

Aiming for New Value Creation



Ten-Group Structure Underpinning the Business Portfolio Strategy

In April 2019, MC reorganized all of MC's Business Groups to promote companywide unity and respond to changes currently taking place, by lowering the height of the walls between these groups that have been around for many years. To build MC's envisioned portfolio and boost its growth potential, operations that are capable of






standing on their own as Core Businesses formed new independent Business Groups. Furthermore, some operations were integrated in the industries where MC's redefined position could leverage new business opportunities. As a result, the seven-group structure existed until the end of the previous fiscal year was reorganized into






a ten-group structure. MC's corporate structure was also rearranged to focus on the main themes of its new "Midterm Corporate Strategy 2021," namely its business portfolio, HR development and digital strategies.

MC's unflinching stance is to create new value ahead of trends and changes of the times. Under

the new group framework, MC will strive to create more value than markets and customers expect to see with its bold ideas and ability to get things done. In this special feature, a couple of MC's efforts to create such value will be introduced.

■ Missions of the New Business Groups

	Natural Gas	Our mission is to increase and add value to our liquefied natural gas (LNG) assets by capturing our customer needs. The demand for LNG is growing as a source of energy for the power and industry sector. At the same time, the market dynamics in Japan is changing due to electricity and gas deregulation, and sources of energy have never been as diverse as today. In this context, we see a growing need for LNG supply and demand balancing function in the market.
	Industrial Materials	Against a backdrop of an increasingly competitive environment, diversifying material needs are likely to present new business opportunities. Our mission is to redefine the role MC can play in providing solutions to industries in which it operates and focus resources in areas where the Company can leverage its strengths and capabilities.
	Petroleum & Chemicals	The transition to a low-carbon society and increasing importance of environmental action continue to have an impact on the petroleum and chemical industries. Our mission is to find solutions to global issues by concentrating on Core Businesses in these industries where MC can demonstrate its strengths and functions.
	Mineral Resources	Metallurgical coal and copper as its main pillars, the mission is to further enhance the competitive advantage as well as the quality of its world-class quality assets, while delivering long-term sustainability in ways which are good for the environment and for supply stability.
	Industrial Infrastructure	More and more market players are looking to go digital and reduce their environmental footprints. Our mission is to redefine MC's position in each industry by leveraging its existing machinery, ship and plant and engineering sales businesses and transitioning to high-value-added business models providing solutions for those industries.

	Automotive & Mobility	Our mission is to capture demand and leverage MC's formidable business foundations in the evolving the automotive and mobility industries, which are embracing digital technologies and services encapsulated by CASE (Connected, Autonomous, Sharing and Electric). The Group will endeavor to build business models aimed at solving people- and goods-related mobility issues.
	Food Industry	Our mission is to help solve the societal challenges surrounding supply chains and build a stable and sustainable business model. The Group also contributes to Japanese companies by expanding their high-quality products and services into overseas markets, thereby creating new growth opportunities.
	Consumer Industry	Our mission is to spearhead solutions to societal challenges in the retail and distribution industries and maximize the value of MC's physical assets as social infrastructure, including its network of retail stores. The Group will also effectively combine its physical assets with digital technologies to build consumer-oriented retail and distribution platform businesses.
	Power Solution	The mission is not only to contribute to stable power supplies, but also to create new added-values for power consumers/users by combining renewables and other environmentally-friendly energy sources and digital technologies.
	Urban Development	Our mission is to establish high-value-added and large-scale businesses, through combining MC's expertise in areas including urban development, infrastructure development and asset finance to meet societal and environmental needs such as urbanization and reduced carbon footprints.

Cleaner Energy for a Low-Carbon Society

MC is focused on being a cleaner-energy provider. Our portfolio ranges from natural gas business, which MC has history of being involved for more than 50 years, to Distributed Power Generation business and power storage business. We have a presence across the energy value chain, and in a position to meet customer needs from all angles.

Stable Supply of LNG —an energy source of low carbon footprint—

Natural gas has lower greenhouse gas emissions than other fossil fuels. MC has been involved in the LNG industry ever since Japan first imported LNG from Alaska in 1969. As the world see the needs to transform to a lower-carbon society, MC expect further growth in natural gas demand across the globe. We will increase and strengthen our natural gas value chain in order to provide the energy for our customers around the world.



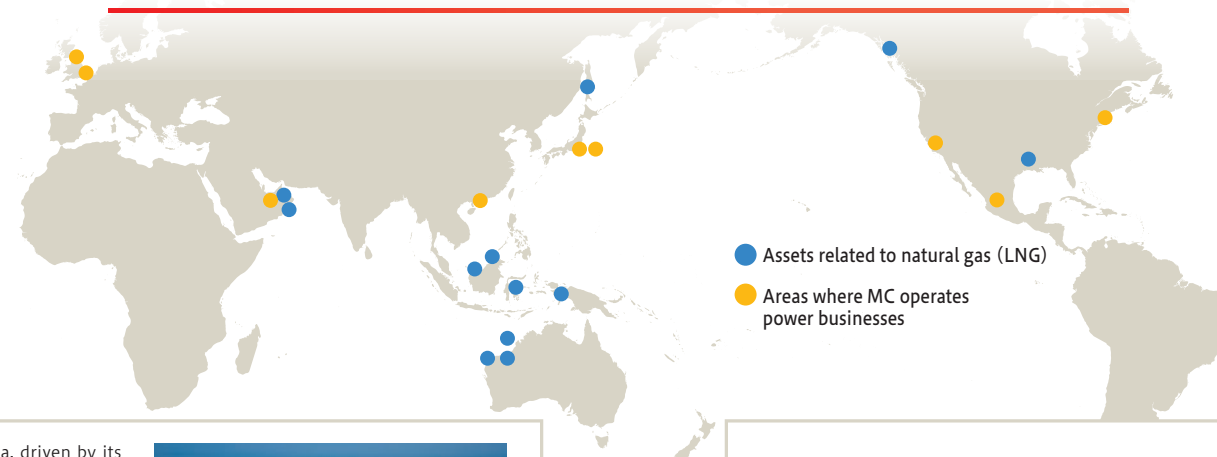
Renewable Power Generation Business

Our power business is helping to realize a low-carbon society by making use of all kinds of renewable energy sources, including solar, wind, and biomass, to meet the needs of each region. MC was one of the first companies to participate in offshore wind power generation projects, and the offshore power transmission business to deliver power to consumers in Europe, where progress in use of offshore wind energy is well advanced. By accumulating knowledge and know-how in this field, MC aims to expand these businesses to other regions. Also, distributed power generation is expanding as it gains competitiveness with traditional large-scale power generation. This trend is partly because of falling costs for solar power generation and technological innovations in energy storage.



Natural gas demand is expected to grow at a steady pace especially in Asia. MC will secure stable supply of cleaner energy by acquiring and strengthening LNG assets in the Pacific area, an area that has a logistical advantage for the consuming countries.

Portfolio of Effective Assets



With operation sites in the US, Asia, Europe, and Japan, MC has been expanding its power generation business, which promotes local production for local consumption. We will continue to build a robust portfolio centered on clean, gas-fired power generation and renewable energy. In tandem, we aim to have at least 20% of our power generation come from renewables by 2030 (based on generation amount).

New Business Anticipating Market Changes

Primary energy demand is growing in emerging markets, particularly in Asia, driven by its economic growth. We also face requirements to use energy that has lower environmental impact. Natural gas, having lower greenhouse gas emissions than other fossil fuels, is an energy source that meets both requirements. MC will capture this surging demand for natural gas while responding to changes in market demands.

For instance, in August 2018, MC acquired a 25% stake in Summit LNG Terminal Co. (Pvt.) Ltd., a company that operates a LNG receiving terminal in Bangladesh, utilizing a floating storage and regasification unit (FSRU). The FSRU started operation in April 2019, and has been operating stably ever since.



New Business Anticipating Market Changes

In the electricity markets of nine European countries, MC's subsidiary ElectroRoute trades power and transmission rights, provides power-trading services related to renewable energy to support power utilities in achieving optimal sales, and provides power trade support services to meet the needs of power consumers (left). MC is also working to establish technology to support transportation and supply of large volumes of hydrogen, which are required for the full introduction of large-scale hydrogen power generation, which does not emit CO2 during combustion (right).



Putting Consumers First in the Food Business

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

A Retail Business for Enriching Consumer Lifestyles

Product Development Based on Consumer Needs

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



Data-Based Consumer Value Creation

Loyalty Marketing, Inc., which operates coalition loyalty program Ponta, has an expansive marketing base. The Ponta service enables consumers to accumulate points at multiple affiliated stores using a single card. By combining this with various data such as member data and usage information, Loyalty Marketing provides marketing services that accurately reflect consumer needs. Loyalty Marketing is also developing services in Indonesia, Malaysia, and South Korea, streamlining overall distribution and maximizing consumer value.



A Sustainable, Traceable Food Business

Food Material Business

MC and Olam International Limited, a major Singapore-based agricultural company with strong capabilities in production and procurement of sustainable food material, jointly established a food material sales company. This company sells products certified by third parties such as the Rain-forest Alliance (RA) and Fair Trade, as well as food materials under Olam's proprietary sustainability program. This company will continue to work with Olam to promote the spread of sustainable materials and products as part of a solution to societal issues.



Chocolate made from RA-certified cacao beans, developed jointly with the Japanese Consumer's Co-operative Union



Lawson's MACHI café coffee is made from RA-certified coffee beans

US Food Business

Sesaco Corporation, which has been a subsidiary of MC since 2011, is currently engaged in building a traceable supply chain for sesame seeds in the US. Sesaco has developed new types of sesame that can be harvested using large machines, realizing productivity enhancement and traceability at the same time. In 2017, Sesaco acquired a tahini processing plant and is working on adding value through the concept of local production for local consumption in the US, a major consumer of sesame products.



New Business Anticipating Market Changes



Business Development in Emerging Consumer Markets

MC will develop food business based on local production for local consumption in emerging markets that have high growth potential, combining local needs with expertise cultivated in Japan. In the process, we will contribute to societal development and improved quality of life for local communities. In Indonesia, MC formed a business alliance with leading Indonesian retailer Alfa Group to conduct business related to living essential goods, such as bread, snacks, beverages, and disposable diapers (left). Also, MC, jointly with a Japanese company, is operating the manufacture and sales of cheese products in Indonesia. In Myanmar, MC invested in local food company Lluvia Limited, which operates food-related businesses including wheat flour and coffee businesses. The company is also involved in new business development, including food terminal business and instant noodle business, contributing to the development of a secure and safe food supply in Myanmar (right).



Unprocessed extracts



Seasonings (sauces, dressings, etc.)

Aiming for an Even More Sustainable Supply of Food

Mitsubishi Corporation Life Sciences Limited, a seasonings and food materials maker, is manufacturing and selling sauces, dressings and other seasonings by processing and adding unprocessed extracts that are produced by this company and MC's subsidiary Japan Farm Holdings Inc. Going forward, we will make full use of limited resources generated by the meat and marine product businesses, such as bones, meat cuts and shells delivered from MC Group and its partners, to manufacture seasonings and food ingredients. In the process, we aim to maximize added value throughout the supply chain.