



Initiatives and Systems Supporting Sustainable Value Creation

3

With the increasing uncertainty of the business environment, this section describes how we will adapt to changes in the business environment, and the systems that will support this adaptation.

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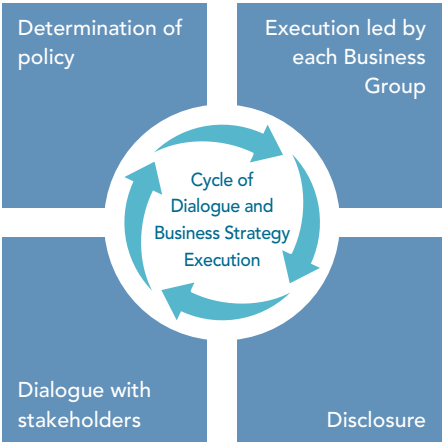
Sustainability Promotion Framework

Sustainability Initiatives

MC’s Three Corporate Principles call upon us to “strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.”

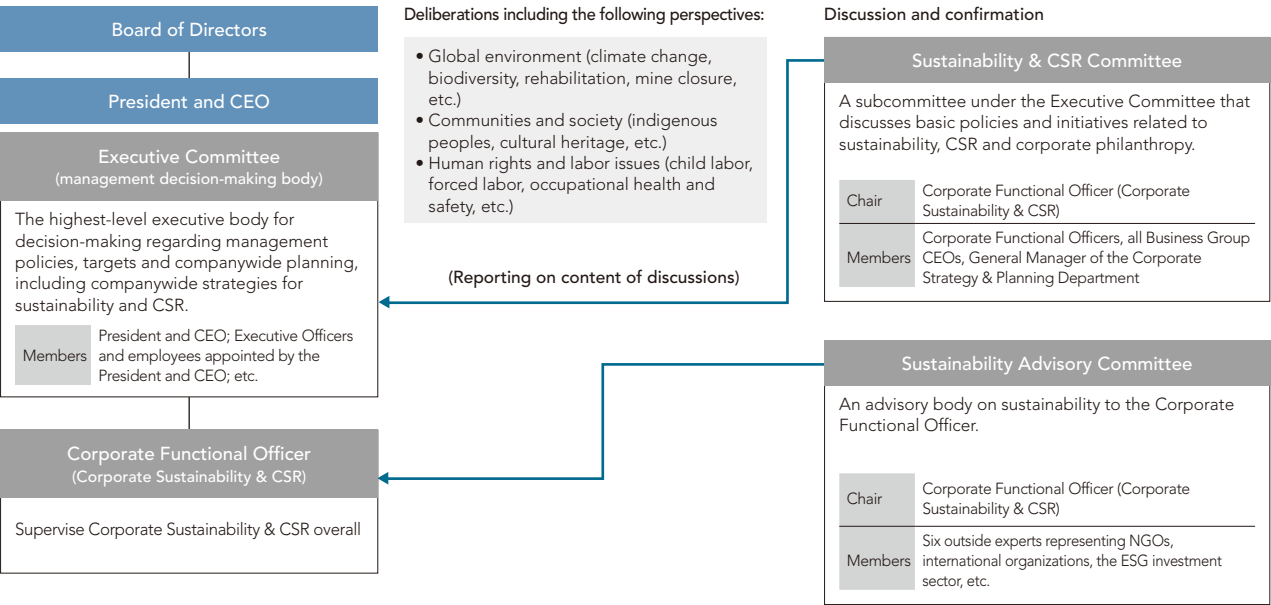
In recent years, expectations and demands for companies to address various societal challenges have been increasing. Guided by our Materiality, a set of crucial societal issues that we will prioritize through our business activities, we aim to continue to grow together with society by continuously creating MC Shared Value, as set forth in Midterm Corporate Strategy 2024.

Furthermore, in order to increase our corporate value in line with the ever-changing demands of society, we have established an effective promotion framework that recognizes the importance of dialogue with our stakeholders and a cycle of business strategy execution based on this dialogue.

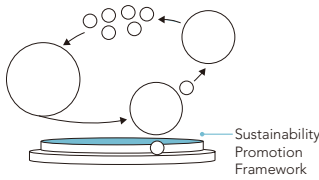


Companywide Sustainability Framework

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	
<ul style="list-style-type: none">Climate ChangeGHG emissions management and reductions (e.g. portfolio decarbonization and reinforcement mechanisms in Midterm Corporate Strategy 2024) EX-related initiatives: Please refer to p. 20-23 for details. Sustainability performance report for the fiscal year ended March 31, 2022: Please refer to p. 136 for details.	<ul style="list-style-type: none">Management of climate risks/opportunities: Please refer to p. 48-51 for details.Materiality: Please refer to p. 46-47 for details.Supply chain management: Please refer to p. 90-91 for details.Stakeholder engagement: Please refer to p. 36-37 for details.Corporate philanthropy activities



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.

Cycle for Integrating Sustainability into Business Strategy



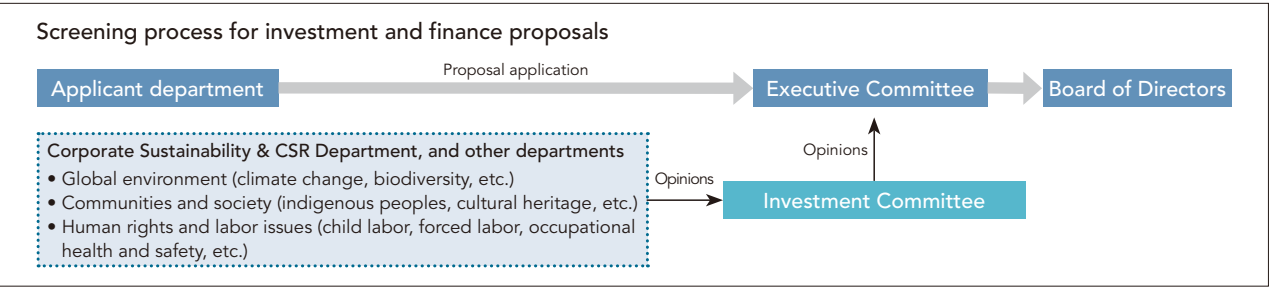
- Following deliberations by the Sustainability & CSR Committee, the President and each Group CEO will hold further Business Strategy Meetings to discuss future strategy.
- In these meetings, policies for businesses that are deemed to be most affected by climate change are checked against the results of a 1.5°C scenario analysis.

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.

Incorporating Sustainability into Individual Projects



- Framework for putting forward proposal applications**
MC confirms the significance of each business against our Materiality when screening investment and loan proposals. Environmental and social risks and opportunities (including scenario analysis and carbon pricing impact analysis) are mandatory checks.

- System for Screening Proposals**
Within the Corporate Sustainability & CSR Department, dedicated staff are appointed for each Business Group and are tasked with providing support and checks on both environmental and social risks and opportunities for individual proposals based on the latest external trends, stakeholder demands, and international standards. In addition, 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 to facilitate decision-making that takes into account specialized insight on environmental and social impacts.



Disclosure (Sustainability Website)

We believe that the cycle of disclosing our sustainability initiatives in a timely and appropriate manner based on the requests of our stakeholders, gaining their understanding, and reflecting their feedback on our initiatives is crucial. We will continue to proactively disclose sustainability-related information based on the recognition that this cycle contributes to enhancing our corporate value over the medium to long term.

In addition to this Integrated Report, we also publish a

Sustainability Website, which contains more detailed information. Referring to multiple ESG reporting guidelines, the Sustainability Website is organized according to ESG topics for ease of reference.

Furthermore, important disclosures are made on this website following 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.

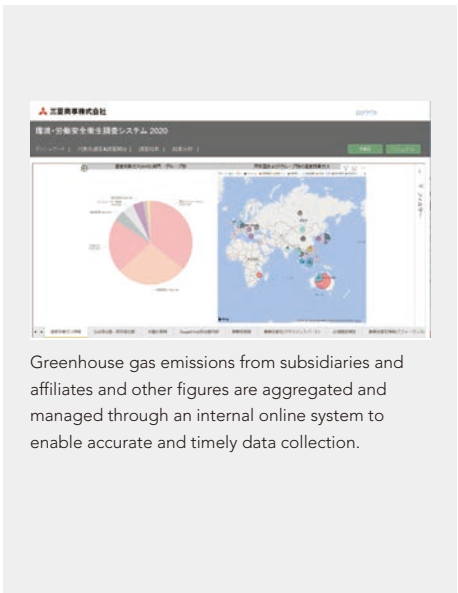
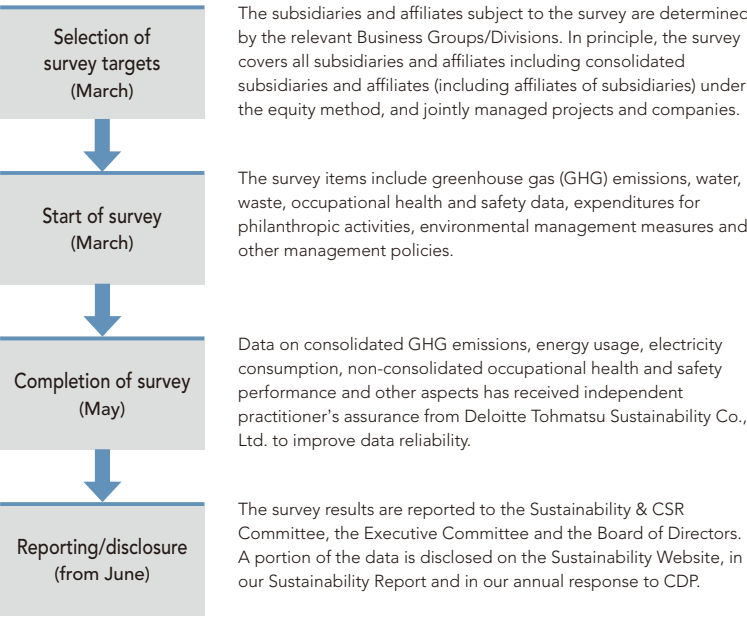
Sustainability Website Disclosures by ESG Category

Environment	Social	Governance
<ul style="list-style-type: none">• Climate Change• Environmental Management• Water Resources• Biodiversity• Prevention of Pollution• Efficient Use of Resources	<ul style="list-style-type: none">• Human Rights• Labor Practices• Diversity Management• Occupational Health and Safety• Human Resource Development• Customer Responsibility• Community• Supply Chain Management	<ul style="list-style-type: none">• Board of Directors and Shares, etc.• Audit & Supervisory Board and Audit• Directors' and Audit & Supervisory Board Members' Remuneration, etc.• Compliance• Risk Management

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.



Dialogue with Stakeholders (Incorporating External Perspectives)

Dialogue with Stakeholders in the Fiscal Year Ended March 31, 2022

Number of discussions in the fiscal year ended March 31, 2022

- Discussions held directly with sustainability-related investors: approximately 35
- Discussions held directly with NGOs: 48 (Japan: 10, Europe: 18, The Americas: 20)

Through direct discussions with investors and NGOs, we have received valuable insight and opinions from the perspective of each regarding expectations in relation to our strategies toward the transition to a low-carbon/ decarbonized society and our policies for individual fossil fuel projects. We will reflect the suggestions we receive in our policy considerations, and disclose these policies in a timely and appropriate manner.

Sustainability Advisory Committee

MC has established the Sustainability Advisory Committee from 2008 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 2022, MC received feedback on the following topics:

Sustainability Advisory Committee Members

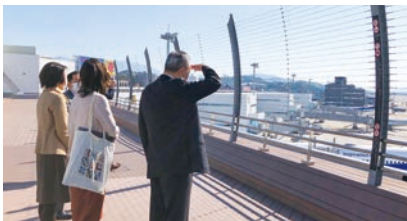
Eiichiro Adachi	Senior Counselor, The Japan Research Institute, Limited
Peter D. Pedersen	Professor, Graduate School of Leadership and Innovation, Shizenkan University
Takejiro Sueyoshi	Special Advisor to the UNEP FI in the Asia-Pacific Region
Masaru Arai	Chair, Japan Sustainable Investment Forum
Yasushi Hibi	Director Conservation International Japan
Miwa Yamada	Director-General Inter-disciplinary Studies Center Institute of Developing Economies Japan External Trade Organization (IDE-JETRO)

Main Discussion Topics at the May 2022 Meeting

- Materiality
- Responding to climate change
- Supply chain management
- Stakeholder engagement
- Corporate philanthropy activities (including recovery activities)

On-Site Observation Tour

In the fall of 2021, the Sustainability Advisory Committee visited business sites in Fukuoka and Oita. In Fukuoka, they visited Fukuoka International Airport Co., Ltd. and Next Mobility Co., Ltd., to observe how public transport can be used to create a sustainable society. In Oita, they visited Mitsubishi Shoji & Sun Co., Ltd. and the Taiyo Museum, which work to support the independence of people with impairments, and also participated in volunteer activities at the Oita International Wheelchair Marathon, one of the world's top para-sports events.



Fukuoka Airport On-site Observation Tour

Understanding the latest external trends

In order to keep abreast of the latest international environmental and social trends, we are a signatory of the UN Global Compact and are a member of organizations such as the World Business Council for

Sustainable Development (WBCSD). We have also established sustainability departments in regions such as Europe, the Americas, and Southeast Asia, with which we collaborate and gather information.

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 recognizes the importance of “Respecting Human Rights in Our Business Operations” as part of its Materiality.
- MC promotes fair and sound business activities based on its Three Corporate Principles, which have been the company’s corporate philosophy since its foundation, and clearly stipulates its respect for human rights in its Corporate Standards of Conduct, Social Charter, and Code of Conduct for Executives and Employees. In so doing, we make clear, both internally and externally, our commitment to cooperate with business partners to avoid complicity in human rights violations.
- MC also supports international norms such as the International Bill of Human Rights (Universal

Declaration of Human Rights and International Covenants on Human Rights), 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.

- MC conducts human rights and environmental due diligence based on the understanding of the importance of fulfilling our responsibility to identify, analyze and mitigate the negative impacts of our business on human rights and the environment.

Reference

Please refer to the Mitsubishi Corporation’s Corporate Standards of Conduct, the Mitsubishi Corporation Code of Conduct and the Mitsubishi Corporation Social Charter. FY2021 Modern Slavery Statement: <https://www.mitsubishicorp.com/jp/en/csr/modern-slavery-statement/pdf/fy2021.pdf>

Policy and Structure for Supply Chain Management

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.

- (1) Forced Labor

(2) Child Labor

(3) Safe and Healthy Working Environments

(4) Freedom of Association and Collective Bargaining

(5) Discrimination

(6) Abuse and Harassment
- (7) Working Hours

(8) Suitable Remuneration

(9) Anti-Corruption

(10) Environment

(11) Information Disclosure

Basic Policy/Survey Results for Supply Chain Management



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.

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.

Reference

Please refer to the following website for further information. <https://mitsubishicorp.disclosure.site/en/themes/126#1147>

Supply Chain Management Initiatives

Human rights and environmental due diligence of MC’s supply chain

In order to monitor compliance with the Mitsubishi Corporation Policy for Sustainable Supply Chain Management, MC has identified products with high environmental and social risk (“products to be monitored”) in the fiscal year ended March 31, 2016, and the fiscal year ended March 31, 2021, with advice from

consultants and external advisors. MC conducts annual surveys of suppliers (Sustainable Supply Chain Survey), with a focus on those in industries where social risks including human rights and labor conditions, as well as environmental risks are considered higher.



Results of the Sustainable Supply Chain Survey

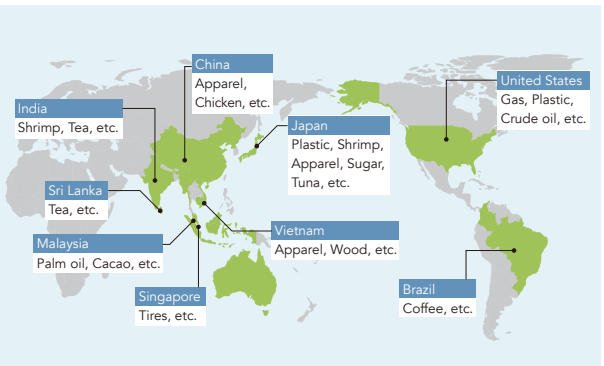
- In April 2021, MC conducted its annual survey for the fiscal year ended March 31, 2021, targeting 1001 supplier companies (up 236% from the previous fiscal year) in 40 countries and regions including China, Vietnam and Thailand.
- Based on the results of the survey, having taken steps to correct or improve any issues identified, MC re-evaluated its business relations with relevant suppliers.

Target products and number of suppliers

Target products	FY2018 ^{*1}	FY2019 ^{*1}	FY2020 ^{*1}
Gas/LNG	—	—	115
Plastic (PP, PE, etc.)	—	—	50
Crude oil	—	—	6
Wood	—	—	2
Shrimp	20	19	84
Cacao	6	6	7
Coffee	20	22	35
Sugar	—	—	12
Chicken	18	15	17
Palm oil	8	8	8
Tuna	26	22	85
Apparel (Tier 1 & 2) ^{*2}	197	328	573
Tea	5	5	6
Tires	—	—	1
Total	300	425	1,001
(Number of responses)	(296)	(415)	(822)

^{*1} The survey is carried out in the following fiscal year based on the results of the current fiscal year.
^{*2} Tier 1 is a primary supplier that supplies directly to MC (or its Group companies), while Tier 2 is a secondary supplier that supplies directly to the primary supplier.

Countries of the target suppliers



Communication and Engagement with Suppliers

In the fiscal year ended March 31, 2022, MC conducted an online meeting and interview with the management team and employees of the Fisheries Cooperative Association of Mitsuishima-cho, a supplier of tuna (located in Nagasaki Prefecture, Tsushima City) to one of MC’s subsidiary companies, Toyo Reizo Co., Ltd.

The meeting provided an opportunity to deepen their understanding of sustainability and the importance of our company’s initiatives.

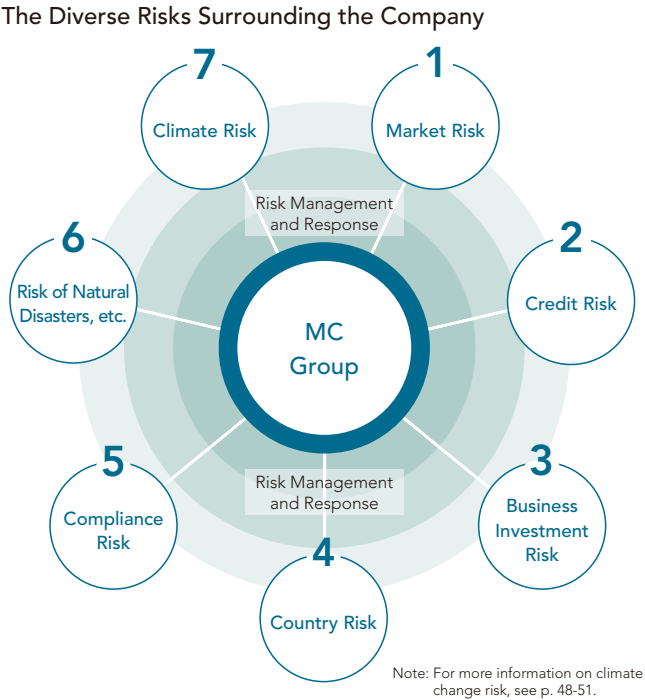
Furthermore, by sharing the Policy for Sustainable Supply Chain Management in the terms and conditions of purchasing contracts, MC ensures its suppliers abide by the Policy.



Online interview
Previous reports URL <https://mitsubishicorp.disclosure.site/en/themes/155>

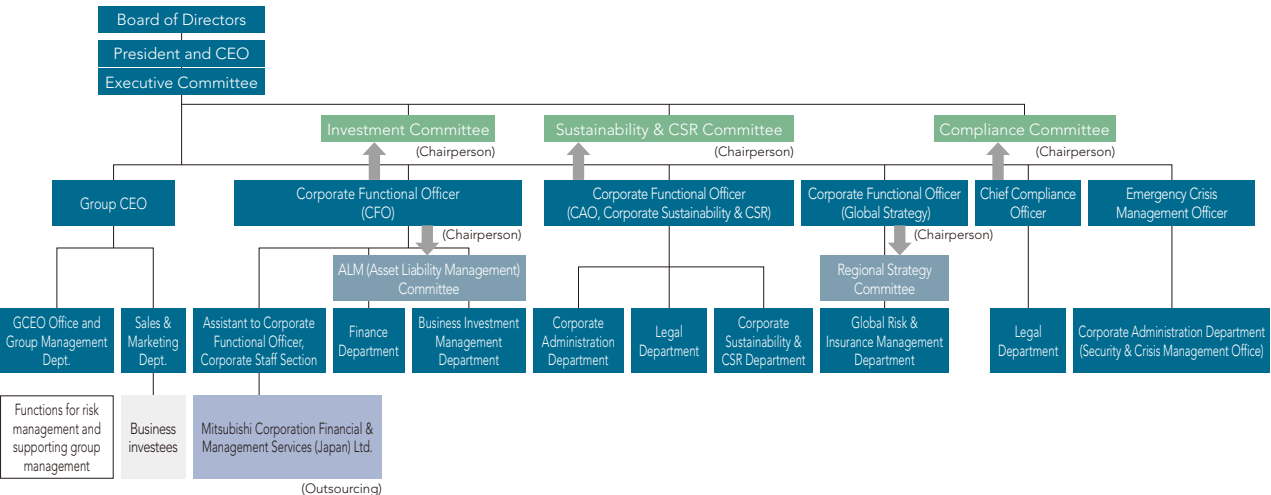
The MC Group’s Risk Management Framework

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.



Supervising organization	Matters for supervision
Business Investment Management Department	Business investment risk and market risk (Investment Return Valuation System, new business investments, actions for existing business investees, transactions by business investees, granting loans/guaranty, acquisition and disposal of fixed assets, etc.)
Global Risk & Insurance Management Department	Country risk
Finance Department	Credit risk, market risk (foreign exchange, interest rate, stock price, <i>mikoshi</i> *, acquisition and disposal of non-affiliated investments, etc.)
Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	Credit risk (rating systems, conclusion of contracts, trade credits, bailment, payment extension, etc.)
Legal Department	Compliance risk (litigation/government investigations, laws and regulations, scandals/compliance issues)
Corporate Sustainability & CSR Department	Climate risk, etc.
Corporate Administration Department (Security & Crisis Management Office)	Risk of natural disasters, etc. (risks related to employee safety, including natural disasters, terrorism, new infectious diseases, and business continuity risks)

Note: The above list excludes those items that are related to major risks and those that are explained separately.
* The Structured Finance, M&A Advisory Dept. also manages foreign exchange *mikoshi*.

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.

Financial Impacts of Commodity Market Conditions/Exchange Rates/Interest Rates/Stock Price Risks

- The impacts on MC from specific market fluctuations are shown in the table below. Commodity market risks are also reflected in metallurgic coal, affecting the profit and loss of Mitsubishi Development Pty Ltd (MDP), an MC subsidiary.
- With regard to stock price risk, MC holds marketable stocks with a market value of approximately 1.01 trillion yen, and bears stock price fluctuation risk accordingly. The above amount includes a valuation gain of approximately 160 billion yen, and there is a risk that this valuation gain could decrease depending on stock price movements.

	Fiscal year ending March 31, 2023 assumptions behind results forecasts	Profit and loss impact on the fiscal year ending March 31, 2023 results forecast
Exchange rate (yen/US\$)	120.00	±4.0 billion yen (±1 yen/US\$) per year
Oil price (Dubai) (US\$/BBL)	91 (April-September 2022: 96)	±2.5 billion yen (±1 US\$/BBL) per year*1
Copper ore (US\$/MT) (US\$/lb)	8,818 (400)	±1.6 billion yen (±100 US\$/MT) per year*2 ±3.6 billion yen (±10 US\$/lb) per year
Yen interest rate (%) TIBOR 3M	0.10	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
US dollar interest rate (%) LIBOR 3M	2.30	

*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/sales 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.

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

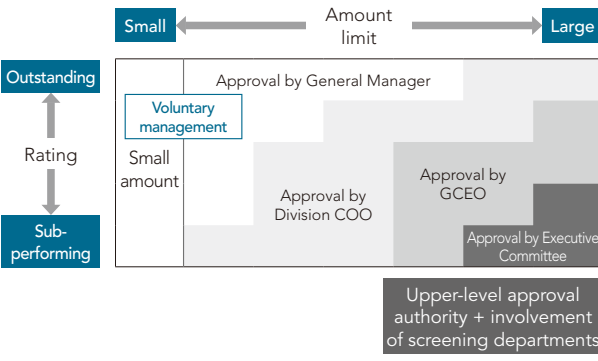
- A significant proportion of the interest-bearing liabilities held by MC corresponds to trade receivables and loans exposed to the effects of interest rate fluctuations. While the interest burden will increase if interest rates rise, income gained from these assets will also increase, offsetting the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

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.

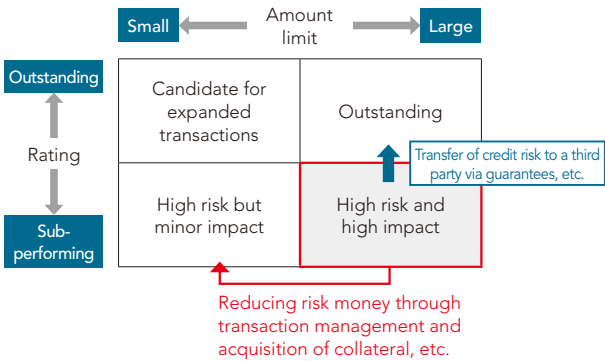
Individual Project Approval Authority

- Approval authority is categorized according to amount limits and ratings.



Approach to Credit Risk Management

- Estimating appropriate credit costs and promoting improvements in the quality of loans through a reserve system that uses ratings.

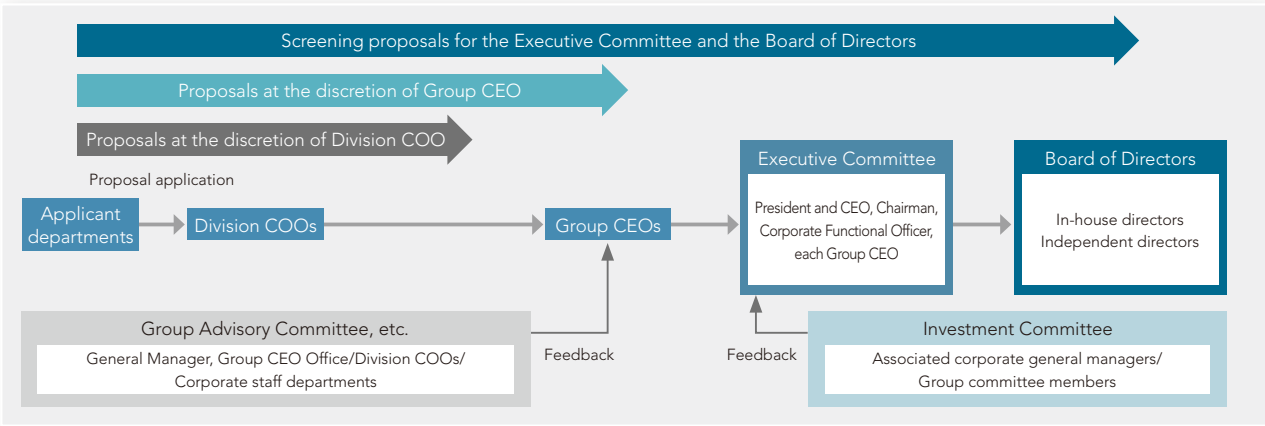


3 Responding to Business Investment Risk

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.

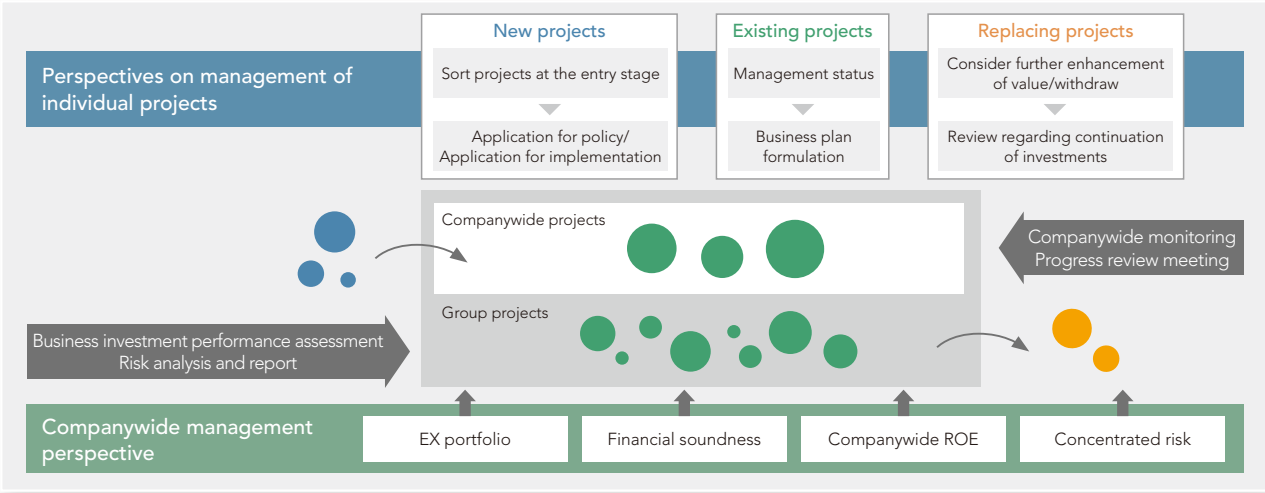
Management of individual projects	New projects	Application for policy/ Application for implementation	Narrow down new investment and finance proposals by comprehensively evaluating quantitative aspects in terms of the invested capital and its return determined on the basis of the characteristics of each business, in addition to evaluation of qualitative aspects, including consistency with the business strategy of each Business Group, as well as risk locations and countermeasures
	Existing projects	Business plan formulation	Once a year, review subsidiaries and affiliates' management issues and initiatives as well as MC's functions and business life cycle
	Replacement projects	Review regarding continuation of investments	Conduct qualitative and quantitative evaluations of new investment and finance proposals based on the priority order of Business Group strategies and promote a healthy business metabolism

Screening process for proposals



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.

Companywide management	Overall portfolio	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 Executive Committee, and the risk report is utilized to ascertain the overall status of the businesses and determine policies for capital allocation
	Companywide monitoring	Business plan formulation/Progress review meeting	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, as well as timely replacement of projects



4 Responding to Country Risk

MC has established a Regional Strategy Committee and a country risk countermeasure system 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 and establishing and managing the country risk countermeasure system.

Chairperson	Corporate Functional Officer (Global Strategy) General Manager, Audit & Supervisory Board Members Office; General Manager, Global Risk & Insurance Management Department; related corporate general managers; Business Group CEO Office general managers, etc.
Members	

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.

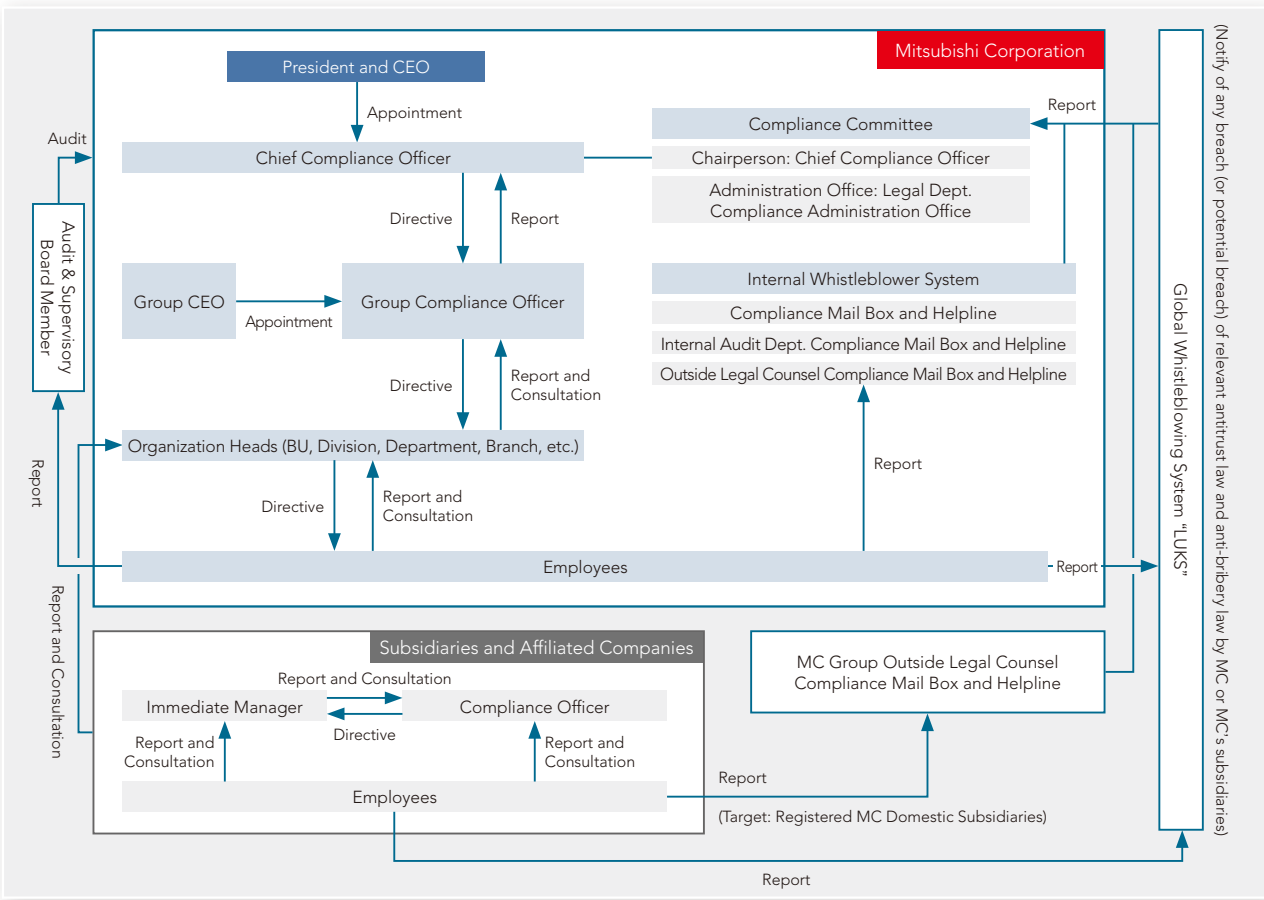
5 Responding to Compliance Risks

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.

The Chief Compliance Officer also serves as the chief executive officer for security trade control, trade procedures management, and sanctions management, strengthening the centralized management system for compliance, including trade compliance.

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

Compliance Framework

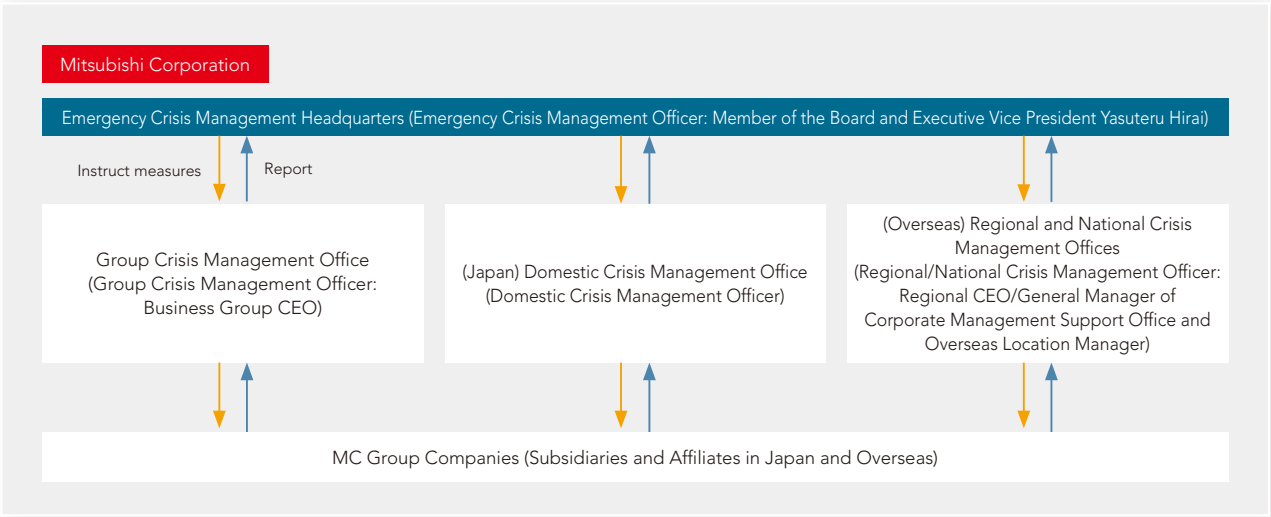


6 Responding to Risks from Natural Disasters and Other Types of Disasters

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

Crisis Management Structure on a Consolidated Basis

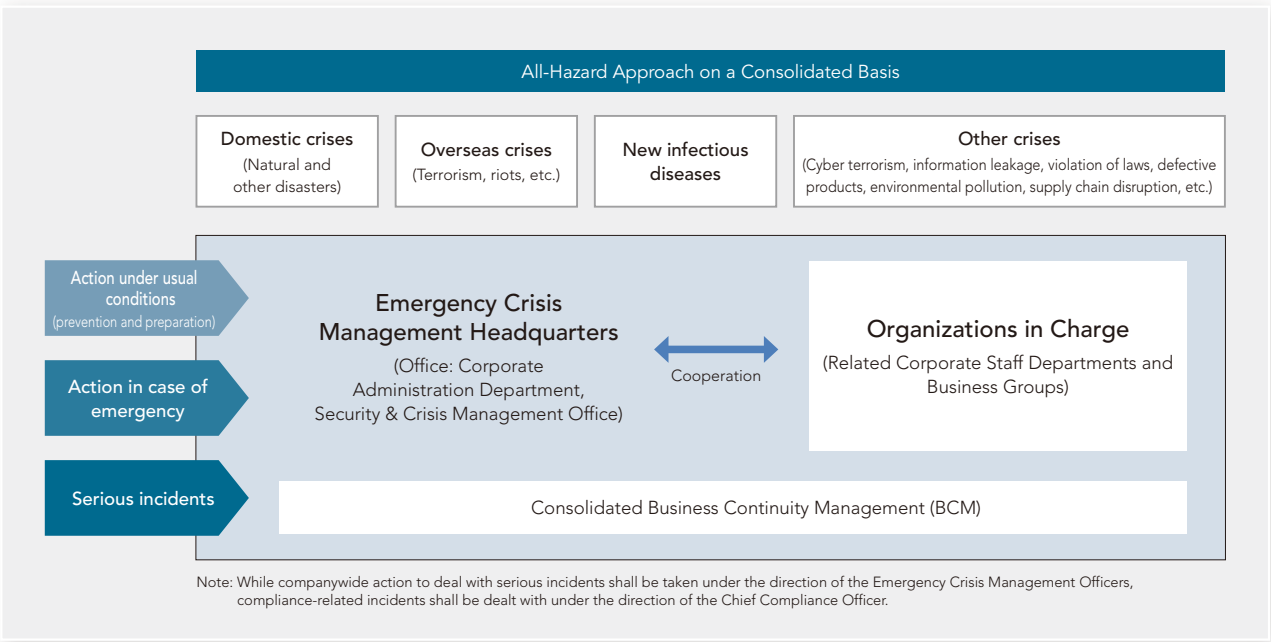
MC has built up a structure for securing the lives and safety of employees and their families as we respond on a consolidated basis to all crises that impact our profit and business continuity (all-hazard approach) by linking together each Business Group and Regional and National Crisis Management Offices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

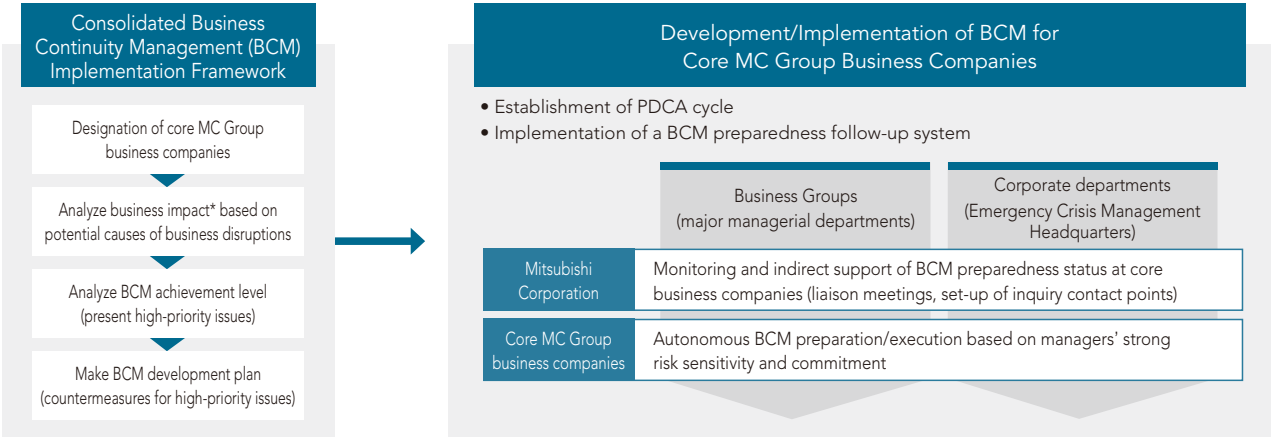
initial response, and then act promptly to maintain and recover the infrastructure necessary for business continuity. In particular, in the event of a serious incident impacting the lives and safety of our employees, as well as continuity of critical business operations, we will respond under the companywide 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 comprehensive management activities based on an all-hazard risk and impact analysis that takes into account the business characteristics (business type and location) of the operating company, which include the formulation of initial response and BCP, establishment of a structure, and implementation of an ongoing PDCA cycle through education and training.



* 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)

Specific Crisis Response Measures and Identifying Future Issues

Yasuteru Hirai
Emergency Crisis Management Officer
Member of the Board,
Executive Vice President



pose a new threat to our corporate activities, such as the global spread of monkeypox infection, we will take appropriate measures in a timely manner by utilizing the knowledge we have gained through our response to COVID-19.

Q: How do you respond when the security situation worsens overseas?

Because the global situation continues to be difficult to predict, it is becoming increasingly important to ensure thorough crisis management overseas to minimize the impact of conflicts, terrorism, demonstrations, riots, etc. in various parts of the world. We have a worldwide crisis management system centered on the Emergency Crisis Management Headquarters. In the event of an emergency, this Headquarters cooperates with the Japanese government and diplomatic missions abroad, as well as with related regions and offices, assesses the situation and implements the necessary measures to confirm and ensure the safety of employees, their families, and local staff. During normal times, we always strive to keep abreast of the political and security situation in cooperation with related regions and bases, and prepare for contingencies by conducting periodic inspections of safety measures, developing BCPs, and conducting drills and exercises on a consolidated basis.

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

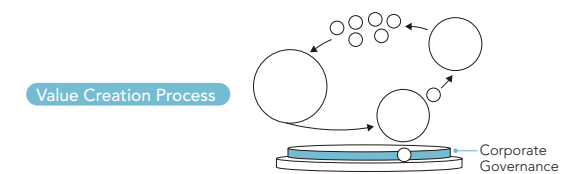
MC faces an increasingly diverse range of risks in its business environment, including COVID-19, worsening security situations in overseas countries and cyber incidents. We must continually strengthen our ability to respond to all types of risks. We will further strengthen and enhance our business continuity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

Q: How has the response to COVID-19 been strengthened?

With regard to COVID-19, there are risks such as the emergence of mutant strains, so we believe it is necessary to remain vigilant in our response. We have been working to ensure the safety of our employees, both in Japan and overseas, from the perspectives of preventing both employee infection and the spread of infection and appropriate business continuity. Our activities center on the Emergency Crisis Response Headquarters, which includes industrial physicians, while placing the highest priority on the safety of employees. And, in response to the status of infection, the requirements of the Japanese government and local authorities, as well as the situation and regulations in each country, we have been taking thorough infection control measures, implementing the necessary measures on a case-by-case basis, and confirming their safety to ensure appropriate business continuity. During this period, we believe that we have strengthened our response capabilities on a consolidated basis by reviewing our business structure, establishing backup systems, and revising our BCP and other response manuals to minimize business interruption and the impact on our business activities at our company and each of our group companies. With regard to our response to infectious diseases that

Corporate Governance: Highlights for the Fiscal Year Ended March 31, 2022

Materiality
Realizing a flexible, highly transparent organization



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

Takehiko Kakiuchi
Chairman of the Board

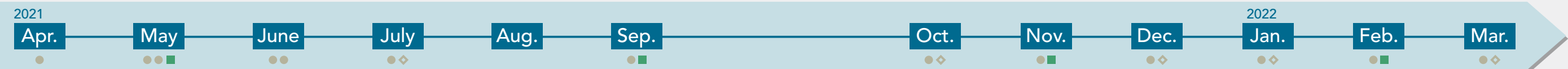
Board of Directors and Board of Directors' Advisory Bodies

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 Independent Directors utilize their practical, objective, and professional perspectives to ensure appropriate decision-making and management oversight.

Record of Meetings Held in the Fiscal Year Ended March 31, 2022

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



Support for Independent Members of the Board*

* Directors and Audit & Supervisory Board Members

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 Independent Directors and Independent 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.



Meetings of Independent Directors and Independent Audit & Supervisory Board Members

May Sep. Nov. Feb.

Meetings are held at least once per quarter to provide a forum for free discussion among Independent Directors and Independent Audit & Supervisory Board Members on a wide range of topics. [P.111]

Governance, Nomination & Compensation Committee

Advisory body of the Board of Directors with a majority of Independent Directors. [P.106]

President's Performance Evaluation Committee

A subcommittee of the Governance, Nomination & Compensation Committee. [P.106]

July Oct. Dec. Jan. Mar.



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

International Advisory Committee

An advisory body to the Board of Directors made up of overseas experts. [P.107]



Discussion between Independent Members of the Board and Officers and Employees

MC has set up dialogues with the Business Group CEOs and Business Division COOs, small-group opinion-exchange meetings with Executive Vice Presidents, and opportunities for dialogues with mid-level and young employees to strengthen contacts between Independent Members of the Board and officers and employees.

Dialogues with and Site Visits to Business Subsidiaries and Affiliates

Every year Independent Directors and Independent Audit & Supervisory Board Members participate in site visits to business subsidiaries and affiliates in Japan and overseas, and hold dialogues with their management.

■ Visits	March 2022	Visits to Mitsubishi Shoji & Sun Co., Ltd. and Fukuoka International Airport Co., Ltd.
	March 2021	Dialogue with management executives at Mitsubishi Shokuhin Co., Ltd.
	August 2019	Visits to Montney shale gas production and development site and LNG Canada project development site (Canada)
	August 2018	Visit to Cermaq Group AS (Norway)/Offshore wind farm facility (North Sea)

Orientation upon Assumption of Office

To deepen understanding of MC, the entire Corporate Staff Section and Business Groups conduct orientation sessions for newly appointed Independent Directors and Independent Audit & Supervisory Board Members.

Overview of Corporate Governance

Approaches to Corporate Governance
- MC's Corporate Governance System Supporting Sustainable Growth

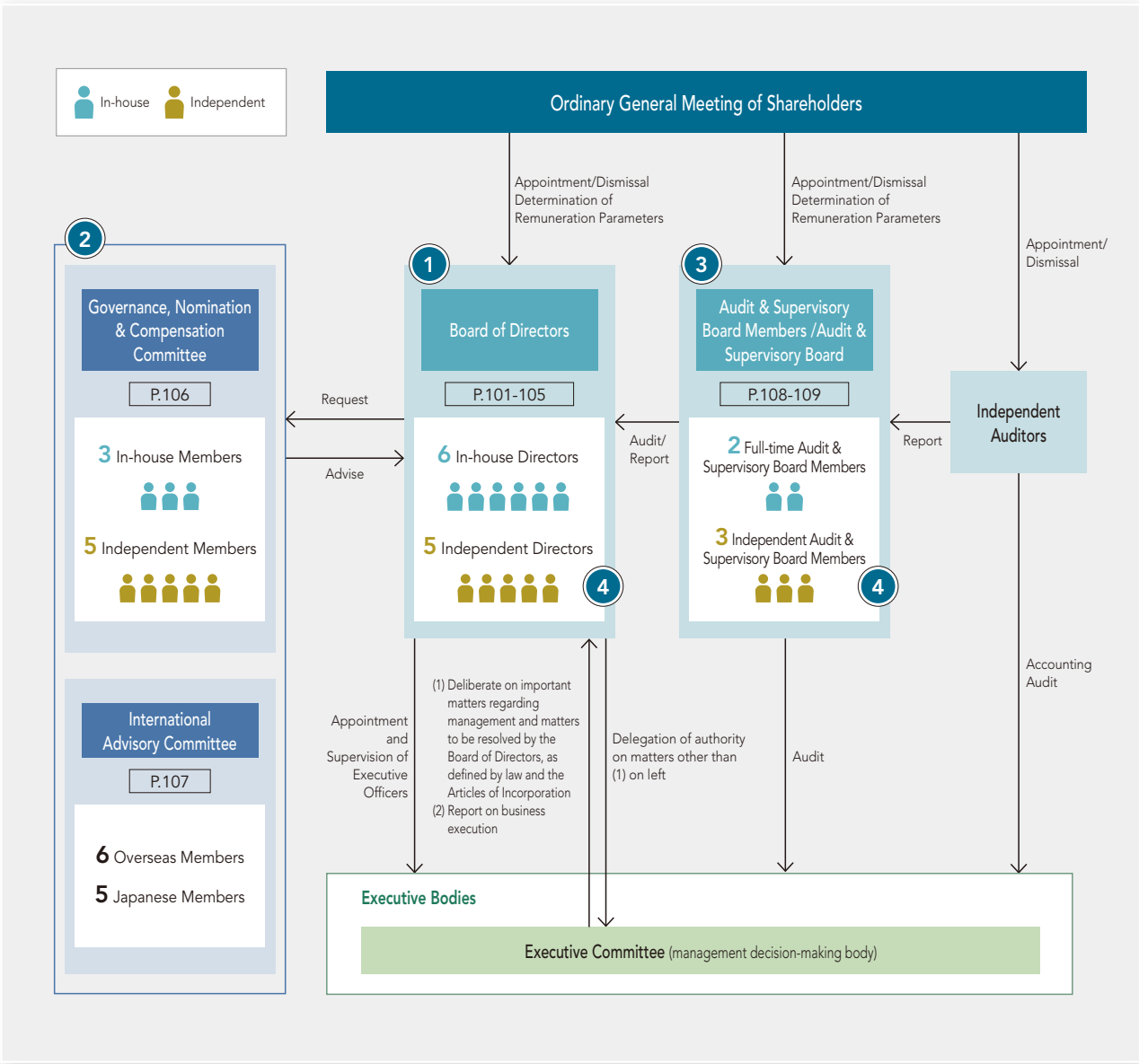
Basic Policy

With the Three Corporate Principles for a corporate philosophy MC strives to continuously raise corporate value through corporate activities rooted in the principles of fairness and integrity. 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 sees strengthening corporate governance on an ongoing basis as an important subject concerning management since it is the foundation for ensuring sound, transparent, and efficient management. Therefore, MC is working to put in place a corporate governance

system that is even more effective based on the Audit & Supervisory Board System. This includes strengthening management supervision through such measures as (i) appointing Independent Members of the Board who satisfy MC's Selection Criteria for Independent Directors and Independent Audit & Supervisory Board Members, and (ii) establishing advisory bodies to the Board of Directors where the majority are Independent Members of the Board and other experts from outside MC. At the same time, MC uses the executive officer system, etc., for prompt and efficient decision-making and business execution.

Corporate Governance Framework (As of July 1, 2022)



1 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

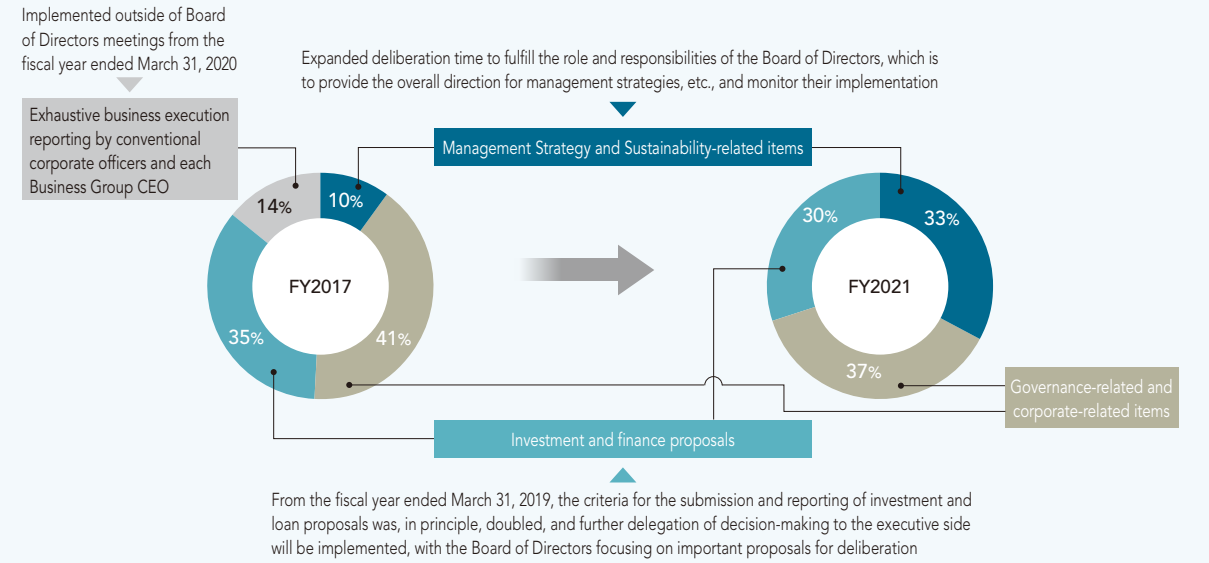
constructed appropriate internal control systems, and checks their operational status every year in order to work toward their continuous improvement and strengthening.

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.

Board of Directors' Meetings and Other Deliberations for the Fiscal Year Ended March 31, 2022

During the fiscal year ended March 31, 2022, Members of the Board reviewed Midterm Corporate Strategy 2021 throughout the year at the Board of Directors' meetings, and effectively used supplemental meetings. In addition, the Board of Directors was appropriately involved in and monitored the Midterm Corporate Strategy 2024 from the formulation stage by continuously exchanging opinions. The agenda items of the deliberations are as follows.

Theme	Agenda Items	
Management Strategy and Sustainability-related items	<ul style="list-style-type: none">• Business Strategy Committee report• The Roadmap to a Carbon Neutral Society.• EX and DX progress report• Sustainability-related measures	
Governance-related and corporate-related items	<ul style="list-style-type: none">• Governance, Nomination & Compensation Committee report• Evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 31, 2022• Appointments of the Board of Directors and Audit & Supervisory Board Members, Appointments of the Chairman of the Board and the President, Appointments of Executive Officers• Remuneration for Directors and Audit & Supervisory Board Members• Financial Statements• Fundraising policy• Verification holding policy for listed share	<ul style="list-style-type: none">• Business Execution reports (non-financial and financial risk management, human resources strategy, domestic development, regional strategy, discussion with shareholders and investors)• Ordinary General Meeting of Shareholders related items• Compliance report• Internal control systems• Company indemnification agreements• Items related to directors and officers (D&O) liability insurance
Investment and finance proposals	<ul style="list-style-type: none">• Related to the Tangguh LNG expansion project• Breakthrough Energy Catalyst• LNG Canada project• Mitsubishi Development Pty Ltd• Chiyoda Corporation	<ul style="list-style-type: none">• FPSO time chartering projects• Domestic offshore wind power generation business



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

Composition and size	The composition and size of the Board of Directors is appropriately determined to help it maintain transparent, fair, timely and decisive decision-making and carry out effective oversight, with one third or more being made up of Independent Directors.
Appointment policy	To ensure decision-making and management oversight are appropriate for MC, which is involved in diverse businesses and industries in a wide range of fields, and from the perspective of ensuring diverse standpoints, several Directors are appointed from both within and outside MC with the depth of experience and high levels of knowledge and expertise needed for fulfilling their duties.
In-house Directors	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.
Independent Directors	Independent Directors are appointed from those who possess a practical perspective of highly experienced company officers and those who possess an objective and professional perspective with a deep insight on global dynamics and socio-economic trends. These individuals thus contribute to appropriate decision-making and robust management supervision by the Board of Directors as they bring diverse perspectives into its deliberations.
Appointment process	In line with policies described above, the President and CEO proposes a list of nominated Directors, which is then deliberated at the Governance, Nomination & Compensation Committee and resolved by the Board of Directors before being presented at the Ordinary General Meeting of Shareholders.

Skills Matrix of Directors and Audit & Supervisory Board Members

Directors and Audit & Supervisory Board Members are selected in light of their experience, knowledge, expertise and overall character. At the Board of Directors, these individuals deliberate based on diverse perspectives to ensure appropriate decision making and robust management supervision. The areas of experience, knowledge and expertise that each Director

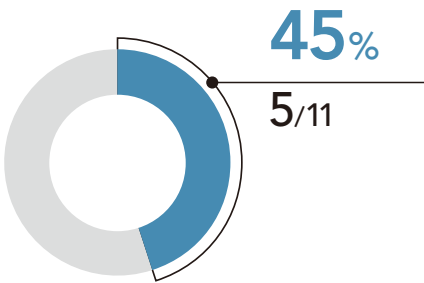
and Audit & Supervisory Board Member possesses are shown below. The matrix on the next page shows the areas in which each Director and Audit & Supervisory Board Member has experience, knowledge or expertise.

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

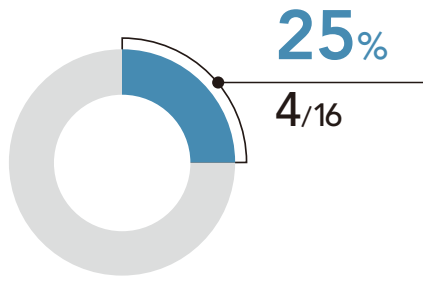
Skill Areas		Reasons for adoption
Basic Items	Business Management and Organizational Management	The Board of Directors must deliberate and make comprehensive decisions from an organizational management perspective. As such, business management or organizational management that is not skewed toward any individual specialty has been designated as a necessary area of experience.
	Risk Management	In order to make the company grow, it is important to establish and operate internal controls that comply with laws and regulations and the Articles of Incorporation and to enhance corporate value through appropriate and efficient business execution, as well as to manage various risks related to MC's business. Therefore, items that require a wide range of experience, insight and expertise covering all aspects of risk management have been selected. In addition, these items encompass the following elements, which are indicated in parentheses for the appropriate person(s). <ul style="list-style-type: none">• (Legal) Management of overall corporate legal affairs• (Financial and Accounting) Management of overall financial affairs and accounting
Management Strategy	Innovation	In the Roadmap to a Carbon-Neutral Society, MC has declared the goal of net zero greenhouse gas (GHG) emissions by 2050, and have set forth "Creating the future through the integrated promotion of EX and DX" as a business promotion theme for the entire company. Accordingly, experience, insight, and other expertise, related to innovation, necessary for monitoring the progress of such transformation, are selected as important items.
	Energy	MC is taking on the challenge of achieving both a stable supply of energy and resources and the lowering of carbon and decarbonization of social and economic activities, and this refers to experience, insight, and expertise in energy-related innovations that are necessary to monitor the progress of these efforts.
	Digital	MC operates globally and reflects aims to create a cross-industry digital ecosystem with optimized business models, and this refers to the experience, insight, and expertise in digital-related innovation necessary to monitor the progress of this initiative.
	Global Intelligence	Since MC operates globally and reflects intelligence on geopolitics, economic conditions, policy trends, etc. in the management strategies in a timely manner, experience, insight and expertise in such matters have been selected as important items.
	Human Resource Strategy	The company's most valuable asset is human resources, and it is essential that MC continues to produce human resources with a management mindset and commitment to increasing the value of business. With a view toward creating MC Shared Value, which is one of the objectives of the Midterm Corporate Strategy, experience, insights and expertise, etc. of "human resource strategy" strives to optimize the value of our human capital have been selected as important factors. This includes strategies related to organizational structure and organization.
	Environment and Society	Since MC defines material issues as important social issues to be solved through business activities and aims to realize a carbon-neutral society and lifestyles that are rich both materially and spiritually; experience, insight, and expertise in environmental and social matters have been selected as important items to be considered.

Position	Name	Responsibilities/Main career experience	Gender	Area of experience, knowledge, expertise, etc.						
				Business management/Organizational management	Risk management	Innovation		Global intelligence	Human resource strategy	Environment and Society
Director	Takehiko Kakiuchi	Chairman of the Board	Male	●	●	●	●	●	●	●
	Katsuya Nakanishi	Director, President and CEO	Male	●	●	●	●	●	●	●
	Norikazu Tanaka	Director, Executive Vice President, Group CEO, Mineral Resources Group, EX Task Force Leader	Male	●	●	●		●		
	Yasuteru Hirai	Director, Executive Vice President, Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters	Male	●	●			●		
	Yutaka Kashiwagi	Director, Executive Vice President, Corporate Functional Officer, IT, CAO, Corporate Communications, Corporate Sustainability & CSR	Male	●	● (Legal)				●	●
	Yuzo Nouchi	Director, Executive Vice President, Corporate Functional Officer, CFO	Male	●	● (Finance/Accounting)					
	Akitaka Saiki	Former Vice Minister, Ministry of Foreign Affairs of Japan	Male	●	●			●		
	Tsuneyoshi Tatsuoka	Former Vice Minister, Ministry of Economy, Trade and Industry	Male	●	●	●				●
	Shunichi Miyanaga	Chairman of the Board, Mitsubishi Heavy Industries, Ltd.	Male	●	●	●		●		
	Sakie Akiyama	Former CEO, Saki Corporation	Female	●	●		●			
Audit & Supervisory Board Member	Mari Sagiya	Former Senior Vice President, IBM Japan	Female	●	●		●		●	
	Hajime Hirano	Former Executive Vice President, Group CEO, Energy Business Group	Male	●	●	●				
	Mitsumasa Icho	Former Executive Vice President, Group CEO, Urban Development Group	Male	●	● (Finance/Accounting)					
	Rieko Sato	Partner, ISHII LAW OFFICE	Female	●	● (Legal) Attorney					
	Takeshi Nakao	CEO, PARTNERS HOLDINGS, Co. Ltd.	Male	●	● (Finance/Accounting) Certified public accountant					
	Mari Kogiso	CEO, SDG Impact Japan Inc.	Female	●	●				●	●

Percentage of Independent Directors among Total Directors



Percentage of Women among Total Directors and Audit & Supervisory Board Members



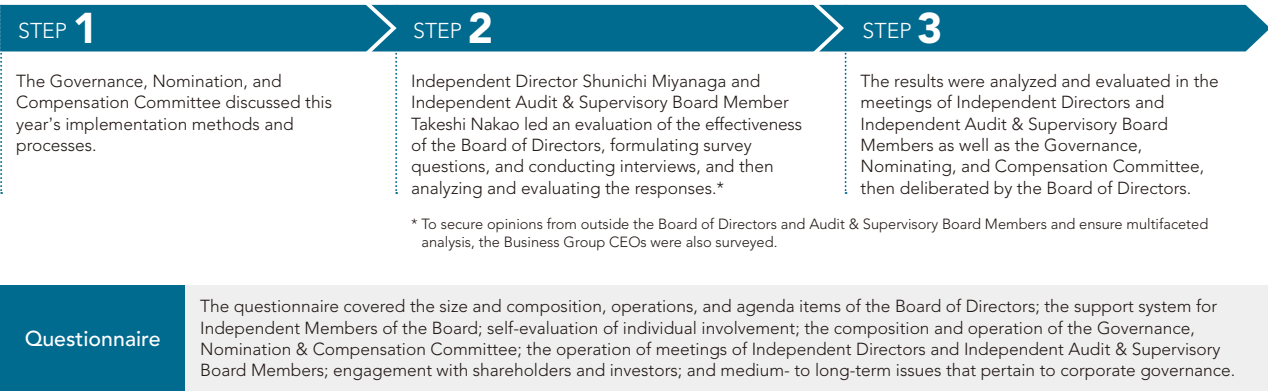
Evaluation of the Effectiveness of the Board of Directors

Through the process below, for the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 31, 2022, it was confirmed that the effectiveness of the Board of Directors is adequately ensured. The evaluation results and policy going forward are shown below.

Specific Process

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 Independent Directors and Independent Audit & Supervisory Board Members would be effective, so the same format as in the previous fiscal year was used for this fiscal year. In addition to Independent Directors and

Independent Audit & Supervisory Board members leading the evaluation, objective advice from external consultants was sought in formulating the questionnaires, gathering the results, and drafting a disclosure proposal, with the aim of ensuring objectiveness and neutrality of the process.



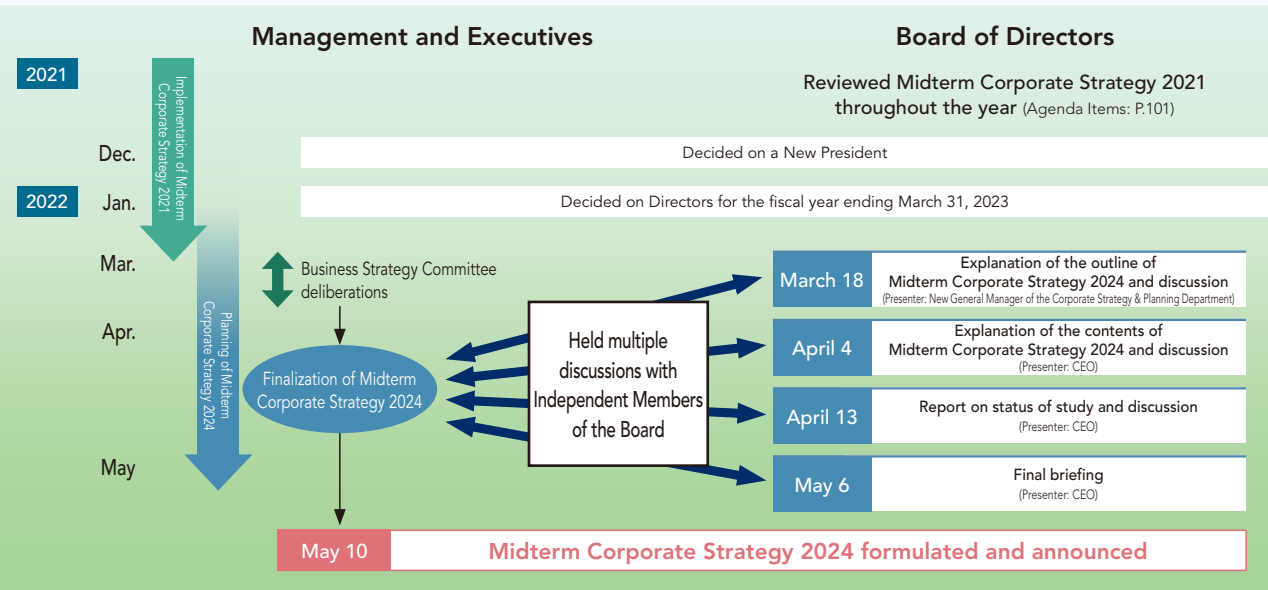
Evaluation Results and Policy for the Fiscal Year Ending March 31, 2023

Fiscal Year Ended March 31, 2022		Fiscal Year Ending March 31, 2023	
Issues Considered and Policy		Evaluation Results and Issues to Consider	Policy
Board of Directors	Size/Composition	Continue to consider in light of changes in the internal and external environment	<u>Created and disclosed a skills matrix for Directors and Audit & Supervisory Board Members</u>
	Agenda Items	<ul style="list-style-type: none">Review Midterm Corporate Strategy 2021 / Confirm the formulation process for Midterm Corporate Strategy 2024Further enhance deliberations of items of companywide importance (business strategy oriented toward a low-carbon society, the business portfolio, etc.)	<ul style="list-style-type: none"><u>Reviewed Midterm Corporate Strategy 2021 throughout the year</u><u>Discussed and disclosed the Roadmap to a Carbon Neutral Society</u>Enhanced reporting on financial risk management (including investment management systems and the conditions of individual companies) and non-financial risk managementEnhanced sharing of information about shareholder and investor engagementHeld dialogues between multiple Business Group CEOs and Independent Members of the Board about EX strategy
	Discussion Outside of Board of Directors Meeting	Enhance the efficacy of investment management systems and the monitoring of business subsidiaries and affiliates	
	Governance, Nominating & Compensation Committee	Continue to provide timely and appropriate opportunities for discussion and information to contribute to the effectiveness of the Board of Director	<ul style="list-style-type: none"><u>Enhanced opportunities for dialogue between top management and Independent Members of the Board</u>Enhanced provision of information regarding succession planning and successor selection to Independent Board members and deliberated them several times at Governance, Nominating & Compensation Committee. Also held individual dialogues and discussions between the Chairman and President and the Independent Board Members (see P. 105 for details)
		The current size and composition are appropriate, and the Company's Audit & Supervisory Board Member system is extremely mature, but continued deliberation will be needed	Continue to deliberate the size and composition of the Board of Directors with an eye to continuously increasing corporate value
		<ul style="list-style-type: none"><u>Midterm Corporate Strategy 2021 was carefully reviewed based on appropriate analysis</u>Appropriate reports were made from a Companywide perspective regarding support systems for matters of Companywide importance and risk-takingUnder Midterm Corporate Strategy 2024 we keep enhancing the monitoring further in light of executives' awareness of the issues	<ul style="list-style-type: none"><u>Continuously exchange views from the planning stage of Midterm Corporate Strategy 2024 onward and monitor important matters at the Board of Directors</u>Continue to monitor and report on the following matters at the Board of Directors<ul style="list-style-type: none">✓ Financial/non-financial risk management✓ Human resource strategy✓ Regional strategy✓ Domestic development✓ Shareholder and investor engagement
		<ul style="list-style-type: none">Support systems are in place to help enliven the discussions of the Board of DirectorsContinued dialogues between the Independent Board Directors and officers and employees on Companywide topics will be desirable	Utilize opportunities for discussion outside the Board (see P.106-107) on a supplementary basis, enhance dialogue, and exchange views on corporate strategy and other major corporate policy matters
		<u>Succession planning and the successor selection process were handled with great care, with appropriate information provided</u>	Continue discussions aimed at enhancing the functioning of the Board of Directors, beyond succession planning and the successor selection process

Review Midterm Corporate Strategy 2021 / Formulation for Midterm Corporate Strategy 2024

In the fiscal year ended March 31, 2022, Members of the Board reviewed Midterm Corporate Strategy 2021 throughout the year, using the Board of Directors' meetings and making supplementary use of other occasions. Subsequently, a new president was appointed in December 2021, and directors for the fiscal year ending 31 March, 2023, were decided on in January of this year. Under the

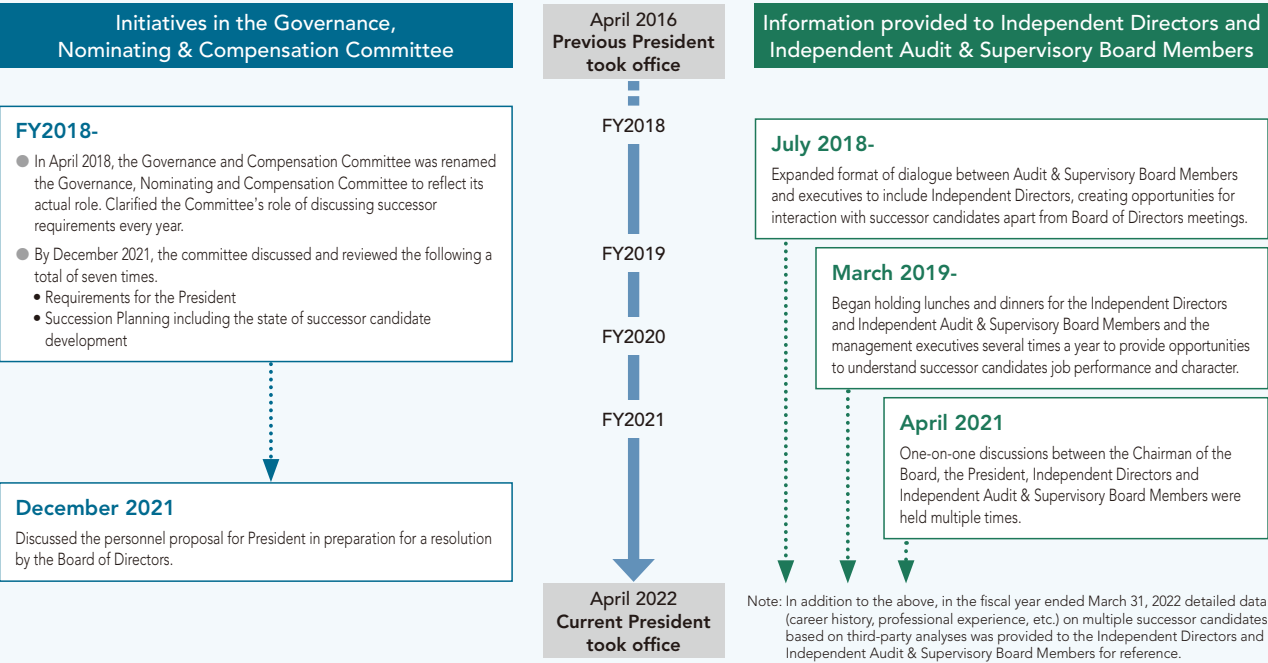
new upper management, business strategy meetings were held with companywide management and each Business Group to formulate business strategies. Based on this, the framework of Midterm Corporate Strategy 2024 was established, and after several exchanges of opinions with Independent Directors, it was resolved at the Board of Directors meeting in May, leading to its announcement.



Successor Selection Process

Since Former President Kakiuchi took office in April 2016, the Governance, Nomination & Compensation Committee, an advisory committee to the Board of Directors, carefully implemented a successor selection process, including the discussion of the requirements for

the President. In addition, Independent Directors and Independent Audit & Supervisory Board Members and successor candidates engaged in thoroughgoing dialogue and discussion outside of committee meetings. This process led to the selection of President Nakanishi.



2 Board of Directors' Advisory Bodies

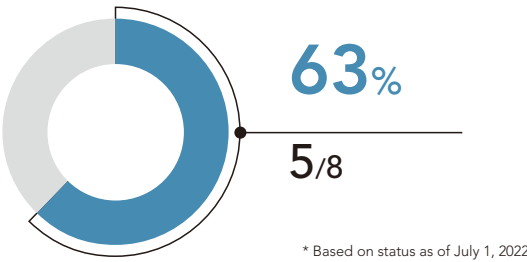
Governance, Nomination & Compensation Committee Convenes 3 times or more per year

The Committee, of which the majority is composed of Independent Directors, deliberates on matters related to governance, nominations, and compensation.

Composition of the Committee (*Committee Chairman)
(As of July 1, 2022)

Independent Members (5)	Independent Director	Akitaka Saiki
	Independent Director	Tsuneyoshi Tatsuoka
	Independent Director	Shunichi Miyanaga
	Independent Director	Sakie Akiyama
	Independent Director	Mari Sagiya
In-house Members (3)	Chairman of the Board	Takehiko Kakiuchi*
	Director, President and CEO	Katsuya Nakanishi
	Full-time Audit & Supervisory Board Member	Hajime Hirano

Number and Percentage of Independent Directors*



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

- Policies on securing conformity with the Revised Corporate Governance Code
- Requirements to be President and CEO, a succession plan, and personnel proposals 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 Independent Directors as the parent committee to deliberate the assessment of the President's performance. The President is not a member.

International Advisory Committee

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 June 30, 2022)

	Member	Nationality	Title	Principal area of specialization and background
	Ambassador Richard Armitage	United States of America	Former United States Deputy Secretary of State	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.
	Professor Joseph S. Nye	United States of America	Harvard University Distinguished Service Professor	Professor Nye is a globally renowned scholar in the field of geopolitics. He has 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.
	Mr. Ratan N. Tata	India	Chairman, Tata Trusts	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.
	Mr. George Yeo	Singapore	Former Chairman, Kerry Logistics Network	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.
	Mr. Niall FitzGerald, KBE	Ireland	Former CEO and Chairman, Unilever	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.
	Mr. Jaime Augusto Zobel de Ayala II	The Philippines	Chairman, Ayala Corporation	Mr. Zobel has experience in growing a global business launched from the ASEAN region, and therefore has a thorough knowledge of various geopolitical and industry trends in Asia, particularly in the ASEAN region.

Japanese Members (5) (*Committee Chairman) (As of June 30, 2022)

Takehiko Kakiuchi * Chairman of the Board	Katsuya Nakanishi Director, President and CEO	Yasuteru Hirai Director, Executive Vice President	Akitaka Saiki Independent Director	Tsuneyoshi Tatsuoka Independent Director
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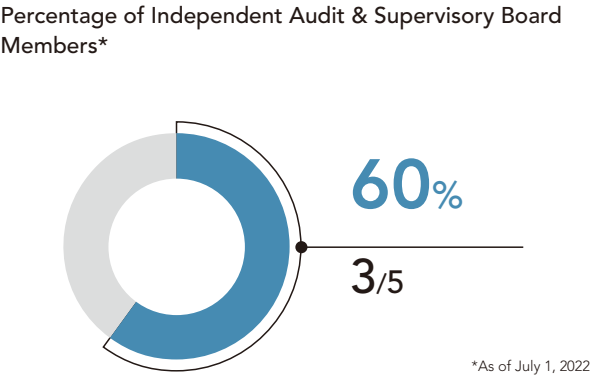
Main Topics

Impact of the COVID-19 pandemic on the situation in various countries	Europe, U.S., China, emerging countries
Geopolitical trends due to U.S.-China relations	Supply chain reorganization, the Taiwan issue
Global issues and trends	Climate change, digital currencies



3 Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board comprises all of the Audit & Supervisory Board Members responsible for auditing the decision-making processes and management performance of Directors in compliance with the Companies Act and other laws and regulations as well as MC's Articles of Incorporation and internal rules and regulations. Full-time Audit & Supervisory Board Members and Independent Audit & Supervisory Board Members ensure the soundness of management by executing audits informed by abundant working experience at MC and by experience in their particular fields as well as a neutral and objective perspective, respectively. In addition to making resolutions on matters required by law and other important issues, the Audit & Supervisory Board strives to enhance information-sharing among the Members through briefings on key matters and reporting on the status of the auditing activities of each of the Members.



Audit Plans

Prior to each fiscal year, the Audit & Supervisory Board formulates audit plans with key areas. In the fiscal year ended March 31, 2022, the following four key audit areas were selected for the monitoring of specific progress in management and execution.

1 Reviewing Midterm Corporate Strategy 2021:

- Business model evolution through digital transformation (DX)
- Current status of business portfolio optimization
- Progress of asset optimization based on the Value-Added Cyclical Growth Model
- Implementation of the new HR system and efforts to develop management professionals

2 Enhancing MC Group Management:

- Division of roles between the Head Office and MC offices, subsidiaries, and Group companies, and their appropriate status
- Status of delegation of authority and development and implementation of management systems in accordance with actual conditions of Group companies

3 Energy Transformation (EX) and Sustainability Initiatives:

- Initiatives for EX
- Implementation of Mitsubishi Corporation Group decarbonization initiatives

4 Initiatives to Strengthen Corporate Governance:

- Enhancement of deliberations at the Board of Directors
- Ensuring the effectiveness of auditing and internal controls in light of new post-pandemic work styles

The first year of Midterm Corporate Strategy 2024 “Creation of MC Shared Value”

In the fiscal year ended March 31, 2022, the activities of Audit & Supervisory Board Members continued to be affected by the COVID-19 pandemic as in the previous fiscal year, but we had dialogues with executives using remote tools, if necessary, and made efforts to understand the situation appropriately. In addition, we reviewed the process of the new president and Midterm Corporate Strategy 2021. With respect to the process of formulating a new Midterm Corporate Strategy 2024 we paid special attention to strengthening cooperation with Independent Audit & Supervisory Board Members and Independent Directors.

In the fiscal year ending March 31, 2023, the first year of Midterm Corporate Strategy 2024, one of the priority audit items will be to monitor the progress of the strategy, which aims to create MC Shared Value, and we will continue to closely monitor the status of management execution in cooperation with the Independent Audit & Supervisory Board Members. In addition, we will enhance the effectiveness of the Audit & Supervisory Board through constant review.



Hajime Hirano
Full-time Audit & Supervisory Board Member



Mitsumasa Ichio
Full-time Audit & Supervisory Board Member

Main Activities of the Audit & Supervisory Board Members (Audit & Supervisory Board)

1 Dialogue with Executive Officers

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

Number of dialogues with CEOs and other Executive Officers*1

65

2 Attendance at Important Meetings

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

Number of important meetings attended*1

130

3 Onsite Audits and Observations

Amid ongoing restrictions on movement due to the COVID-19 pandemic, the Audit & Supervisory Board fulfilled its duties while adapting to the situation by enhancing onsite audits and observations in Japan, and introducing remote audits using a variety of tools. In the fiscal year ended March 31, 2022, the Audit & Supervisory Board Members met with the CEOs and executive officers of three MC Group companies in three locations overseas and 15 domestic MC Group companies, as well as the regional chiefs of 11 overseas and domestic offices. The Audit & Supervisory Board Members reported on the results of their onsite audits to the Chairman of the Board, the President and CEO, and the relevant executive officers.

Number of onsite audits and observations*1

29 companies/
locations

*1 Number for the fiscal year ended March 31, 2022



Onsite audit of Fukuoka International Airport Co., Ltd.



Onsite audit of the MC Tohoku Office

4 Reinforcement of Group Corporate Governance

In addition to dialogues with the CEOs and other executive officers of the MC Group companies, opportunities were arranged for the exchange of information every quarter with the Audit & Supervisory Board Members of 39 major Group companies in Japan. The Audit & Supervisory Board Members of the MC Group companies also arranged subcommittees to share information and exchange opinions. We also provided assistance in training for those who will be assigned to the MC Group companies as Full-time Audit & Supervisory Board Members. We will continue working to strengthen the Group Corporate Governance through regular monitoring.

5 Enhancing the Effectiveness of the Audit & Supervisory Board and its Members

To increase the effectiveness of the audits performed by Audit & Supervisory Board Members, in the year ended March 31, 2022, we further enhanced the reviews of the activities of the Audit & Supervisory Board conducted in previous years. Specifically, the secretariat held mid-year and year-end hearings with the Audit & Supervisory Board Members to identify insights about overall auditing activities and things to improve in the coming year. The results were shared and discussed at the Audit & Supervisory Board. At these hearings, the participants also discussed the progress of auditing in the key audit areas designated at the start of the fiscal year, and insights from these discussions were then fed back to executives. Through such new processes and other means, we sought to improve auditing methods.

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.

4 Independent Directors and Independent Audit & Supervisory Board Members

Independent Directors and Independent Audit & Supervisory Board Members are as follows (as of July 1, 2022).

Independent Directors



Akitaka Saiki

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

Number of years on Board of Directors: 5 years

B 13/13 G 5/5

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.



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: 4 years

B 13/13 G 5/5

Having worked at Japan's Ministry of Economy, Trade and Industry, where he has long engaged in the field of public policies regarding economy and industry, Mr. Tatsuoka brings to MC's Board keen knowledge about the country's industrial sector as a whole along with contributing his deep insight into sustainability issues, including those related to environmental and energy policies.



Shunichi Miyanaga

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

Number of years on Board of Directors: 3 years

B 13/13 G 5/5

Mr. Miyanaga 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 as well as his keen insight into such technologies as decarbonization-related technologies.

B Attendance at Board of Directors' meetings in the fiscal year ended March 31, 2022
G Attendance at Governance, Nomination & Compensation Committee meetings in the fiscal year ended March 31, 2022
A Attendance at Audit & Supervisory Board meetings in the fiscal year ended March 31, 2022



Sakie Akiyama

Main career Founder and Former CEO, Saki Corporation

Number of years on Board of Directors: 2 years

B 12/13 G 5/5

After working as an international business consultant, Ms. Akiyama founded a firm specializing in robotic inspection systems for the electronics assembly markets and developed it into a global enterprise. Ms. Akiyama brings to MC's board of directors her in-depth insight into the digital and IT spaces that was accumulated over the course of the above endeavors in addition to contributing a wealth of know-how in innovation.



Mari Sagiya

Main career Former Senior Vice President, IBM Japan

Appointed June 2022

B - G -

Ms. Sagiya has worked in top management at multiple global IT companies and has extensive expertise in leading corporate transformations. She brings to MC's Board of Directors a wealth of know-how in digital transformation (DX).

Meetings of Independent 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, 2022)

- Approach to dialogue with management
- Midterm Corporate Strategy 2024
- Future issues and initiatives based on evaluation of the effectiveness of the Board of Directors

Independent Audit & Supervisory Board Members



Rieko Sato

Main career Partner, ISHII LAW OFFICE

Number of years on Audit & Supervisory Board: 2 years

B 13/13 A 12/12

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



Takeshi Nakao

Main career CEO, PARTNERS HOLDINGS, Co. Ltd.

Number of years on Audit & Supervisory Board: 2 years

B 13/13 A 12/12

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



Mari Kogiso

Main career CEO, SDG Impact Japan Inc.

Appointed June 2022

B - A -

Ms. Kogiso has long accumulated business experience in the financial industry, including operations at an international organization, while taking on diversity promotion and other sustainability-related initiatives at global companies and public interest incorporated foundations. She has handled the establishment and management of the ESG Impact Fund. Through these endeavors, she acquired in-depth insight into ESG and finance.

Comments from Newly Appointed Independent Members of the Board

Mari Sagiya
Independent
Director

Amid a rapidly changing external environment, in order to improve corporate value over the medium to long term, I believe that it will be even more important to continuously review and evolve governance, as seen in MC's initiatives to date. I have worked for several global IT companies, mainly in the areas of human resource development, marketing and digital transformation support to help solve business challenges facing clients across a wide range of industries. I will utilize this experience to contribute to MC's sustainable growth going forward.

Mari Kogiso
Independent
Audit &
Supervisory
Board Member

Companies are currently being called on to meet a wide range of demands from society—such as those related to climate change and other environmental issues, diversity, and respect for human rights—and then connecting action on those fronts to the enhancement of corporate value. Leveraging the knowledge and experience I cultivated at international institutions and in the social sector, I will offer various perspectives in an effort to contribute to the MC Group's governance and enhancement of its corporate value.

Special Feature:
Dialogue with Two Independent Directors
and an Independent Audit & Supervisory
Board Member

As Independent Members
of the Board,
we will contribute to
MC's efforts to address
societal challenges based
on solid governance.



Independent Director Shunichi Miyanaga

Independent Director Sakie Akiyama

Independent Audit & Supervisory Board Member Takeshi Nakao

* For detailed biographies, see Independent Directors and Independent Audit & Supervisory Board Structure on P.110-111

Reflections on the Series of Processes for the Evaluation of the Effectiveness of the Board of Directors in the Fiscal Year Ended March 31, 2022

Miyanaga: At MC, the effectiveness of the Board of Directors is evaluated by Independent Directors and Independent Audit & Supervisory Board Members. Last year, Mr. Nakao and I took the lead in formulating the questions and analyzing and evaluating the responses. Looking back on the effectiveness evaluation process, I think that businesses such as MC's are unique to Japan. In addition, as Japan has moved from a period of rapid economic growth to a period of maturity, and from now on towards an era of uncertainty in which it will be difficult to predict how things will change, I believe that MC is currently in the most susceptible position to the various influences of the times. In light of this, we devised a series of processes to evaluate the effectiveness of MC's Board of Directors and devised our own approach to objectivity and neutrality.

Nakao: In addition to its large size, MC has a very diverse range of business areas. Because of this, to ensure that the supervisory function is properly executed, a considerable number of opportunities are provided for information gathering. I think this is a major characteristic of MC's governance. In addition to dialogues with the Group CEO of each Business Group, opportunities are provided for dialogues with each COO, and there are also opportunities

to hear the opinions of employees of various levels, including on-site inspections and dialogues with the MC Staff Union. I think that having Independent Members of the Board take the lead in verifying whether the Board is functioning adequately through information obtained through such dialogue is effective as a method of evaluating the effectiveness of the Board of Directors.

Miyanaga: During the effectiveness evaluation, we also asked the Group CEO of each Business Group for their input. I think this was a very valuable initiative, as it proved to be extremely helpful in understanding the actual situation on the business execution side. The previous fiscal year was the final year of Midterm Corporate Strategy 2021 as well as the year of the nomination of a new President, and we were able to have intensive discussions on these topics through the effectiveness evaluation process.

Review of Midterm Corporate Strategy 2021

Akiyama: The fiscal year ended March 31, 2022 was the final year of Midterm Corporate Strategy 2021, and we were able to close the year with outstanding financial results. One of the reasons for these outstanding financial results is the significant impact of external environmental factors. We can also say that not only did we achieve strong overall financial results, but also each Business Group achieved the

unprecedented figures, which reflect each of their respective improved capabilities as well as their firm commitment to optimizing their business portfolios under the overall policies of the previous corporate strategy. These policies have been carried over to the new midterm corporate strategy, and I expect further improvement without becoming complacent with these favorable results.

Miyanaga: Looking back on Midterm Corporate Strategy 2021, MC was able to achieve the targets in a numerical sense. Although external environmental factors such as high resource prices played a role, I believe that MC's approach of reorganizing its portfolio in a balanced and flexible manner without concern for immediate market conditions has generally worked well. Going forward, I feel that the time has come for us to consider the company's resilience, including how to respond flexibly to the external environment, in light of intensifying tensions between the US and China, the situation with Russia and Ukraine, and other setbacks in globalization that will occur in the future.

Nakao: I understand that former President Kakiuchi's goal was for each Business Group to continue to generate a certain level of profit without being affected by market conditions and to create new value by eliminating barriers between the Business Groups. It is noteworthy that in the fiscal year ended March 31, 2022, MC also made solid gains in areas other than natural resources. As we will continue to drive in this direction, I have the impression that the review

of Midterm Corporate Strategy 2021 is leading seamlessly to Midterm Corporate Strategy 2024.

Akiyama: Today, the business environment is changing extremely quickly, and the degree of change is also increasing. New technologies are influencing the speed and magnitude of this change, which is also contributing to the advancement of DX. In the past, MC's style has been to be an important player in large-scale business areas such as natural resources. People who are active in new and growing fields of technology, such as IT, are young and vibrant and are different types of business people from those that have been traditionally valued in Japan, so there may be a culture gap for people in a traditional large company like MC to communicate with them. However, despite its long tradition, MC is a company with a very high capacity for self-change. I believe that discussion and action will be important in terms of how we can incorporate new elements through dialogue with a diverse range of people.

Miyanaga: When I speak with younger employees at MC, I find that they are not only talented, but also that many have an awareness of what they can do and what kind of value they can create within a rapidly changing world, rather than simply being satisfied with being part of a large company with a long history. As Midterm Corporate Strategy 2024 calls for further advancement of EX and DX, I would like to see MC's employees tackling the EX and DX initiatives while taking advantage of the fact that we have the fortune of

facing a major turning point like this, one that may only occur once every 100 years, and having an active exchange of opinions between employees, regardless of their level of experience in the company.

Reflections on the Successor Selection Process

Miyanaga: We believe that involvement in the selection of a successor is one of the greatest responsibilities of Independent Directors. In conventional Japanese companies, the process of deciding on a successor was generally done through a process in which the current President consults with the Chairman and makes a proposal. However, due to demands for transparency in the selection process and other factors, MC also held vigorous discussions on the necessary requirements for the next president, mainly through the Governance, Nomination, and Compensation Committee. Considerable information about the candidates was provided, and each Independent Member of the Board was able to use this information to provide their opinions. I believe that the selection process was conducted in a manner that reflected the various perspectives and ideas of the Independent Members of the Board.

Akiyama: Being involved in the most important succession process for a company is a heavy responsibility for an Independent Director. The new process for selecting a successor has been transformed to further enhance existing efforts. The process provided various opportunities to meet with potential successors both within the Board of Directors, and also outside the Board. We continued to discuss succession requirements in the Governance, Nomination and Compensation Committee, in which Independent Directors make up the majority. As a result, I feel that the process of selecting a successor was given thorough and thoughtful consideration, and I was able to appreciate MC's capacity for self-improvement, which I mentioned previously.



I feel that this selection process has been transformed in a way that enhances existing efforts and has been given thorough and thoughtful consideration.

What kind of leader is MC looking for?

Miyanaga: Growing a company in times of rapid change requires not only the ability to weather change while minimizing damage, but a range of other abilities as well. It is essential for us to always keep in mind that even if things are going well now, it is impossible to predict what will happen next. We need to hone our ability to foresee situations, to be flexible in our organizations, to aim for a higher level, and to be able to motivate and encourage others while being strict with ourselves.

Akiyama: MC is a complex and challenging business entity that incorporates new elements in a wide range of business fields and seeks to create businesses that are aligned with the times. I believe the most important requirement for the top management of MC is the ability to gather the knowledge of the many, and then to make decisions and execute them based on that knowledge. I believe this is a crucial factor in ensuring the stable growth of MC.

Gathering the knowledge of many people requires a certain element of psychological safety. I think it is important that the company provides a foundation for communication that allows everyone to speak up and that top management has the ability to embrace any and all opinions.

Miyanaga: It is preferable that the leader himself/herself has had the experience of facing several difficult problems earlier in their careers and solving or overcoming some or all of them. Such experience will bring a certain gentleness in dealing with people when they are faced with various challenges and difficult problems. Having the ability to accept, rather than just be kind, naturally makes it easier to be more self-disciplined and persuasive when making decisions after listening to people's opinions. That power of persuasion does not come from harshness alone.

Nakao: As you both mentioned, harshness alone is not enough to attract people to follow you. The larger the organization, the more essential it is to gather information from the frontlines, on a daily basis, in order to make the right decisions. President Nakanishi does not just interact with top management, he also actively engages with staff at various levels, including young and mid-level employees, and I feel that he has a good understanding of the importance of the frontlines.

Formulation of Midterm Corporate Strategy 2024

Akiyama: President Nakanishi was appointed last December, and Midterm Corporate Strategy 2024 was released in May of this year. Despite the time constraints, President Nakanishi explained the draft at meetings of the Board of Directors and made use of other opportunities to capture the opinions of Independent Members of the Board and officers. These took place about four times before the final decision, and I believe that we were able to have quite

intensive discussions toward the finalization of Midterm Corporate Strategy 2024.

Nakao: In formulating Midterm Corporate Strategy 2024, based on the review of the previous midterm corporate strategy, we had requested more transparency in the process. Opportunities for explanation were established from the early draft stages, and through repeated exchanges, the President's thinking became clearer and the Independent Members of the Board were able to further their understanding. The fact that we were able to transform the process in this way was a very positive achievement.



The president's enthusiasm for change was evident in the transparency of the process used to formulate Midterm Corporate Strategy 2024 and in the many rounds of communication with Independent Members of the Board and officers.

Miyanaga: Thanks in part to President Nakanishi's proactive disclosure of information, I believe we were able to have productive discussions even within the limited time available. I feel that Midterm Corporate Strategy 2024 is mainly focused on EX, based on the Roadmap to a Carbon Neutral Society, announced earlier, and is also crafted with a view toward the formulation of future midterm corporate strategies.

What are the mid to long-term expectations for MC?

Nakao: As Group CEO of the Power Solution Group, Mr. Nakanishi initiated the acquisition of Eneco, an integrated energy company in Europe, and the successful bid for three offshore wind farms in Japan. In the Roadmap to a Carbon Neutral Society, announced in October 2021, MC set a goal of expanding EX-related investment to 2 trillion yen by the fiscal year ending March 31, 2031. I believe that Mr. Nakanishi's appointment as president is also a way of showing people inside and outside the company the strong

will that MC has to become a leader in a carbon neutral society. I hope that MC will continue to work on addressing various societal challenges by further improving its branding and pushing forward as a leading company for the realization of a carbon neutral society.

Akiyama: Three of the key priorities set forth in the Roadmap to a Carbon Neutral Society: Optimize supply chains; Enhance industry competitiveness and collaborate where appropriate; and Deliver data sharing and optimized services, can be summed up by the phrase: creating societal change. Generally speaking, DX means transforming the analog world into a digital one, but creating societal change is the very essence of DX. By leveraging MC's tremendous influence within and across various industries and regions, and by advancing the initiatives of Midterm Corporate Strategy 2024, I expect that we will be able to accomplish major societal change.

Miyanaga: With regard to EX, it is difficult to predict how far industrial and scientific technologies will evolve, and even if we can predict, to some extent, 10 years into the future, it is difficult to foresee 20 or 30 years into the future. Under such circumstances, I believe that one of MC's roles is to create business models that are able to respond to anything that may happen 30 years from now, and to search for better solutions to contribute to society. To this end, it is important to deepen our learning and hone our skills in EX-related fields, and to use this knowledge and information to collaborate outside the company. I believe that we, as Independent Members of the Board, have an important role in checking on the progress of these efforts. In addition, young people are essential for the company to keep up with the next generation of technology and change. I hope that the younger generation will be conscious that it is out of the principle of competition that good things are born, and I encourage them to work for change to achieve sustainable growth.



I believe that one of MC's roles is to create a business model that is able to respond to anything that may happen in the future, and to search for better solutions to contribute to society.

Overview of Remuneration Package

Basic Approach

Remuneration levels	<div>• 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.</div> <div>• 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.</div>
Remuneration composition	<div>• 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.</div> <div>• To ensure the independence of the Chairman of the Board and Independent Directors, who undertake functions of management oversight, and Audit & Supervisory Board Members, who undertake audits, the Company only pays them fixed monthly remuneration.</div>
Governance of remuneration	<div>• The Governance, Nomination & Compensation Committee, where a majority of the members are Independent Directors and Independent Audit & Supervisory Board Members, continuously deliberates and monitors methods for deciding remuneration packages, the fairness of remuneration levels and compositions, and the status of implementation.</div>

Remuneration Package for Directors and Audit & Supervisory Board Members

Remuneration item/Composition	Key performance indicator (KPI)	Form of payment	Remuneration details	Executive Directors	Chairman of the Board	Independent Directors	Audit & Supervisory Board Members
Base salary	Fixed: about 20-50%	Cash	<div>• An amount determined by the Board of Directors according to position, paid monthly.</div>	①	①	①	⑤
Annual deferral for retirement remuneration			<div>• Fixed amount of annual deferral for retirement remuneration set aside each year; to be paid in full on retirement, with Board of Directors' approval of payment amounts.</div> <div>• By resolution of the Board of Directors, non-payment or reduction of the amount is possible in the event of a serious violation of a delegation agreement, etc.</div>	①	—	—	—
Individual performance bonus*	Variable (single year): about 25-35%		<div>• Payment amount determined for each Director and Executive Officer is based on performance assessments by the President, with the authority delegated by the Board of Directors.</div> <div>• The assessment on the President's performance is determined by the President's Performance Evaluation Committee.</div> <div>• Performance assessment results are reported to the Board of Directors and Governance, Nomination & Compensation Committee.</div>	①	—	—	—
Performance-linked bonus (short term)*			<div>• 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 & Compensation Committee.</div> <div>• The amount is adjusted in line with performance if consolidated net income [average over the relevant fiscal year and subsequent two 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].</div> <div>• No bonus is paid if the amount is below consolidated capital cost [average of three fiscal years in the case of medium- to long-term] for the relevant business year.</div> <div>• The total amount to be paid is capped.</div>	②	—	—	—
Performance-linked bonus (medium- to long-term)*				③	—	—	—
Stock-based remuneration linked to medium- to long-term share performances	Variable (medium to long term): about 25-45%	Shares (stock acquisition rights)	<div>• 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.</div> <div>• The Board of Directors determines the number of shares allocated to each person.</div> <div>• No allocated stock options can be exercised for a three-year performance period. Based on a formula decided by the Board of Directors following deliberation by the Governance, Nomination & Compensation Committee, the number of stock options that can be exercised at the end of this period varies according to the share growth rate (calculated as Total Shareholder Return (TSR) divided by the TOPIX benchmark growth rate over the same period).</div> <div>• The basic policy is that Directors are obliged to hold any shares while in office. Sales of such shares are restricted until their aggregate market value exceeds approximately 300% of the base salary of each position.</div>	④	—	—	—

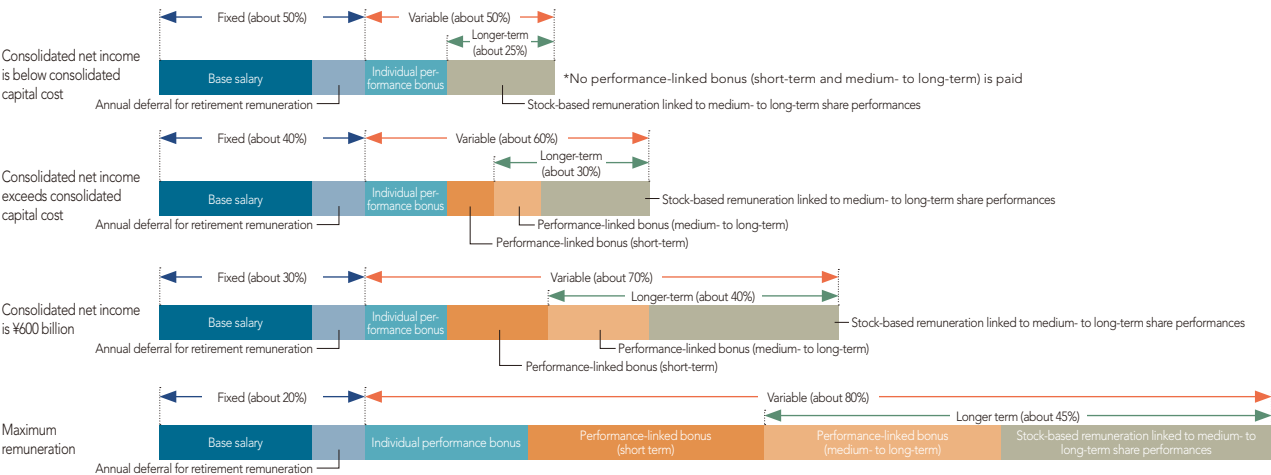
(Note 1) 1 to 5 in the table indicate the numbers of limits on remuneration that correspond to each remuneration item. See the next table for details.
(Note 2) Remuneration items with an asterisk are subject to the clawback policy. See page 118 for details.

(Figures rounded down to nearest million yen)

	Item type	Item details	Total remuneration** (fiscal year ended March 2022)
①	Director remuneration* ¹	Base salary, annual deferral for retirement remuneration, and individual performance bonuses totaling up to ¥1.5 billion annually (for Independent Directors, base salary totaling up to ¥180 million per year)	¥1,021 billion (of which, ¥150 million for Independent Directors)
②		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)	¥350 million
③		Performance-linked bonus (medium to long term) up to 0.06% 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)	¥350 million
④		Stock-based remuneration linked to medium- to long-term share performances up to ¥600 million annually (up to 400,000 shares annually)	¥353 million (197,450 shares)
⑤	Audit & Supervisory Board Member remuneration* ¹	Base salary for Audit & Supervisory Board Members totaling up to ¥250 million annually	¥237 million (of which, ¥63 million for Independent Audit & Supervisory Board Members)
Total			¥2,314 billion

*1 Approved at the Ordinary General Meeting of Shareholders held on June 21, 2019. The number of directors to whom the above amounts of director remuneration (excluding stock-based remuneration linked to medium- to long-term share performances) applied was 13 (including 5 Independent Directors); the number of directors to whom the above amount of stock-based remuneration linked to medium- to long-term share performance applied was 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 independent members).
*2 Please see the last section on this page for details on remuneration of Directors and Audit & Supervisory Board Members.

Conceptual Image of Payment Mix for Remuneration of Executive Directors



Directors' and Audit & Supervisory Board Members' Remuneration: Total Amounts and Number of Eligible Persons in the Fiscal Year Ended March 31, 2022 (Unit: millions of yen)

Title	Total remuneration	Base salary		Annual deferral for retirement remuneration		Individual performance bonus		Performance-linked bonus (short term)		Performance-linked bonus (medium to long term)		Stock-based remuneration linked to medium- to long-term share performances	
		Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total
In-house Directors	1,926	8	689	5	73	5	109	5	350	5	350	5	353
Independent Directors	150	5	150	—	—	—	—	—	—	—	—	—	—

Title	Total remuneration	Base salary		Annual deferral for retirement remuneration		Individual performance bonus		Performance-linked bonus (short term)		Performance-linked bonus (medium to long term)		Stock-based remuneration linked to medium- to long-term share performances	
		Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total	Eligible persons	Total
Full-time Audit & Supervisory Board Members	174	2	174	—	—	—	—	—	—	—	—	—	—
Independent Audit & Supervisory Board Members	63	3	63	—	—	—	—	—	—	—	—	—	—

(Figures rounded down to nearest million yen)
Notes:
1. The above figures include 1 Director who retired and 1 Director who resigned during the fiscal year ended March 31, 2022. Furthermore, there were 11 Directors (including 5 Independent Directors) and 5 Audit & Supervisory Board Members (including 3 Independent Audit & Supervisory Board Members) as of March 31, 2022.
2. The above figures of individual performance bonus represent the amounts recorded as provisions granted for the fiscal year ended March 31, 2022.
3. The above figures for performance-linked bonus (short-term) are determined based on consolidated net income of 937.5 billion yen for the fiscal year ended March 31, 2022, 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 bonuses (medium- to long-term) are paid on an average of the consolidated net income for the fiscal years ended March 31, 2022 to 2024, but as this cannot be decided currently, the amounts shown are provisions for such bonuses as of the fiscal year ended March 31, 2022. The actual amounts paid for the fiscal year ended March 31, 2022 will be based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors. The amount was paid on the average of 548.5 billion yen in consolidated net income for the fiscal years ended March 31, 2020 to 2022, totaling 173 million yen for 7 Directors in the fiscal year ended March 31, 2020. The actual amount paid for the fiscal year ended March 31, 2021 will be paid on an average of the consolidated net income for the fiscal years ended March 31, 2021 to 2023, but as this cannot be decided currently, a total of 210 million yen for 5 Directors in the fiscal year ended March 31, 2021 was recorded as provisions in the fiscal year ended March 31, 2022 but was not included in the table. The actual amount paid for the fiscal year ended March 31, 2021 will be disclosed in the FY2022 Business Report.
5. The above figures for stock-based remuneration linked to medium- and long-term share performances (stock options with market conditions) is the amount recorded as an expense granted for the fiscal year ended March 31, 2022. 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 pensions to retired Directors and Audit & Supervisory Board Members. The amounts paid in the fiscal year ended March 31, 2022 were as follows: The retirement bonus system, including executive pensions for Directors and Audit & Supervisory Board Members, was abolished at the close of the Ordinary General Meeting of Shareholders held on June 26, 2007.
MC paid 87 million yen to 53 Directors (Independent Directors were ineligible for payment). MC paid 3 million yen to 4 Audit & Supervisory Board Members (Independent Audit & Supervisory Board Members were ineligible for payment).

Calculation Method for Performance-Linked Remuneration (Fiscal Year Ending March 31, 2023)

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, 2023 - ¥440 billion) × 0.025% + 0.35 (¥100 million)
Executive Vice President	(consolidated net income [attributable to owners of MC] in the fiscal year ending March 31, 2023 - ¥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, 2023 is ¥520 billion.

Position	Maximum payment amount	Number of persons	Total
President and CEO	¥175 million	1	¥175 million
Executive Vice President	¥52.5 million	4	¥210 million
Total		5	¥385 million

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, 2023, March 31, 2024, and March 31, 2025 - ¥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, 2023, March 31, 2024, and March 31, 2025 - ¥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.

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*).

■ 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, 2022) × vesting ratio

President and CEO	54,800 shares	(548 options)
Executive Vice President	16,900 shares	(169 options)

■ Stock options initially allocated by position

■ 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)

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. MC has adopted a clawback policy*, applicable to the individual performance bonus, performance-linked bonus (short-term) and performance-linked bonus (medium- to long-term) of Executive Directors, revising the regulations for executive officers by resolution at the

Board of Directors' Meeting held on February 18, 2022. * In the event that an executive officer causes any loss or damage to the company from willful misconduct or negligence, a serious violation of a delegation agreement, or a serious accounting error/ex-post revision of a financial report due to misconduct resolved by the Board of Directors, non-payment or reduction of the amount/reclaiming of the paid amount is possible by resolution of the Board of Directors. The payment amounts of individual performance 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 Independent Directors sitting on the committee (see page 106). Results of the performance assessment are reported to the Board of Directors and the Governance, Nomination & 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, WTW (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.

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 verification process described above, in the fiscal year ended March 31, 2022, shareholdings were reduced by just over 10% compared to the previous fiscal year as a result of selling shares with a market value of 57.9 billion yen. As of the fiscal year ended March 31, 2022, the total market value

was 437.4 billion yen (excluding deemed shareholdings). Past reduction results are as follows.

3/2020	3/2021	3/2022
¥73.0 billion	¥68.7 billion	¥57.9 billion

(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, 2022. 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.