and transportation

Kotaro Tsukamoto
Executive Vice President
Group CEO, Industrial Materials Group
**EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES**

<table>
<thead>
<tr>
<th>Ownership (%)</th>
<th>2017/3</th>
<th>2018/3</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
<th>2022/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal One Corporation*</td>
<td>60.00</td>
<td>13.5</td>
<td>14.0</td>
<td>15.3</td>
<td>11.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Mitsubishi International PolymerTrade Corporation (US)</td>
<td>100.00</td>
<td>0.5</td>
<td>0.7</td>
<td>0.7</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>CAPE FLATTERY SILICA MINES PTY. LTD. (Australia)</td>
<td>100.00</td>
<td>0.9</td>
<td>0.4</td>
<td>0.7</td>
<td>0.4</td>
<td>0.5</td>
</tr>
</tbody>
</table>

*Equity in earnings of Metal One Corporation has been calculated in accordance with J-GAAP through the fiscal year ended March 31, 2017 and IFRS since the fiscal year ended March 31, 2018.

**PERFORMANCE MATERIALS DIVISION**

**Market Projections for Automotive LiBs**

(Unit: GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>BEV</th>
<th>PHEV</th>
<th>HEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>113</td>
<td>168</td>
<td>423</td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td>764</td>
</tr>
<tr>
<td>2030</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Yano Research Institute Ltd., “Global Automotive Lithium-Ion Battery Market: Key Research Findings 2021” (released March 16, 2021)

**PMC Tech Co., Ltd.**

PMC Tech is a joint venture of Posco Chemical Co., Ltd., Mitsubishi Chemical Corporation, and MC for the manufacturing and sale of coal-based needle coke, a raw material used in graphite electrodes and lithium-ion battery (LiB) anodes. The aim of this business is to capture the growth of revenue and the increased market for graphite electrodes and LiB together with the medium- to long-term trend toward the adoption of electric furnaces for steelmaking and EVs.

**STEEL PRODUCTS DIVISION**

**Changes in the Demand for Steel**

(Unit: million tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021 (Estimate)</th>
<th>2022 (Estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,516</td>
<td>1,595</td>
<td>1,709</td>
<td>1,775</td>
<td>1,874</td>
<td>1,925</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Steel Association

**Metal One Corporation**

Metal One (a joint venture of MC and Sojitz Corporation) processes, distributes, and sells steel products and has over 140 bases worldwide. In response to the projected growing demand for steel based on population growth and economic growth in emerging markets, Metal One seeks to expand revenue by reinforcing overseas businesses.

**CERAMIC MINERALS DEPARTMENT**

**Demand for Imported Silica Sand in Asia**

(Unit: million tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.0</td>
<td>4.4</td>
<td>5.3</td>
<td>5.7</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Source: Trade statistics of countries in Asia

**Cape Flattery Silica Mines Pty., Ltd.**

Cape Flattery operates the world’s largest reserves of silica sand and manufactures as well as sells high-quality silica sand as a raw material for glass. Its annual shipment volume has the top share of seaborne trade within Asia. Looking toward the future, the company seeks to boost profits in these markets with high growth potential through sales of glass for solar power generation.
Against a background of issues including climate change and marine plastics, the importance of transitioning to a low-carbon/decarbonized society and of reducing environmental footprints is growing day by day. Contributing to the achievement of a low-carbon/decarbonized society while steadily supplying the petroleum products and chemical materials indispensable to society and people’s lives is a major theme that our Group has identified. In the fields of energy and materials, we aim to be a group that contributes to solving social issues through the conception and execution of business that is accompanied by environmental and societal value as well as economic value.

**OUR VISION**

Osamu Takeuchi  
Executive Vice President  
Group CEO, Petroleum & Chemicals Solution Group

**Risks and Opportunities in Light of Changes in the External Environment**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
</table>
| • Structural changes in the energy industry and transition to alternative fuels against the backdrop of climate change issues  
• Decrease in the market value of fossil-derived chemical materials and a transition to substitute materials | • Progress in the utilization of fuel ammonia and hydrogen in a low-carbon/decarbonized society  
• Low-carbon in existing chemical materials production and expansion of the recycling business  
• Growth in new chemical materials markets using bio-derived materials and CO₂ as raw materials |

**Strengths of the Petroleum & Chemicals Solution Group**

• Broad customer portfolio, industry presence, and market intelligence gained through trading and manufacturing businesses  
• Conception skills and execution skills for next-generation fuels and environmentally considerate chemical material businesses, aimed at creating a low-carbon/decarbonized society  
• Capability to construct a fuel ammonia business based on a long track record in electric power fuel supply and operational experience in the ammonia manufacturing business

**Elements of the Midterm Corporate Strategy 2021**

We position the face-to-face industry issues of adaptation to next-generation energy (EX: energy transformation) and conversion to reduced-environmental-footprint chemical materials having functionality and stable supply capacity equivalent to existing products (MX: material transformation) as top-priority themes for our Group. From the standpoints of EX and MX, we will undertake strengthening and conversion of our core businesses, will conceive and execute new businesses, and will work toward quantitative and qualitative improvement of revenues.

**Progress for the fiscal year ended March 31, 2021**

• With regard to EX, we have positioned ammonia, which does not emit CO₂ during combustion, as a promising candidate for next-generation energy. We are launching concrete efforts to realize our business concepts, including ammonia supply chain demonstration projects and CCS surveys.  
• With regard to MX, we are working to conceive and execute chemical recycling businesses as well as obtain low-carbon in existing products, biochemical businesses and carbon recycling businesses, while discerning technical and economic issues and timelines.
### EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES

<table>
<thead>
<tr>
<th>Ownership (%)</th>
<th>2017/3</th>
<th>2018/3</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Astomos Energy Corporation</td>
<td>49.00</td>
<td>1.7</td>
<td>3.0</td>
<td>-0.8</td>
<td>1.1</td>
</tr>
<tr>
<td>2 SPDC Ltd.</td>
<td>33.34</td>
<td>8.9</td>
<td>12.0</td>
<td>11.8</td>
<td>2.7</td>
</tr>
<tr>
<td>3 Mitsubishi Corporation Energy Co., Ltd.*</td>
<td>100.00</td>
<td>2.4</td>
<td>2.8</td>
<td>2.0</td>
<td>2.9</td>
</tr>
<tr>
<td>4 Mitsubishi Shoji Chemical Corporation</td>
<td>100.00</td>
<td>1.3</td>
<td>1.6</td>
<td>1.7</td>
<td>1.4</td>
</tr>
<tr>
<td>5 Mitsubishi Corporation Plastics Ltd.</td>
<td>100.00</td>
<td>1.9</td>
<td>2.5</td>
<td>3.0</td>
<td>2.6</td>
</tr>
</tbody>
</table>

*Name changed from MITSUBISHI SHOJI SEKIYU, CO., LTD. from the fiscal year ended March 31, 2016. The figures exclude the other Business Groups’ equity in earnings (fiscal year ended March 31, 2020: -0.3 billion yen; fiscal year ended March 31, 2021: 0.1 billion yen). Note: Equity in earnings of affiliated companies at each company listed above is also included.

### BUSINESS OVERVIEW OF THE PETROLEUM & CHEMICALS SOLUTION GROUP

#### Fuel Ammonia Business
We will consider and develop a fuel ammonia business aimed at creating a low-carbon/decarbonized society. Ammonia is attracting attention as a next-generation clean energy source that does not emit CO₂ during combustion. As a first step, we will accelerate efforts related to the production, transport, and storage of blue ammonia, manufactured through the combination of fossil resource-based conventional production methods with carbon capture and storage (CCS) and enhanced oil recovery (EOR). As the second step, we will also consider the societal implementation of ammonia and hydrogen as well as business development of green ammonia based on renewable energy.

#### Chemical Recycling Business (Renewable PET Materials Production Business)
We will enter the chemical recycling business through the acquisition of a third-party allotment of shares (MC’s shareholding from 3.85% to 34%) in Thai Shinkong Industry Corporation Ltd. (TSIC), which produces and sells PET resins for beverage bottles in Thailand. PET is a mono-material boasting excellent transparency and barrier properties. Highly recyclable due to well-established collection and recycling facilities, PET has a wide range of applications, including in both beverage and food containers as well as textiles used in clothing. In response to greater environmental awareness about plastics and demands for a transition to circular economies worldwide, TSIC is expanding PET resin production capacity and also plans to produce recycled PET resins by adopting chemical recycling technologies, with commercial production scheduled to begin in the first half of 2022.

We will deploy human resources to management positions in TSIC to contribute to the company’s business management and will help realize a circular economy through sales of recycled PET resin that faces growing market demand.

#### CGCL (Methanol Production and Sales Business)
Caribbean Gas Chemical Limited (CGCL), established in 2013 in Trinidad and Tobago, completed construction in June 2020, and started commercial operation in December 2020. The company has production capabilities with the ability to produce 1 million tons of methanol and 20 thousand tons of dimethyl ether each year. Methanol is used in a wide range of applications, including adhesives, agricultural chemicals, coatings, synthetic resins, and raw materials for synthetic fibers, and faces growing demand worldwide. It can be manufactured using CO₂ as a raw material, and in recent years has become a promising raw material for environmentally considerate fuels and chemical materials.

Engaging in stable operation with experienced business partners, we will establish business dominance through its sales capabilities in global markets.
Norikazu Tanaka  
Executive Vice President  
Group CEO,  
Mineral Resources Group

Our Group has transformed its business model in accordance with changes in the external business environment. We will further transform our businesses to support the industry from a stance of supplying raw materials while also looking ahead to societal trends such as decarbonization, electrification, and the shift to a circular economy.

**OUR VISION**

*As a growth initiative, development is underway at the Quellaveco copper mine, with the estimated first copper production in 2022. We are also securing competitive assets and steadily progressing toward a stable supply of bauxite—a raw material for aluminum—through participation in the Aurukun Bauxite Project, a business venture to mine bauxite.*

*To make the mineral resources investment portfolio more resilient, we completed our withdrawal from the Clermont thermal coal mine, the Western Australian Iron ore development project, and Hernic Ferrochrome Pty Ltd (Chrome ore mining/Ferrochrome production).*

With metallurgical coal and copper as our main pillars, our mission is to further enhance the competitive advantage as well as the quality of its world-class assets, while delivering long-term sustainability in ways which are good for the environment and for the supply chain. We will leverage the know-how we have built up to strengthen our competitiveness by improving the level of self-management in each business and become more relevant in project management to further upgrade our organizational competencies.
One of the World’s Largest Suppliers of Metallurgical Coal

Mitsubishi Development Pty Ltd (MDP) jointly operates its metallurgical coal business through BMA, together with its partner. BMA produces about 65 million tons per year and has a market share of approximately 30% in the global seaborne market. BMA produces high-quality and cost competitive metallurgical coal at its seven operating mines, together with a rail network and port terminal.

As the world transitions to a low-carbon/decarbonized society, we foresee potential impact on metallurgical coal demand as a result of wider use of electric furnaces for steelmaking and the adoption of new technology. However, in a business environment derived from the 2°C scenario*, we expect the superiority of high-quality metallurgical coal in particular will increase and for BMA to preserve its high competitive edge. While staying aware of changes in the business environment, we strive to reduce the greenhouse gases emitted from BMA production processes. We will also take actions with a joint venture partner BHP, a world-leading resources company, to support research that contributes to reducing emissions throughout the entire metallurgical coal value chain.

--

*1 Investment company for Escondida copper mine in Chile. (MC’s indirect shareholding in Escondida copper mine is 8.25%, through both JECO CORPORATION and JECO 2 LTD.)
*2 Investment company for Los Pelambres copper mine in Chile. (MC’s shareholding in Los Pelambres through indirect investment: 5%)
*3 The profit is consolidated with MC RESOURCE DEVELOPMENT LTD. until the second quarter of the fiscal year ended March 31, 2021, but shares were transferred to M.C. Inversiones Limitada in August 2020 (Equity gains and losses of MC RESOURCE DEVELOPMENT LTD. are before the fiscal year ended March 31, 2020)
INDUSTRIAL INFRASTRUCTURE GROUP

OUR VISION

Our Group operates diverse business models based on strong ties with various partners in a wide range of industries. We aim to achieve sustainable growth together with customers by offering solutions, including those related to digitalization and mitigation of environmental impact, to meet our customers’ needs in various industries, and by building and expanding new industrial and social infrastructure platforms.

Aiichiro Matsunaga
Executive Vice President
Group CEO,
Industrial Infrastructure Group

Industrial Infrastructure Group Organization

Plant Engineering Division
Investment and plant construction in the field of plant engineering, and new business development including FPSO and energy infrastructure ownership and operation business, hydrogen business, and plant digitalization business

Industrial Machinery Division
Rental business, facility management business, and distribution business for industrial machinery such as construction machinery, machine tools, agricultural machinery, and elevators

Ship & Aerospace Division
Trading and related businesses in the fields of shipping-related transactions, ship owning & chartering business in the field of bulk carriers and LNG carriers, development of new shipping-related business leveraging digital technologies, aerospace equipment, and systems

Risks and Opportunities in Light of Changes in the External Environment

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessity of innovation in existing businesses through the expansion of digital technologies, and its acceleration</td>
<td>Increasing needs related to reducing workforce and greater efficiency in light of a shortage of human resources in each industry</td>
</tr>
<tr>
<td>Decline in demand for fossil fuel-related plants due to low-carbon/ decarbonized societies</td>
<td>Increasing opportunities for innovation in business, including switching to sharing businesses</td>
</tr>
<tr>
<td></td>
<td>Provision of digital solutions based on industry and customer needs</td>
</tr>
<tr>
<td></td>
<td>Creation of new businesses in areas such as hydrogen, ammonia, and carbon cycling</td>
</tr>
</tbody>
</table>

Strengths of the Industrial Infrastructure Group

- A foundation for conceiving new businesses that leverage our ownership of numerous business models
- Extensive connections with a broad range of industries contributing to new initiatives that go beyond the framework of existing businesses
- Strong relationships of trust with excellent partners in different areas of business

Elements of the Midterm Corporate Strategy 2021

In the fields of plant engineering, industrial machinery, and ship and aerospace, we will further grow our existing businesses while actively undertaking new business development in adjacent industries. We have set support for the revitalization of the Chiyoda Corporation as our greatest mission, and will back up the company in terms of execution skills through our risk management capabilities and our management professionals, which will contribute to its revitalization.

Progress for the fiscal year ended March 31, 2021

Existing businesses:
- Plant Engineering Division: We have created new business to steadily support the revitalization of Chiyoda Corporation by reinforcing its corporate and risk management structure, and worked to create new businesses related to EX and DX.
- Industrial Machinery Division: We have further strengthened and upgraded the rental business and the distribution business for industrial machinery.
- Ship & Aerospace Division: We have stabilized the ship owning & chartering business.

New business: Leveraging our contact points with diverse industries, we have developed a facility management business, solutions-oriented business leveraging digital technologies, and other businesses in response to a broad range of customer needs. We have also assessed trends in low-carbon/decarbonized societies to advance initiatives in the hydrogen business, the electric vessel business, and other businesses.
Achieving a Sustainable Hydrogen Economy in Singapore

In 2020, MC entered into a memorandum of understanding with five local companies in Singapore and with our affiliate Chiyoda Corporation on the joint development of a sustainable hydrogen economy in Singapore.

The seven companies are now evaluating the technical and commercial feasibility of hydrogen, in which Chiyoda’s SPERA Hydrogen technology could play an important role. In business involving the hydrogen supply chain, we will provide steady assistance for Chiyoda’s revitalization, will jointly promote the business not only as a pillar of growth strategy, but also as an area of focus for our Company, and will work toward preserving the natural environment and developing sustainable societies by expanding the business globally from its start in Singapore.

*City Gas Pte Ltd, Jurong Port Pte Ltd, PSA Corporation Limited, Sembcorp Industries Ltd., Singapore LNG Corporation Pte Ltd

Promotion of the Facility Management Business

In 2020, MC formed a capital and business alliance with SOHGO SECURITY SERVICES CO., LTD. (ALSOK) and Network Corporation (NWC) to launch a facility management (FM)* business. This partnership combines MC’s collective capabilities with ALSOK’s FM operational prowess and NWC’s IoT technologies to provide high value-added management services that enable the “smart” evolution of buildings and other facilities as well as greater maintenance optimization, energy conservation, and automation. Through this business, MC will address DX challenges in the FM market, which is suffering from labor shortages, and help solve social and environmental issues.

*Facility management: Comprehensive management of land, buildings, structures, and other equipment or property, encompassing facility planning, operations, and utilization.

Social and Industrial Digital Infrastructure Business in Turkey

Together with Calik Holding (CH), a leading Turkish conglomerate, we are accelerating our efforts at leveraging digital technologies for new projects that will serve as social and industrial infrastructure. As part of this initiative, in 2020 we launched Workindo.com featuring a matching service between construction companies and workers, as a means of boosting DX in the Turkish construction industry. Moreover, in collaboration with Hitachi Europe Limited (a European subsidiary of Hitachi, Ltd.) and Aktif Bank (a core group company of the CH conglomerate), we are performing a feasibility study to assess the effectiveness and potential applications of a biometric authentication platform in Turkey. Through these efforts, we are working to create new infrastructure businesses that will contribute to the resolution of issues in society and in our related industries.

EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES

<table>
<thead>
<tr>
<th>Ownership (%)</th>
<th>2017/3</th>
<th>2018/3</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Chiyoda Corporation*</td>
<td>33.57</td>
<td>-13.1</td>
<td>2.1</td>
<td>-53.7</td>
<td>4.1</td>
</tr>
<tr>
<td>2 NIKKEN CORPORATION</td>
<td>100.00</td>
<td>5.6</td>
<td>5.0</td>
<td>5.1</td>
<td>7.4</td>
</tr>
<tr>
<td>3 Mitsubishi Corporation Technos</td>
<td>100.00</td>
<td>1.3</td>
<td>1.1</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td>4 MSK Farm Machinery Corporation</td>
<td>100.00</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>1.1</td>
</tr>
</tbody>
</table>

*From the fiscal year ended March 31, 2018, figures have been adjusted to include certain consolidated adjustments regarding significant transactions during the lag period which is reflected in individual financial results of the company for the fiscal year ended March 31, 2018.
Our Group will strengthen the business platform we have built up over many years in the automotive value chain business, while also taking on challenges in the mobility service business by leveraging our expertise and know-how in this area. We aim to generate economic value, societal value, and environmental value simultaneously by addressing issues related to the transport of people and goods and using digital technology to provide automotive and mobility services that will contribute to the development of a low-carbon/decarbonized society.

**Our Vision**

- In the automotive value chain business, we launched the MITSUBISHI MOTORS CORPORATION MPV Xpander Cross in Vietnam, and introduced the new Isuzu Motors Limited D-MAX pickup truck into Australia. We used online events and digital marketing activities to improve sales.

- In downstream areas, we expanded our business domains through capital participation in fleet management, after-sales service for multiple brands, and e-commerce business in locations including ASEAN countries, India, and Russia.

- In the mobility service-related business, we have begun deploying Know-Route, an AI-based on-demand bus system, in multiple locations, and, at the same time, are selling the system to other companies. We have also established a capital and business alliance with Denno Kotsu, Inc.

**Progress for the Fiscal Year Ended March 31, 2021**

- Strong, long-term partnerships with MITSUBISHI MOTORS CORPORATION, Mitsubishi Fuso Truck and Bus Corporation, and Isuzu Motors Limited.

- An automotive value chain business platform offering production, sales, automobile finance, after-sales service, and other capabilities developed both in the ASEAN region and on a global scale.

- A wealth of knowledge and expertise based on an extensive global network.

**Risks and Opportunities in Light of Changes in the External Environment**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreased demand for internal combustion engine vehicles due to progress toward the achievement of a low-carbon/decarbonized society</td>
<td>Expansion of a market for motorization due to growth of automobile demand and growth of the middle class in emerging countries</td>
</tr>
<tr>
<td>Slow growth in automobile demand due to the growing adoption of technologies such as CASE<em>1 and MaaS</em>2</td>
<td>Expansion of demand for vehicles with low environmental impact</td>
</tr>
<tr>
<td>Upward trend in vehicle ownership and operation costs due to changes in various national tax systems and regulations as part of the transition to a low-carbon/decarbonized society</td>
<td>Expansion of mobility service-related business due to changes in the external environment and the role of vehicles in society</td>
</tr>
<tr>
<td>Increase in research and development expenses and capital expenditures due to advances in AI/IoT technologies</td>
<td></td>
</tr>
</tbody>
</table>

*1 Connected, Autonomous, Shared & Services, and Electric  
*2 Mobility as a Service
In Indonesia, which is a key market, we are deeply involved in the entire value chain (upstream–midstream–downstream). 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, and we bolster our product and branding capabilities by incorporating that feedback in our products and services.

In 2019, Next Mobility Co., Ltd. was established as a joint venture between MC and Nishi-Nippon Railroad Co., Ltd. In addition to operating the AI-based on-demand bus system, Know-Route, Next Mobility is also developing business activities aimed at providing local public transportation solutions to transport companies and local governments throughout Japan. We have also entered into a capital and business alliance with Denno Kotsu, Inc., which is working to solve challenges in the taxi industry. Denno Kotsu is developing digital services for taxi operators, with a particular focus on cloud-based vehicle dispatch systems and call center operations. The aim of Denno Kotsu is to find solutions to the problems relating to mobility that are affecting local communities and transport companies.
Our Group works to establish a stable and sustainable business model that contributes to the resolution of various societal challenges surrounding supply chains. From raw materials to processed foods, our stable business platform handles various products that fulfill consumers’ need, while we aim to ensure safety and security for consumers, and to create value that meets societal needs accordingly. We also set out to seize growth opportunities by expanding high-quality products and services into the global market.

Norio Saigusa
Executive Vice President
Group CEO,
Food Industry Group

OUR VISION

Food Industry Group Organization

<table>
<thead>
<tr>
<th>Division</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Sciences Division</td>
<td>Development, manufacturing, and sales in the field of food ingredients, seasonings, pharmaceuticals, agrochemicals, and cosmetic raw materials</td>
</tr>
<tr>
<td>Food Resources Division</td>
<td>Manufacturing and selling compound feed, wheat flour products, sugar, etc., and procurement of those raw materials</td>
</tr>
<tr>
<td>Produce &amp; Marine Products Division</td>
<td>Production, manufacturing, processing, and sales of seafood, rice, fresh produce, etc.</td>
</tr>
<tr>
<td>Global Fast Moving Consumer Goods Division</td>
<td>Production, manufacturing, processing, and sales of food raw materials, foods, consumer products, etc.</td>
</tr>
<tr>
<td>Livestock, Meat &amp; Dairy Products Department</td>
<td>Production, manufacturing, processing, and sales of meat, dairy products, etc.</td>
</tr>
</tbody>
</table>

Risks and Opportunities in Light of Changes in the External Environment

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decline in agricultural, livestock, and dairy production volume due to climate change in production areas and increase in natural disasters</td>
<td>Improvement of efficiency in the primary industry through the utilization of digital data</td>
</tr>
<tr>
<td>Impact on the aquaculture business (production volume decline, increased feed prices, damage to equipment, etc.) due to rising sea levels and ocean temperatures</td>
<td>Development of new aquaculture methods that are less affected by the environment (e.g. land-based farming)</td>
</tr>
<tr>
<td>Decrease of supply volumes and procurement difficulties due to depletion of natural resources and tightening of resource conservation regulations</td>
<td>Enhancement of a sustainable procurement network that takes the society and environment into consideration</td>
</tr>
<tr>
<td>Heightened demand for building supply chains that take social and environmental issues into consideration</td>
<td>Diversified consumer needs, including heightened demand for ethical and certified products</td>
</tr>
</tbody>
</table>

We constantly innovate our supply chains, and offer products that fit consumers’ needs. We will specifically realize continuous growth while addressing sustainability and societal issues in the entire food industry. In addition to continuous improvement of profitability in existing businesses (e.g. salmon farming, grain, compound feed, livestock), we make a persistent effort to adapt properly to the diversification of food and people’s lifestyles through the integration of food resources and development capabilities within the Group.

Sugar & Wheat Flour Business: We strengthened our competitiveness by improving supply chain efficiency, including a merger of Dai-Nippon Meiji Sugar Co., Ltd. with Mitsui Sugar Co., Ltd., and the launch of Mitsui DM Sugar Holdings Co., Ltd.

Europe Consumer Products Business: UK-based Princes Limited has launched product development and online delivery services to support healthcare workers, meet consumer needs, and contribute to society during the COVID-19 pandemic.

Grain, Oilseeds, and Feed Materials Business: PETLINE Co., Ltd., a company under Nosan Corporation, took over the pet food business of Nisshin Petfood Inc. The company will pursue further growth by expanding its product lineup in the diversifying pet food market.
> EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES

<table>
<thead>
<tr>
<th>Ownership (%)</th>
<th>2017/3</th>
<th>2018/3</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERMAQ GROUP AS (Norway)</td>
<td>100.00</td>
<td>15.1</td>
<td>21.8</td>
<td>16.6</td>
<td>8.0</td>
</tr>
<tr>
<td>Mitsubishi Corporation Life Sciences Limited</td>
<td>100.00</td>
<td>3.9</td>
<td>4.9</td>
<td>5.1</td>
<td>4.8</td>
</tr>
<tr>
<td>OLAM INTERNATIONAL LIMITED (Singapore)</td>
<td>17.36</td>
<td>5.5</td>
<td>9.0</td>
<td>5.0</td>
<td>7.8</td>
</tr>
<tr>
<td>ITOHAM YONEKYU HOLDINGS INC.</td>
<td>39.55</td>
<td>6.7</td>
<td>5.9</td>
<td>4.8</td>
<td>4.4</td>
</tr>
<tr>
<td>INDIANA PACKERS CORPORATION (US)</td>
<td>80.00</td>
<td>4.8</td>
<td>5.5</td>
<td>-0.8</td>
<td>4.4</td>
</tr>
</tbody>
</table>

*1 The disclosed data excludes temporary profits/losses from the integration of the Chile salmon business in the fiscal year ended March 31, 2017.
*2 There is a consolidated adjustment of -2.5 billion yen in the fiscal year ended March 31, 2017, -1.1 billion yen in the fiscal year ended March 31, 2018, -2.8 billion yen in the fiscal year ended March 31, 2019, -1.8 billion yen in the fiscal year ended March 31, 2020, and -4.5 billion yen in the fiscal year ended March 31, 2021 to our equity in earnings under IFRS due to amortization of assets evaluated at fair value at the time of acquisition, adjustments of accounting differences, etc. In addition to these adjustments, there is a consolidated adjustment of -27.8 billion yen in the fiscal year ended March 31, 2019 related to impairment losses on investment in the company, and -0.8 billion yen in the fiscal year ended March 31, 2021 due to an adjustment of +0.8 billion yen as a material matter occurring outside the period in the fiscal year ended March 31, 2020.

> BUSINESS OVERVIEW OF THE FOOD INDUSTRY GROUP

NEW INITIATIVES IN THE GROUP

| Food Brand Business Built on Consideration for Sustainability: imperfect Inc. | Building a New Business Model in the Field of Agricultural Production (WaterCell Inc.) |
| imperfect Inc., a wholly owned subsidiary of MC, aims to solve social issues related to food and agriculture around the world through its businesses. These include the sale of products made by combining materials produced through initiatives that provide significant societal and environmental value. In addition, imperfect devotes a portion of its revenues to activities conducted under its “Do well by doing good.” banner, which allow consumers to take part in initiatives to support farmers and environmental conservation. Through these activities, imperfect seeks to contribute to the realization of a sustainable society. | agri-note is the main service of WaterCell Inc., an IT venture in which MC is an investor. This cloud application system for the management of agriculture is a digital solution that centrally manages a set of records for tasks such as sowing, fertilization, pesticide spraying, as well as development status, harvesting, and shipping. The system also factors in the cost of each process. Through digitalization, the venture aims to improve profitability and efficiency in Japanese agriculture. |

| Initiatives in the Meat Substitute Business | |
| Amid diversifying consumer values and increasing awareness of health and sustainability, there is a growing need for meat substitutes (cultured and plant-based meat). While exploring the commercialization of cultured meat through partnerships with startups, we are undertaking the development and production of plant-based meat within Itoham Yonekyu Holdings Inc., Princes Limited, and Mitsubishi Corporation Life Sciences Limited. Leveraging new technologies, we are tackling the challenges of reducing environmental impact and meeting the growing global demand for protein. |
Taking advantage of our extensive contact area on the ground and on the Internet, we are working to deepen our understanding of regional consumers through consumer data, and to maximize customer lifetime value as well as revitalize regional economic zones. In the intermediary distribution business, we aim to utilize industrial data and our broad network of manufacturers and retailers to transform business models by creating demand and efficiency improvements.

**Consumer Industry Group Organization**

<table>
<thead>
<tr>
<th>Retail Division</th>
<th>Apparel &amp; S.P.A. Division</th>
<th>Healthcare Division</th>
<th>Logistics &amp; Food Distribution Division</th>
<th>Tire Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of retail businesses, such as convenience stores and supermarkets, and data marketing business and loyalty points business</td>
<td>Procurement and distribution business for apparel and housewares, and specialty store retailer of private label apparel (SPA) business through collaboration with global brands</td>
<td>Development of businesses including hospital outsourcing business and senior citizen lifestyle support business</td>
<td>Development of businesses including food distribution business, global contract logistics services, packaging solutions business, and others</td>
<td>Manufacturing and sale of tires</td>
</tr>
</tbody>
</table>

**Risks and Opportunities in Light of Changes in the External Environment**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in CO₂ emissions and food loss due to inefficient supply chains</td>
<td>Reduction of CO₂ emissions and food loss through utilizing digital technologies to optimize supply chains and enhancing competitiveness by streamlining operations</td>
</tr>
<tr>
<td>Shortage of labor due to a declining population</td>
<td>Development of materials with low environmental impact and development of demand for new services</td>
</tr>
<tr>
<td>Diversification and fragmentation of consumers’ needs as digital technologies become more advanced</td>
<td>Creation of new consumer value to meet the diversification of needs and changes in purchasing behavior</td>
</tr>
<tr>
<td>Decrease in domestic demand due to demographic aging</td>
<td>Increase in demand for products and services for senior citizens</td>
</tr>
<tr>
<td></td>
<td>Capturing of new demand due to growth in emerging countries and the modernization of retail market</td>
</tr>
</tbody>
</table>

**Strengths of the Consumer Industry Group**

- Mechanisms to accurately understand consumers’ needs and to provide goods, services and information based on consumer data and our extensive contact area with consumers, particularly through physical stores
- Knowledge and a presence built up through our industry-leading intermediary distribution business, and networks of regional manufacturers, retailers, and healthcare facilities
- Development of the largest network of Japanese convenience stores in China, and a business platform with local roots

**Elements of the Midterm Corporate Strategy 2021**

**Progress for the fiscal year ended March 31, 2020**

- In December 2019, we formed an agreement with KDDI CORPORATION, Loyalty Marketing, Inc., and Lawson, Inc. on an initiative aimed at creating a new consumption experience that fuses the Internet with the real world. In May 2020, au WALLET points (issued by KDDI CORPORATION) was integrated with Ponta points.
- In December 2020, we reached an agreement on a capital and business alliance with SOHGO SECURITY SERVICES CO., LTD. (ALSO) and Nippon Care Supply Co., Ltd. regarding family care and senior citizen lifestyle support business.
- We worked toward efficiency and optimization through DX in the intermediary distribution business, including food distribution, and verified the effectiveness of demand forecasting systems through AI.
Data Marketing Business
The Ponta point service operated by Loyalty Marketing, Inc. exceeded 100 million members (as of March 2021) following integration with au WALLET points issued by KDDI CORPORATION in May 2020.

Through this membership base, we will deepen our understanding through consumer data and will offer optimal information, goods, and services by linking with information held by regional retail companies and infrastructure companies.

We will also promote cooperation with external media, with the aim of building a retail and distribution platform that offers higher utility value for consumers through a fusion of the real and digital worlds.

New Initiatives by the Healthcare Division
1. Capital and business alliance with SOHGO SECURITY SERVICES CO., LTD. (ALSOK)
In December 2020, we reached an agreement with ALSOK and Nippon Care Supply Co., Ltd. to form a capital and business alliance in the fields of long-term care and assisted living for seniors. By bringing together knowledge and our network of companies, we will enhance assisted living services for long-term care providers and for those who need long-term care including senior citizens, to offer means by which the latter groups can live in their communities with safety, security, and convenience.

2. Establishment of Whitehealthcare Inc.
In July 2020, we established Whitehealthcare Inc. as a joint venture with Tokio Marine Holdings, Inc. (60% held by MC, 40% held by Tokio Marine Holdings, Inc.). Against the backdrop of rising medical expenses due to the aging of society and an increase in lifestyle-related diseases, we aim for the improvement of overall health and the reduction of medical costs through a preventive solutions business for consumers (insured persons, etc.) and the company health insurance, which is the core of the public health insurance system.
**Power Solution Group**

**OUR VISION**

The electricity and water that our Group deals with are the foundations for one of the most important infrastructures. Our Group is helping to secure stable energy supplies by combining renewables and other clean sources with digital technology and a function to balance supply and demand. Our mission is to play its part to build sustainable, low-carbon/decarbonized societies and increase corporate value by providing new added value to our customers, and by conducting new initiatives in the field of hydrogen, a next-generation fuel.

---

**Power Solution Group Organization**

- **International Power Division**
  - Overseas power generation and transmission business, power trading business, overseas distributed power supply business, overseas water business, and hydrogen business

- **Energy Service Solution Division**
  - Domestic power generation business, domestic EPC trading business, and lithium-ion battery (LiB)-related business

- **Utility Retail Division**
  - Power trading business, power retail business, and domestic water business

---

**Risks and Opportunities in Light of Changes in the External Environment**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major changes in cost structures and power generation systems in the electric power business as part of the transition to low-carbon/decarbonized societies, accelerating efforts to reduce greenhouse gas emissions, including changes to regulations, measures, and loan policies, and a decline in the profitability of thermal power generation using fossil fuels</td>
<td>Growth in business opportunities in renewable energy and distributed power supply</td>
</tr>
<tr>
<td>Changes in regulations and policies in each country in regards to the power business</td>
<td>New business opportunities due to the growing deployment of renewable energy and structural changes in the electric power business, such as the decentralization of power supply systems</td>
</tr>
<tr>
<td></td>
<td>Growing adoption of battery storage and related services, along with growth in the VPP* business, etc.</td>
</tr>
<tr>
<td></td>
<td>Expanded use of next-generation energy sources, such as hydrogen</td>
</tr>
<tr>
<td></td>
<td>Increased opportunities to enter new domains of the electric power business due to changes in regulations and policies in various countries</td>
</tr>
</tbody>
</table>

*Virtual Power Plant (VPP): Serves the function of a power generating station by controlling energy resources such as the facilities of different power consumers, power generating units directly connected to electric power systems, and accumulation equipment.

---

**Strengths of the Power Solution Group**

- Extensive track record in terms of development, construction, and operation in the area of renewable energy power generation, especially offshore wind power and offshore transmission business
- The knowledge provided by Eneco, a customer-focused integrated energy company that provides clean energy and related services based on a well-balanced portfolio that encompasses everything from power generation through to retail
- The ability to implement DX initiatives that reflect the rapidly changing electric power business environment, thanks to comprehensive strengths in developing services and partnerships that include knowledge and networking

---

**Elements of the Midterm Corporate Strategy 2021**

Through the electricity used regularly by each household and customer, we aim to provide new services that fit the customer’s mindset while not limiting those services to sales of electric power. Moreover, in addition to the traditional offering of power generation and transmission (“supply side” of the business), we are engaged in downstream services (“demand side” of the business) including power storage, distributed power supply, and power trading, and seek to maximize our corporate value covering everything from upstream to downstream.

---

**Progress for the fiscal year ended March 31, 2021**

The following initiatives are undertaken for the entire electric power value chain from upstream (supply side) to downstream (demand side).
- On the supply side, we undertook stable business expansion of the domestic and overseas power generation businesses centered on renewable energy and an offshore transmission business to support offshore wind power.
- On the demand side, we established Chubu Electric Power Mirai Connect, Inc. to expand our electric power retailing and new service activities. The new company will also utilize digital marketing in order to provide various services, including retailing, assisted living, and finance.
- We enhanced our renewable energy development activities through Eneco, which has an integrated business portfolio encompassing both upstream and downstream activities.
**EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES**

<table>
<thead>
<tr>
<th></th>
<th>Ownership (%)</th>
<th>2017/3</th>
<th>2018/3</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ENECO GROEP N.V. (Netherlands)**</td>
<td>80.00</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>13.2</td>
</tr>
<tr>
<td>2 DIAMOND GENERATING ASIA, LIMITED (Hong Kong)**</td>
<td>100.00</td>
<td>6.5</td>
<td>10.8</td>
<td>6.5</td>
<td>11.8</td>
<td>7.3</td>
</tr>
<tr>
<td>3 DIAMOND GENERATING CORPORATION (US)</td>
<td>100.00</td>
<td>7.4</td>
<td>22.3</td>
<td>1.1</td>
<td>12.1</td>
<td>3.1</td>
</tr>
<tr>
<td>4 DIAMOND GENERATING EUROPE LIMITED (UK)</td>
<td>100.00</td>
<td>2.7</td>
<td>3.4</td>
<td>21.7</td>
<td>6.8</td>
<td>6.2</td>
</tr>
<tr>
<td>5 DIAMOND TRANSMISSION CORPORATION (UK)</td>
<td>100.00</td>
<td>6.0</td>
<td>4.1</td>
<td>2.9</td>
<td>8.3</td>
<td>7.8</td>
</tr>
<tr>
<td>6 Mitsubishi Corporation Power Ltd.*</td>
<td>100.00</td>
<td>3.8</td>
<td>7.2</td>
<td>5.3</td>
<td>4.2</td>
<td>13.8</td>
</tr>
</tbody>
</table>

*1 On June 29, 2021, N.V. Eneco Beheer merged with Eneco Group N.V. and changed the name of the business to N.V. Eneco. We invested in Eneco through Diamond Chubu Europe B.V., a joint venture with Chubu Electric Power Co., Inc. A loss of 7 billion yen, including consolidation adjustments, was recorded in the fiscal year ended March 31, 2021, in part because of the amortization of assets evaluated at fair value at the time of acquisition. There were also losses totaling 4.9 billion yen due to the reversal of tax effects following changes to the tax system in the Netherlands. Equity earnings excluding this factor amounted to 11.1 billion yen.

*2 The corresponding figure is the total of nine companies, including companies which are administrated by DIAMOND GENERATING ASIA, LIMITED.

*3 From the disclosure from the fiscal year ended March 31, 2020, tax effects of the parent company are included. The figure from the fiscal year ended March 31, 2019 is also restated retroactively.

*4 On April 1, 2021, the name of the business changed to Mitsubishi Corporation’s Energy Solutions Ltd.

**BUSINESS MODEL OF THE POWER SOLUTION GROUP**

Our Company’s traditional electric power business is on the supply side centered on generation and transmission. Now, however, through business expansion on the demand side, including a power trading business and a retail business with a customer base, we endeavor to lift corporate value across the entire value chain, including the supply side.

**NET EQUITY BASE GENERATION CAPACITY** (as of fiscal year ended March 31, 2021)

(Unit: MW)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under construction</td>
<td>4,470</td>
<td>4,860</td>
<td>5,100</td>
<td>4,590</td>
<td>4,880</td>
<td>6,220</td>
<td>8,080</td>
<td>8,230</td>
</tr>
<tr>
<td>Operating + under construction</td>
<td>1,220</td>
<td>9,450</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our mission is to establish high value-added, large-scale businesses by combining urban and infrastructure development, asset finance and other businesses to meet societal and environmental needs, such as urbanization and being environmentally friendly. We will create long-term community value through engagement in long-term town management and proactive participation in large-scale, multi-use development projects.

OUR VISION

- We are taking part in a large-scale urban development project on a plot of land over 100 hectares in BSD City, in suburban Jakarta, Indonesia. We are strategically introducing town management and implementing smart and digital solutions, to increase the value of the project area and BSD City overall (approximately 6,000 hectares).
- In April 2021, we invested in unerry Inc., which owns one of Japan’s largest platforms for managing behavioral big data. In partnership with the company, we will actively pursue smart-city developments in Japan and ASEAN countries.

Risks and Opportunities in Light of Changes in the External Environment

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative effects on existing businesses associated with demographic</td>
<td>Increase in worldwide urban development needs driven by the progress of</td>
</tr>
<tr>
<td>trends and progress of urbanization</td>
<td>urbanization worldwide</td>
</tr>
<tr>
<td>Rising costs due to increasing traffic, air pollution, etc.</td>
<td>Rise in infrastructure and peripheral service demands due to high growth</td>
</tr>
<tr>
<td>Increase in costs to meet growing needs for products that are</td>
<td>rates and economic development, especially in emerging countries</td>
</tr>
<tr>
<td>environmentally friendly</td>
<td>Shift to provide new services and contents through digital technologies</td>
</tr>
<tr>
<td></td>
<td>Increased demand for urban development and management to solve social</td>
</tr>
<tr>
<td></td>
<td>and environmental issues due to the shift toward low-carbon/decarbonized</td>
</tr>
<tr>
<td></td>
<td>societies and the diversification of consumer needs</td>
</tr>
</tbody>
</table>

Strengths of the Urban Development Group

- Project management based on real estate knowledge, and business know-how grounded in proven track records in development
- A finance business that leverages assets and knowledge gained through trading and business investment
- Urban infrastructure development and management based on an industry network and knowledge built up over many years in infrastructure fields
- Long-standing relationships of trust and networks with leading developers and companies in many regions, especially in ASEAN countries

Elements of the Midterm Corporate Strategy 2021

- Going beyond single-use, real estate development projects centered on logistics facilities and retail properties, we will focus on large-scale, multi-use developments. Specifically, we will realize the development of retail properties, offices, residences, and hospitals in order to create a highly functional and compelling urban community, mainly in the growing ASEAN countries and Japan.

Progress for the fiscal year ended March 31, 2021

- We are taking part in a large-scale urban development project on a plot of land over 100 hectares in BSD City, in suburban Jakarta, Indonesia. We are strategically introducing town management and implementing smart and digital solutions, to increase the value of the project area and BSD City overall (approximately 6,000 hectares).
On April 1, 2021, Mitsubishi UFJ Lease & Finance Company Ltd. merged with Hitachi Capital Corporation and changed the business name to Mitsubishi HC Capital Inc.

From the fiscal year ended March 31, 2019, figures have been adjusted to include certain tax effects accounted for by the parent company and certain consolidated adjustments implemented by the Company (major transactions during the cut-off period reflected in financial results of individual businesses).

From the disclosure of the fiscal year ended March 31, 2021, the scope of this category is partially changed. The figure of the fiscal year ended March 31, 2020 is also restated retroactively.

**OVERVIEW OF URBAN DEVELOPMENT**

**MC aims to develop high quality urban areas and enhance sustainable urban value.**
- Promote and participate in highly functional and attractive urban development from the initial phase of development
- Create sustainable value by taking a hands-on approach in developing and managing urban areas
- Maximize use of extensive MC Group expertise and networks to enhance urban services and content

**Main Services and Content**
- Office buildings, commercial complexes, housing, hotels, schools, hospitals, etc.
- Retail, Mobility, Entertainment, Renewable energy, Electronic payments, Security

**Component of Urban Development**

**From Single Property Development to Area Development**

**Concepts**
- Large scale
- Long term
- Multi use
- Multi-phase development

**Project Overview: Smart, Sustainable, Transit-Oriented Developments (TODs) in BSD City, Greater Jakarta, Indonesia**

Mitbana Pte Ltd, a joint venture company between MC and Surbana Jurong Private Limited (a wholly owned subsidiary of Temasek Holdings, a government-affiliated investment company in Singapore), has formed a partnership with leading Indonesian property developer Sinarmas Land Ltd. to advance a large-scale urban development project in BSD City. Over 100 hectares of greenfield land will be transformed into Indonesia’s first TOD* smart city, comprising residential units, commercial properties, living amenities, and public transport hubs. This project also tries to alleviate traffic congestion, a social issue in the country, by adopting digital technologies, and seeks to contribute to solve social and/or environmental issues.

*Urban development founded around public transportation, aiming to create a society that is not dependent on automobiles

**MAIN BUSINESSES**

**Real Estate Development and Asset Management Business**

MC engages in various real estate development businesses for retail properties, logistics facilities, residential properties, and other uses in Japan, Asia, and North America. MC is also involved in real estate fund management businesses in Japan and North America.

**Data Center Operation Business**

MC Digital Realty, Inc. was established as a joint venture in 2017 with Digital Realty Trust, Inc., the world’s largest business operator of data centers. This company aims to leverage the demand for data centers in Japan to become one of the country’s top business operators for data centers.

**Airport Operation Business**

MC has been participating in the business of airport operation since 2015, following the privatization trend of airport operations. Since airports are the entrances to countries and regions, participation in the operation of airports helps resolve issues directly faced by each region and contributes to economic and societal growth.

**Leasing Business**

As leasing demand continues to grow globally, MC takes advantage of access and networks to a broad range of industrial fields unique to a general trading company through alliances and cooperation with influential partners to expand the leasing business.
MC leverages its global network, which it has developed over many years, to obtain an in-depth knowledge on a multifaceted range of macroeconomic, industrial and geopolitical trends not limited to generally available information. MC also builds upon this intelligence and expertise on a daily basis through its deep involvement in frontline businesses spanning virtually every industry worldwide. At the same time, it is crucial that the information accumulated at each location be shared laterally beyond each respective Business Group and region, and for it to be utilized to develop intellectual capital throughout the Group. MC’s offices and subsidiaries, both in Japan and overseas, play an important role in this lateral development of the MC Group.
## Balance of Risk Money Outstanding in 12 Countries

### Image of risk money balance on the map
- Investments, loans and guarantees
- Trade receivables, etc.

### Investments, Loans and Guarantees*1, 2

<table>
<thead>
<tr>
<th>Country</th>
<th>2021/3</th>
<th>2020/3</th>
<th>Change</th>
<th>2021/3</th>
<th>2020/3</th>
<th>Change</th>
<th>2021/3</th>
<th>2020/3</th>
<th>Change</th>
<th>2021/3</th>
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<th>Change</th>
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</thead>
<tbody>
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<td>Mexico</td>
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<td>177.1</td>
<td>-3.8</td>
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<td>Peru</td>
<td>220.3</td>
<td>224.1</td>
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<td>249.5</td>
<td>231.4</td>
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<tr>
<td>1 country total</td>
<td>214.3</td>
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<td>+0.0</td>
<td>35.2</td>
<td>39.6</td>
<td>-4.4</td>
<td>249.5</td>
<td>231.4</td>
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<td>—</td>
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<td>233.8</td>
<td>-48.2</td>
<td>523.6</td>
<td>574.8</td>
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<td>Philippines</td>
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<td>+1.0</td>
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<td>29.8</td>
<td>56.9</td>
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<td>186.4</td>
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<td>+56.5</td>
<td>688.0</td>
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</table>

(UC: billions of yen)

*1. Investments, Loans and Guarantees
*2. Trade receivables, etc.
**Investments, Loans and Guarantees**

### Latin American Countries Total

<table>
<thead>
<tr>
<th></th>
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<th>2021/3</th>
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<tr>
<td>Investments</td>
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<td>17.5</td>
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<td>9.2</td>
<td>7.2</td>
<td>+2.0</td>
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<tr>
<td>Loans</td>
<td>7.5</td>
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<td>+0.0</td>
<td>7.5</td>
<td>10.7</td>
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<tr>
<td>Guarantees</td>
<td>10.1</td>
<td>9.5</td>
<td>+0.6</td>
<td>2.9</td>
<td>4.4</td>
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<td>7.2</td>
<td>5.1</td>
<td>+2.1</td>
</tr>
<tr>
<td>Amounts hedged</td>
<td>47.3</td>
<td>47.3</td>
<td>+0.0</td>
<td>22.7</td>
<td>24.3</td>
<td>-1.6</td>
<td>24.6</td>
<td>23.2</td>
<td>+1.4</td>
</tr>
<tr>
<td>Gross</td>
<td>42.4</td>
<td>42.4</td>
<td>0.0</td>
<td>18.6</td>
<td>19.1</td>
<td>0.5</td>
<td>22.7</td>
<td>23.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Amounts hedged</td>
<td>36.3</td>
<td>36.3</td>
<td>0.0</td>
<td>12.3</td>
<td>12.8</td>
<td>0.5</td>
<td>18.2</td>
<td>18.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Net risk money</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
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### Asia Countries Total

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<thead>
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<th>2021/3</th>
<th>change</th>
<th>2020/3</th>
<th>2021/3</th>
<th>change</th>
<th>2020/3</th>
<th>2021/3</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>47.3</td>
<td>47.3</td>
<td>+0.0</td>
<td>22.7</td>
<td>24.3</td>
<td>-1.6</td>
<td>24.6</td>
<td>23.2</td>
<td>+1.4</td>
</tr>
<tr>
<td>Loans</td>
<td>8.9</td>
<td>10.7</td>
<td>-1.8</td>
<td>8.5</td>
<td>9.9</td>
<td>-0.4</td>
<td>0.4</td>
<td>1.8</td>
<td>-1.4</td>
</tr>
<tr>
<td>Guarantees</td>
<td>8.9</td>
<td>10.7</td>
<td>-1.8</td>
<td>8.5</td>
<td>9.9</td>
<td>-0.4</td>
<td>0.4</td>
<td>1.8</td>
<td>-1.4</td>
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<tr>
<td>Amounts hedged</td>
<td>42.4</td>
<td>42.4</td>
<td>0.0</td>
<td>18.6</td>
<td>19.1</td>
<td>0.5</td>
<td>22.7</td>
<td>23.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Gross</td>
<td>42.4</td>
<td>42.4</td>
<td>0.0</td>
<td>18.6</td>
<td>19.1</td>
<td>0.5</td>
<td>22.7</td>
<td>23.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Amounts hedged</td>
<td>36.3</td>
<td>36.3</td>
<td>0.0</td>
<td>12.3</td>
<td>12.8</td>
<td>0.5</td>
<td>18.2</td>
<td>18.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Net risk money</td>
<td>¥1,279.3 billion</td>
<td>¥1,279.3 billion</td>
<td>¥1,279.3 billion</td>
<td>¥1,279.3 billion</td>
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<td>¥1,279.3 billion</td>
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### Trade Receivables, etc.

<table>
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<th>2021/3</th>
<th>change</th>
<th>2020/3</th>
<th>2021/3</th>
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<th>2020/3</th>
<th>2021/3</th>
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</thead>
<tbody>
<tr>
<td>Amounts hedged</td>
<td>27.4</td>
<td>24.7</td>
<td>+2.7</td>
<td>18.2</td>
<td>17.5</td>
<td>+0.7</td>
<td>9.2</td>
<td>7.2</td>
<td>+2.0</td>
</tr>
<tr>
<td>Gross</td>
<td>42.4</td>
<td>42.4</td>
<td>0.0</td>
<td>18.6</td>
<td>19.1</td>
<td>0.5</td>
<td>22.7</td>
<td>23.2</td>
<td>0.5</td>
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<tr>
<td>Amounts hedged</td>
<td>36.3</td>
<td>36.3</td>
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<td>12.3</td>
<td>12.8</td>
<td>0.5</td>
<td>18.2</td>
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<td>0.6</td>
</tr>
<tr>
<td>Net risk money</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
<td>¥1,154.4 billion</td>
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</tbody>
</table>

### Trade Receivables, etc.*1

*1 These countries are selected based on our internal country risk rating and total risk money balance.
*2 As of fiscal year end
*3 The figures are adjusted for investees’ net assets holdings/fair value etc.

---

**Ref: 1** These countries are selected based on our internal country risk rating and total risk money balance.

---

**Ref: 2** As of fiscal year end

---

**Ref: 3** The figures are adjusted for investees’ net assets holdings/fair value etc.
### Financial Highlights

Mitsubishi Corporation and Subsidiaries  
Years ended March 31  
The consolidated financial information is prepared in accordance with International Financial Reporting Standards (“IFRS”) from the fiscal year ended March 31, 2014.

#### Results of Operations:

<table>
<thead>
<tr>
<th></th>
<th>2011/3 (US GAAP)</th>
<th>2012/3 (US GAAP)</th>
<th>2013/3 (US GAAP)</th>
<th>2013/3 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues*1</td>
<td>¥ 5,206,873</td>
<td>¥ 5,565,832</td>
<td>¥ 5,968,774</td>
<td>¥ 6,009,887</td>
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<tr>
<td>Gross profit</td>
<td>1,149,902</td>
<td>1,127,860</td>
<td>1,029,657</td>
<td>1,054,933</td>
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<tr>
<td>Income from investments accounted for using the equity method</td>
<td>167,002</td>
<td>192,418</td>
<td>164,274</td>
<td>167,840</td>
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<tr>
<td>Net income (loss) attributable to owners of the parent*2</td>
<td>464,543</td>
<td>452,344</td>
<td>360,028</td>
<td>323,457</td>
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#### Financial Position at Year-End:

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<tr>
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<th>2012/3</th>
<th>2013/3</th>
<th>2013/3</th>
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<tbody>
<tr>
<td>Total assets</td>
<td>11,272,775</td>
<td>12,588,320</td>
<td>14,410,665</td>
<td>15,064,738</td>
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<tr>
<td>Working capital*3</td>
<td>2,012,098</td>
<td>1,709,310</td>
<td>2,098,147</td>
<td>2,076,570</td>
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<tr>
<td>Borrowings (less current maturities)*4</td>
<td>3,188,749</td>
<td>3,760,101</td>
<td>4,498,683</td>
<td>4,498,683</td>
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<tr>
<td>Equity attributable to owners of the parent*2</td>
<td>3,233,342</td>
<td>3,507,818</td>
<td>4,179,698</td>
<td>4,517,107</td>
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#### Interest-Bearing Liabilities:

<table>
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<tr>
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<th>2011/3</th>
<th>2012/3</th>
<th>2013/3</th>
<th>2013/3</th>
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</thead>
<tbody>
<tr>
<td>Gross interest-bearing liabilities*5</td>
<td>4,257,563</td>
<td>5,016,383</td>
<td>5,805,238</td>
<td>5,889,642</td>
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<tr>
<td>Net interest-bearing liabilities*5</td>
<td>2,947,308</td>
<td>3,647,408</td>
<td>4,335,829</td>
<td>4,420,068</td>
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#### Cash Flows:

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<th>2012/3</th>
<th>2013/3</th>
<th>2013/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>331,204</td>
<td>550,694</td>
<td>403,313</td>
<td>453,327</td>
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<tr>
<td>Net cash used in investing activities</td>
<td>(262,601)</td>
<td>(1,100,913)</td>
<td>(752,477)</td>
<td>(791,026)</td>
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<tr>
<td>Free cash flow</td>
<td>68,603</td>
<td>(550,219)</td>
<td>(349,164)</td>
<td>(337,699)</td>
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<td>Net cash provided by (used in) financing activities</td>
<td>76,749</td>
<td>599,059</td>
<td>401,687</td>
<td>388,366</td>
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<td>Net cash flows</td>
<td>145,352</td>
<td>48,840</td>
<td>52,523</td>
<td>50,667</td>
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#### Per Share Information:

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<th>2012/3</th>
<th>2013/3</th>
<th>2013/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) attributable to owners of the parent per share</td>
<td>282.62</td>
<td>274.91</td>
<td>218.66</td>
<td>196.45</td>
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<tr>
<td>Basic (yen, US dollars)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted (yen, US dollars)</td>
<td>281.87</td>
<td>274.30</td>
<td>218.18</td>
<td>196.02</td>
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<tr>
<td>Cash dividends per share (yen, US dollars)</td>
<td>65.00</td>
<td>65.00</td>
<td>55.00</td>
<td>55.00</td>
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<tr>
<td>Equity per share attributable to owners of the parent (yen, US dollars)</td>
<td>1,966.66</td>
<td>2,130.89</td>
<td>2,537.52</td>
<td>2,742.36</td>
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<tr>
<td>Payout ratio*6 (%)</td>
<td>23.1%</td>
<td>24.2%</td>
<td>25.4%</td>
<td>25.6%</td>
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#### Common Stock:

<table>
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<tr>
<th>Number of shares outstanding at year-end*7 (thousands of shares)</th>
<th>2011/3</th>
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<th>2013/3</th>
<th>2013/3</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1,644,074</td>
<td>1,646,173</td>
<td>1,647,158</td>
<td>1,647,158</td>
</tr>
</tbody>
</table>

#### Financial Measures:

<table>
<thead>
<tr>
<th></th>
<th>2011/3</th>
<th>2012/3</th>
<th>2013/3</th>
<th>2013/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE*8 (%)</td>
<td>15.1%</td>
<td>13.4%</td>
<td>9.4%</td>
<td>7.8%</td>
</tr>
<tr>
<td>ROA*9 (%)</td>
<td>4.2%</td>
<td>3.8%</td>
<td>2.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Net DER*10 (times)</td>
<td>0.9</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>DOE*11 (%)</td>
<td>3.5</td>
<td>3.2</td>
<td>2.4</td>
<td>2.2</td>
</tr>
</tbody>
</table>

#### Stock Price Information:

<table>
<thead>
<tr>
<th></th>
<th>2011/3</th>
<th>2012/3</th>
<th>2013/3</th>
<th>2013/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock price (annual average) (yen, US dollars)</td>
<td>2,102</td>
<td>1,840</td>
<td>1,626</td>
<td>1,626</td>
</tr>
<tr>
<td>Price earnings ratio (PER)*12 (times)</td>
<td>7.68</td>
<td>6.73</td>
<td>7.47</td>
<td>8.31</td>
</tr>
<tr>
<td>Price book-value ratio (PBR)*13 (times)</td>
<td>1.1</td>
<td>0.9</td>
<td>0.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

### Notes:

1. The US dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥111.0=$1.00
2. Figures for the fiscal year ended March 31, 2011, have been adjusted retrospectively to reflect the impact of changes in the fiscal year end of consolidated subsidiaries.
3. The application of IFRS 16 “Leases” from the start of the fiscal year ended March 31, 2020, increased total assets due to an increase in right-of-use assets included in calculations. In addition, lease payments have been reclassified from net cash provided by operating activities to net cash provided by financing activities.
4. Net income (loss) attributable to owners of the parent corresponds to net income (loss) attributable to Mitsubishi Corporation under US GAAP. Borrowings (less current maturities) correspond to long-term debt, less current maturities under US GAAP. Equity attributable to owners of the parent corresponds to total Mitsubishi Corporation shareholders’ equity under US GAAP.
5. Net interest-bearing liabilities is defined as gross interest-bearing liabilities minus cash and cash equivalents and time deposits.
6. Equity per share attributable to owners of the parent per share:
   - Basic (yen, US dollars)
   - Diluted (yen, US dollars)
7. Number of shares outstanding at year-end:
   - Basic
   - Diluted
8. Return on equity (equity attributable to owners of the parent per share / income before income tax and extraordinary items)
9. Return on assets (income before income tax and extraordinary items / total assets)
10. Net debt-to-equity ratio (net debt / equity attributable to owners of the parent)
11. Debt-to-equity ratio (total debt / equity attributable to owners of the parent)
12. Price earnings ratio (market price per share / earnings per share)
13. Price book-value ratio (market price per share / book value per share)
### Stock Price Information

#### Financial Measures:

- **Number of shares outstanding at year-end**: 7,644,074 (thousands of shares) - 1,646,173 - 1,647,158 - 1,647,158

#### Common Stock:

- **Price earnings ratio (PER)**: 7.68 - 6.73 - 7.47 - 8.31
- **DOE**: 3.5% - 3.2% - 2.4% - 2.2%
- **Net DER**: 0.9x - 1.0x - 1.0x - 1.0x
- **ROA**: 4.2% - 3.8% - 2.7% - 2.3%
- **Payout ratio**: 23% - 24% - 25% - 25%

#### Per Share Information:

- **Equity per share attributable to owners of the parent**: ¥3,233,342 - ¥3,507,818 - ¥4,179,698 - ¥4,517,107
- **Cash dividends per share**: ¥65.00 - ¥65.00 - ¥55.00 - ¥55.00

#### Financial Position at Year-End:

- **Working capital**: ¥2,012,098 - ¥1,709,310 - ¥2,098,147 - ¥2,076,570
- **Net cash flows**: ¥145,352 - ¥48,840 - ¥52,523 - ¥50,667
- **Net cash used in investing activities**: (¥262,601) - (¥1,100,913) - (¥752,477) - (¥791,026)
- **Income from investments accounted for using the equity method**: ¥167,002 - ¥192,418 - ¥164,274 - ¥167,840
- **Gross profit**: ¥1,149,902 - ¥1,127,860 - ¥1,029,657 - ¥1,054,933

#### Results of Operations:

- **Net income (loss) attributable to owners of the parent per share**: (Diluted) ¥281.87 - ¥274.30 - ¥218.18 - ¥196.02 (Basic) ¥282.62 - ¥274.91 - ¥218.66 - ¥196.45
- **Net interest-bearing liabilities**: ¥2,947,308 - ¥3,647,408 - ¥4,335,829 - ¥4,420,068
- **Equity attributable to owners of the parent**: ¥3,233,342 - ¥3,507,818 - ¥4,179,698 - ¥4,517,107

#### Stock price (annual average):

- **Price**: ¥2,102 - ¥1,840 - ¥1,626 - ¥1,626

*Note: All figures are in millions of yen, unless otherwise noted.*

---

*6 The payout ratio was calculated based on net income attributable to owners of the parent for the fiscal year before reclassification (this includes the restatement of results for the fiscal years ended March 31, 2013 and March 31, 2014 due to the change from US GAAP to IFRS).

*7 Excluding treasury stock held by the Company.

*8 ROE is calculated by dividing net income (loss) attributable to owners of the parent by the average of equity attributable to owners of the parent at the beginning and end of the fiscal year.

*9 ROA is calculated by dividing net income (loss) attributable to owners of the parent by the average of total assets at the beginning and end of the fiscal year.

*10 Net DER is calculated by dividing net interest-bearing liabilities by equity attributable to owners of the parent at the end of the fiscal year.

*11 DOE is calculated by dividing cash dividends per share by equity per share attributable to owners of the parent at the beginning and end of the fiscal year.

*12 PER is calculated by dividing market capitalization, as determined by multiplying the average share price during the fiscal year by the number of shares issued at the fiscal year-end (including treasury stock held by the Company), by net income (loss) attributable to owners of the parent.

*13 PBV is calculated by dividing market capitalization, as determined by multiplying the average share price during the fiscal year by the number of shares issued at the fiscal year-end (including treasury stock held by the Company), by equity attributable to owners of the parent.
ESG Data

**Environmental Data**

**GHG Emissions (consolidated/global) (Unit: thousand t-CO2e)**

<table>
<thead>
<tr>
<th></th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Emissions</td>
<td>7,642</td>
<td>9,437</td>
<td>9,185*</td>
</tr>
<tr>
<td>Scope 1</td>
<td>2,480</td>
<td>4,399,057</td>
<td>4,185,874*</td>
</tr>
<tr>
<td>Scope 2</td>
<td>5,162</td>
<td>6,884</td>
<td>6,774*</td>
</tr>
</tbody>
</table>

**GHG Emissions (non-consolidated) (Unit: t-CO2)**

<table>
<thead>
<tr>
<th></th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>11,825</td>
<td>11,073</td>
<td>9,312*</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>16,567</td>
<td>15,566</td>
<td>13,067*</td>
</tr>
<tr>
<td>CO2 emissions f/</td>
<td>45</td>
<td>40</td>
<td>26*</td>
</tr>
<tr>
<td>Paper consumption</td>
<td>696</td>
<td>630</td>
<td>215*</td>
</tr>
<tr>
<td>Waste production</td>
<td>696</td>
<td>630</td>
<td>215*</td>
</tr>
<tr>
<td>Water consumption</td>
<td>42</td>
<td>33</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Environmental Performance (non-consolidated)**

<table>
<thead>
<tr>
<th></th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>11.8</td>
<td>11.1</td>
<td>9.3*</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>221,302</td>
<td>207,159</td>
<td>177,178*</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>16,567</td>
<td>15,566</td>
<td>13,067*</td>
</tr>
<tr>
<td>CO2 emissions f/</td>
<td>45</td>
<td>40</td>
<td>26*</td>
</tr>
<tr>
<td>Paper consumption</td>
<td>46,510</td>
<td>38,265</td>
<td>16,900*</td>
</tr>
<tr>
<td>Waste production</td>
<td>600,254</td>
<td>506,403</td>
<td>410,912*</td>
</tr>
<tr>
<td>Waste recycling rate</td>
<td>98.6</td>
<td>98.5</td>
<td>98.9*</td>
</tr>
<tr>
<td>Water consumption</td>
<td>42</td>
<td>33</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Environmental Performance (consolidated)**

<table>
<thead>
<tr>
<th></th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>7,642</td>
<td>9,437</td>
<td>9,185*</td>
</tr>
<tr>
<td>CO2 emissions per total assets</td>
<td>0.57</td>
<td>0.66</td>
<td>0.64</td>
</tr>
</tbody>
</table>

**Emissions by Segment (Unit: thousand t-CO2e)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas Group</td>
<td>263</td>
<td>245</td>
<td>350</td>
</tr>
<tr>
<td>Industrial Materials Group</td>
<td>130</td>
<td>149</td>
<td>125</td>
</tr>
<tr>
<td>Petroleum &amp; Chemicals Solution Group</td>
<td>223</td>
<td>165</td>
<td>123</td>
</tr>
<tr>
<td>Mineral Resources Group</td>
<td>2,940</td>
<td>2,872</td>
<td>2,782</td>
</tr>
<tr>
<td>Industrial Infrastructure Group</td>
<td>14</td>
<td>83</td>
<td>86</td>
</tr>
<tr>
<td>Automotive &amp; Mobility Group</td>
<td>16</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Food Industry Group</td>
<td>1,160</td>
<td>1,195</td>
<td>1,135</td>
</tr>
<tr>
<td>Consumer Industry Group</td>
<td>1,392</td>
<td>1,523</td>
<td>1,442</td>
</tr>
<tr>
<td>Power Solution Group</td>
<td>1,485</td>
<td>3,168</td>
<td>3,111</td>
</tr>
<tr>
<td>Urban Development Group</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Corporate Staff Section</td>
<td>12</td>
<td>11</td>
<td>9</td>
</tr>
</tbody>
</table>

**Consumption of Water/Waste Production (consolidated/Japan)**

<table>
<thead>
<tr>
<th></th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of water (thousand m3)</td>
<td>54,879</td>
<td>47,268</td>
<td>3,956</td>
</tr>
<tr>
<td>Waste production (thousand t)</td>
<td>951</td>
<td>478</td>
<td>414</td>
</tr>
</tbody>
</table>

**GHG Emissions (6.5 gases only)**

<table>
<thead>
<tr>
<th></th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount</td>
<td>967</td>
<td>878</td>
<td>848*</td>
</tr>
<tr>
<td>Carbon dioxide</td>
<td>47</td>
<td>8</td>
<td>8*</td>
</tr>
<tr>
<td>Methane (CH4)</td>
<td>920</td>
<td>870</td>
<td>840*</td>
</tr>
<tr>
<td>甲烷 (CH4)</td>
<td>920</td>
<td>870</td>
<td>840*</td>
</tr>
<tr>
<td>Dinitrogen monoxide (N2O)</td>
<td>0.01</td>
<td>0.3</td>
<td>0.4*</td>
</tr>
<tr>
<td>Hydrofluorocarbons (HFCs)</td>
<td>0</td>
<td>0</td>
<td>0*</td>
</tr>
<tr>
<td>Perfluorocarbons (PFCs)</td>
<td>0</td>
<td>0</td>
<td>0*</td>
</tr>
<tr>
<td>Sulfur hexafluoride (SF6)</td>
<td>0</td>
<td>0</td>
<td>0*</td>
</tr>
<tr>
<td>Nitrogen trifluoride (NF3)</td>
<td>0</td>
<td>0</td>
<td>0*</td>
</tr>
</tbody>
</table>

ESG data marked with an asterisk (*) for the fiscal year ended March 31, 2021 has received independent practitioner’s assurance from Deloitte Tohmatsu Sustainability Co., Ltd. For details, please see MC’s website. https://www.mitsubishicorp.com/ar2021/en/pdf/a_report2021_22.pdf

For more information on MC’s ESG Data, please see our Sustainability Website. https://mitsubishicorp.disclosure.site/en
**Social Data**

### Average Training Hours/Days by Employee

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Training Hours by Employee</th>
<th>Average Training Days by Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/3</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>2020/3</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td>2021/3</td>
<td>16.0</td>
<td></td>
</tr>
</tbody>
</table>

**Total training hours (unit: hours)**
- 2019/3: 90,000
- 2020/3: 110,000
- 2021/3: 92,000

### Percentage of Women in Management Positions (non-consolidated) (unit: %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Women (2019/3)</th>
<th>Percentage of Women (2020/3)</th>
<th>Percentage of Women (2021/3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/3</td>
<td>11.01</td>
<td>11.06</td>
<td>11.51</td>
</tr>
<tr>
<td>2020/3</td>
<td>11.01</td>
<td>11.06</td>
<td>11.51</td>
</tr>
<tr>
<td>2021/3</td>
<td>11.01</td>
<td>11.06</td>
<td>11.51</td>
</tr>
</tbody>
</table>

* As of April 1 of each calendar year

**Employee Data (non-consolidated)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Male (4,437)</th>
<th>Female (1,579)</th>
<th>Total (6,016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020/3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021/3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*3 An employee who enters the company as a new graduate, spends their career at the company until retirement, and undergoes all standard training (including assigned overseas training) is estimated to spend an average 62 hours/8.6 days in training annually.

*2 One day is calculated as 7.25 hours of working time.

*1 This number is the annual total training hours divided by the non-consolidated number of employees for an average number of hours per employee (excluding assigned overseas training).

**Governance Data**

### Percentage of Independent Outside Members among Total Directors and Audit & Supervisory Board Members (Unit: %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Independent Outside Directors among Total Directors</th>
<th>Percentage of Independent Outside Audit &amp; Supervisory Board Members among Total Audit &amp; Supervisory Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45% (6/13)</td>
<td>60% (3/5)</td>
</tr>
</tbody>
</table>

* Based on status as of July 1, 2021

### Employee Data (non-consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020/3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021/3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*60% (3/5) is the number of employees who took maternity/paternity leave and were in the company during the fiscal year ended March 31, 2021.

*58% (4/7) is the number of employees who took family care leave.

**Social Data**

### Emissions Calculation

- **Direct CO2 emissions from fuel consumption**: Includes direct CO2 emissions from fuel consumption.
- **Indirect CO2 emissions from electricity consumption**: Includes indirect CO2 emissions from electricity consumption.
- **Emissions of greenhouse gases from business activities other than CO2**: Includes emissions of other greenhouse gases from business activities.


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

**Employee satisfaction**: Figures represent the ratio of staff members responding positively to questions about employee engagement (Do you work with enthusiasm and take pride in/admire your company?) in the survey.

**Lost time injuries frequency rate**: Represents the number of injuries resulting in lost time (frequency rate of injuries) / Nationwide average at places of business: 1.35 (From 2020 survey on workplace accidents, Ministry of Health, Labour and Welfare of Japan).
Mitsubishi Corporation (Securities code: 8058)

Date Established: July 1, 1954
(Date Registered: April 1, 1950)
Capital: ¥204,446,667,326
Shares of Common Stock Issued: 1,485,723,351

Head Office:
Mitsubishi Shoji Building
3-1, Marunouchi 2-chome, Chiyoda-ku,
Tokyo, 100-8086, Japan
(Registered address of the Company)
Telephone: +81-3-3210-2121
Marunouchi Park Building
6-1, Marunouchi 2-chome, Chiyoda-ku,
Tokyo, 100-8086, Japan

Number of Employees:
Parent company: 5,725
Consolidated: 82,997

Independent Auditors:
Deloitte Touche Tohmatsu LLC

Number of Shareholders: 360,467

Stock Listings:
Tokyo

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)

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

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

Financial Section of Integrated Report 2021
From the fiscal year ended March 2014, Mitsubishi Corporation has prepared its consolidated financial statements based on International
Financial Reporting Standards (IFRS). Unless stated to the contrary, the information given in this integrated report is also based on IFRS. Please refer to “Financial Section of Integrated Report 2021” for detailed information for the fiscal year ended March 2021.

Website Information
Mitsubishi Corporation Integrated Report 2021 (Online Version)
URL: https://www.mitsubishicorp.com/ar2021/en/

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

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Shareholder Information (As of March 31, 2021)

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, 2021

<table>
<thead>
<tr>
<th></th>
<th>Number of shares issued</th>
<th>Number of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of March 31, 2020</td>
<td>1,590,076,851</td>
<td>287,296</td>
</tr>
<tr>
<td>Change</td>
<td>(104,353,500)</td>
<td>73,171</td>
</tr>
<tr>
<td>As of March 31, 2021</td>
<td>1,485,723,351</td>
<td>360,467</td>
</tr>
</tbody>
</table>

Note: The number of shares of common stock issued decreased due to cancellation of treasury stocks on May 29, 2020.

Principal Shareholders

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>Number of shares (thousands)</th>
<th>Shareholding Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>118,378</td>
<td>8.00</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>79,530</td>
<td>5.37</td>
</tr>
<tr>
<td>BNYM AS AGT/CLTS NON TREATY JASDEC</td>
<td>78,969</td>
<td>5.33</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>64,846</td>
<td>4.38</td>
</tr>
<tr>
<td>Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</td>
<td>55,900</td>
<td>3.77</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)</td>
<td>32,276</td>
<td>2.18</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT – TREATY 505234</td>
<td>20,360</td>
<td>1.37</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account 5)</td>
<td>18,387</td>
<td>1.24</td>
</tr>
<tr>
<td>JPMorgan Securities Japan Co., Ltd.</td>
<td>18,142</td>
<td>1.22</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation, Limited Account)</td>
<td>17,768</td>
<td>1.20</td>
</tr>
</tbody>
</table>

Note: The investment ratio is computed by excluding 6,205,325 shares of treasury stock held by Mitsubishi Corporation and rounded to two decimal points.

Number of Shareholders

(1 stock unit/100 shares)

Shareholder Composition (Shareholding Ratio)

<table>
<thead>
<tr>
<th>Year ended March 2021</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies, etc.</th>
<th>Individuals and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>39.5%</td>
<td>5.0%</td>
<td>6.2%</td>
<td>28.8%</td>
<td>20.5%</td>
<td>100.0%</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 2016</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies, etc.</th>
<th>Individuals and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>41.1%</td>
<td>2.9%</td>
<td>8.6%</td>
<td>30.4%</td>
<td>17.1%</td>
<td>100.0%</td>
<td>52</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 2011</th>
<th>Public sector</th>
<th>Financial institutions</th>
<th>Securities companies</th>
<th>Other companies</th>
<th>Foreign companies, etc.</th>
<th>Individuals and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0%</td>
<td>40.2%</td>
<td>2.4%</td>
<td>8.0%</td>
<td>33.1%</td>
<td>16.3%</td>
<td>100.0%</td>
<td>2</td>
</tr>
</tbody>
</table>