NOTICE OF 2021 ORDINARY GENERAL MEETING OF SHAREHOLDERS

Mitsubishi Corporation

(Note)
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If minor amendments are required to matters contained in the Business Report, the financial statements, the Matters for Resolution or other documents, Mitsubishi Corporation will post revisions on its website (https://www.mitsubishicorp.com).

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(Note)
"The MC Group" in the Business Report represents Mitsubishi Corporation's "group of enterprises" pursuant to Article 120, Paragraph 2 of the Ordinance for Enforcement of the Companies Act.

(Translation)

June 2, 2021

Notice of 2021 Ordinary General Meeting of Shareholders

Dear Shareholders,

This is to notify you that an ordinary general meeting of the shareholders of Mitsubishi Corporation for the fiscal year ended March 31, 2021 will be held as described below.

1. Date and Time: Friday, June 25, 2021 at 10:00 a.m.
2. Place: The Prince Park Tower Tokyo, Convention hall (B2 floor),
8-1, Shibakoen 4-chome, Minato-ku, Tokyo
3. Agenda for the Meeting:

[Matters for Reporting]

1. *Report on the consolidated statement of financial position and the non-consolidated balance sheet as of March 31, 2021, the consolidated statement of income, the non-consolidated statement of income, and the consolidated and the non-consolidated statement of changes in equity for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021) and business report for the same fiscal year.*
2. *The audit reports of the independent auditors and the Audit & Supervisory Board concerning the consolidated financial statements.*

[Matters for Resolution]

1. *To Approve the Proposed Appropriation of Surplus*
2. *To Elect 11 Directors*

You can exercise your voting right by mail or via the Internet. If exercising your right by mail, please complete the required procedures and ensure we receive the form no later than 5:30 p.m. on Thursday, June 24, 2021 (Japan Time). Procedures for exercising your voting right via the Internet must also be completed by 5:30 p.m. on Thursday June 24, 2021 (Japan Time). Please refer to the "Information on Exercising Voting Right" on 141 and 142 pages.
If you attend the meeting, please bring the enclosed voting form to the reception desk. You are also requested to bring with you this booklet as relevant documents for the proceedings.

Takehiko Kakiuchi
Representative Director, President and Chief Executive Officer
Mitsubishi Corporation

(Translation)

Reference Documents

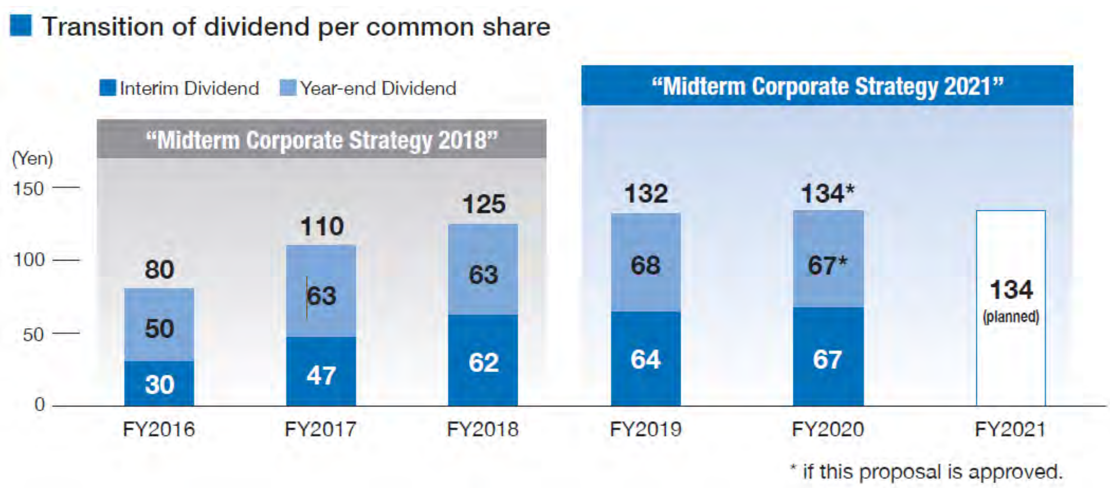
Details of Each Proposal

1. To Approve the Proposed Appropriation of Surplus

The proposed appropriation of surplus for the fiscal year ended March 31, 2021 is as follows.
Under "Midterm Corporate Strategy 2021", which covers the period from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022, Mitsubishi Corporation has adopted a progressive dividend policy that aims to increase dividends in tandem with sustainable profit growth. In consideration of consolidated business results and other factors, the Board of Directors proposes the year-end dividend of ¥67 per common share. As a result, total dividends for the fiscal year ended March 31, 2021, including the interim dividend of ¥67 per common share, will be increased by ¥2 from the previous fiscal year to become ¥134 per common share.

1. Year-end dividends
   (1) Dividends to be paid
   Cash
   (2) Allotment of dividend assets for shareholders and total amount
   ¥67 per common share of Mitsubishi Corporation
   Total amount: ¥99,127,707,742
   (3) Effective date of payment of surplus available for dividends
   June 28, 2021

2. Other retained earnings
   (1) Increase in retained earnings and amount
   Unappropriated retained earnings: ¥92,000,000,000
   (2) Decrease in retained earnings and amount
   General reserve: ¥92,000,000,000



(Translation)

2. To Elect 11 Directors

The term of all 11 Directors will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, the Board proposes the following 11 candidates for election as Directors as detailed on the following pages. Of the 11 candidates, 5 are candidates for Outside Director. All such candidates meet the requirements of independent director, as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan, as well as Selection Criteria for Outside Directors specified by MC. (See page 11 for the Selection Criteria for Outside Directors and details of candidates for Outside Directors.)

The composition and size of the Board of Directors and the policy and process for appointing nominated Directors are deliberated at the Governance, Nomination and Compensation Committee with Outside Directors and/or Outside Audit & Supervisory Board Members in the majority, and then decided by the Board of Directors as follows:

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 Outside 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 Chairman of the Board and President & CEO, MC's in-house Directors are elected from Executive Officers (Senior Executive Vice Presidents & 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.
	Outside Directors	Outside Directors are appointed from those who possess a practical perspective of highly experienced company officers and those who possess an objective and professional perspective with a deep insight on global dynamics and socio-economic trends. These individuals thus contribute to appropriate decision making and robust management supervision by the Board of Directors as they bring diverse perspectives into its deliberations.
Appointment Process		In line with policies described above, the President & CEO proposes a list of nominated Directors, which is then deliberated at the Governance, Nomination and Compensation Committee and resolved by the Board of Directors before being presented at the Ordinary General Meeting of Shareholders.

(Translation)

Number	Name	Age		Present position and responsibilities at the Company	Years served as Director	Member of Governance, Nomination and Compensation Committee
1	Ken Kobayashi	72	Renomination	Chairman of the Board	11 years	○
2	* Takehiko Kakiuchi	65	Renomination	Member of the Board, President & CEO	5 years	○
3	* Kazuyuki Masu	62	Renomination	Member of the Board, Executive Vice President, Corporate Functional Officer, CFO	5 years	-
4	*Akira Murakoshi	62	Renomination	Member of the Board, Executive Vice President, Corporate Functional Officer, CDO, CAO, Corporate Communications, Corporate Sustainability & CSR	4 years	-
5	*Yasuteru Hirai	59	New Nomination	Executive Vice President, Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters	—	—
6	Yutaka Kashiwagi	57	New Nomination	Executive Vice President Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch	—	—
7	Akihiko Nishiyama	68	Renomination, Outside Director, Independent Director	Member of the Board	6 years	○
8	Akitaka Saiki	68	Renomination, Outside Director, Independent Director	Member of the Board	4 years	○
9	Tsuneyoshi Tatsuoka	63	Renomination, Outside Director, Independent Director	Member of the Board	3 years	○
10	Shunichi Miyanaga	73	Renomination, Outside Director, Independent Director	Member of the Board	2 years	○
11	Sakie Akiyama	58	Renomination, Outside Director, Independent Director	Member of the Board	1 year	○

(Notes)

1. Upon approval of this resolution, each candidate denoted by an asterisk is expected to be named a Representative Director at the Board of Directors Meeting to be held immediately following the Ordinary General Meeting of Shareholders.
2. MC has concluded agreements with Messrs. Ken Kobayashi, Akihiko Nishiyama, Akitaka Saiki, Tsuneyoshi Tatsuoka and Shunichi Miyanaga as well as Ms. Sakie Akiyama limiting their liability according to Article 423, Paragraph 1 of the Companies Act. According to the agreements, the maximum liability of each is the minimum amount stipulated under Article 425, Paragraph 1 of the Companies Act. If this proposal is approved, MC will extend agreements limiting their liability with the above-mentioned 6 individuals.
3. MC has concluded a Directors and Officers (D&O) Liability Insurance Agreement that designates its Directors and Audit & Supervisory Board Members as insured persons and it is scheduled to be renewed in August 2021. This agreement is designed to indemnify these individuals against damages that may arise while pursuing their official responsibilities or that may result from personal lawsuits brought against them seeking compensation on the grounds of such responsibilities. Relevant insurance premiums are paid solely by the Company. In addition, this agreement precludes indemnification against damages attributable to intentional misconduct including decisions made knowingly of illegality and so forth.

(Translation)

1. Ken Kobayashi <Date of Birth Feb. 14, 1949 72 years old>

Renomination

Number of shares owned:
147,535

Years served as Director:
11 years (as of close of this Ordinary General Meeting of Shareholders)

Job History, Positions and Responsibilities

Jul. 1971	Joined MC
Apr. 2003	Senior Vice President, General Manager, Singapore Branch
Jun. 2004	Senior Vice President, Division COO, Plant Project Div.
Apr. 2006	Senior Vice President, Division COO, Ship, Aerospace & Transportation Systems Div.
Apr. 2007	Executive Vice President, Group CEO, Industrial Finance, Logistics & Development Group
Jun. 2007	Member of the Board, Executive Vice President, Group CEO, Industrial Finance, Logistics & Development Group
Jun. 2008	Executive Vice President, Group CEO, Industrial Finance, Logistics & Development Group
Apr. 2010	Senior Executive Vice President, Executive Assistant to President
Jun. 2010	Member of the Board, President & CEO
Apr. 2016	Chairman of the Board (present position)

Important Concurrent Positions

Outside Director, Nissin Foods Holdings Co., Ltd.
Outside Director, Mitsubishi Motors Corporation
Outside Director, Mitsubishi Heavy Industries, Ltd.

Reason for Nomination as Director

Mr. Kobayashi served as MC's President & CEO from 2010 to 2016. Prior to that, he spent his career primarily in MC's machinery businesses (including plant, ship, transportation, and aerospace operations) and its industrial finance, logistics and development businesses. His posts included General Manager of the Singapore Branch and Group CEO of the Industrial Finance, Logistics & Development Group. He has served as MC's Chairman of the Board since 2016, overseeing MC's management in a non-executive capacity.

MC has renominated Mr. Kobayashi as a Director. He possesses a wealth of experience at MC covering its business and general management, as well as global business experience and expertise in management and administrative operations.

(Translation)

2. Takehiko Kakiuchi <Date of Birth Jul. 31, 1955 65 years old>

Renomination

Number of shares owned:
199,200

Years served as Director:
5 years (as of close of this Ordinary General Meeting of Shareholders)

Job History, Positions and Responsibilities

Apr. 1979	Joined MC
Apr. 2010	Senior Vice President, Division COO, Foods (Commodity) Div.
Apr. 2011	Senior Vice President, General Manager, Living Essential Group CEO Office, Division COO, Foods (Commodity) Div.
Apr. 2013	Executive Vice President, Group CEO, Living Essentials Group
Apr. 2016	President & CEO
Jun. 2016	Member of the Board, President & CEO (present position)

Reason for Nomination as Director

Mr. Kakiuchi has served as MC's President & CEO since 2016. Prior to that, he spent his career primarily in the Company's agriculture, fishery, and living essentials businesses. While posted in Australia, he made notable contributions to MC's local subsidiaries and affiliates, which helped to boost their corporate value. He has also served as CEO of the Living Essentials Group. As president, he is currently guiding the Company in its aim to realize triple-value growth (simultaneously generating economic value, societal value, and environmental value) through MC's business-management model under "Midterm Corporate Strategy 2021." MC has renominated Mr. Kakiuchi as a Director. He possesses a wealth of experience at MC covering its business and general management, as well as global business experience and expertise in management and administrative operations.

(Translation)

3. Kazuyuki Masu <Date of Birth Feb. 19, 1959 62 years old>

Renomination
Number of shares owned:
64,421
Years served as Director:
5 years (as of close of this Ordinary General Meeting of Shareholders)

Job History, Positions and Responsibilities

Apr. 1982	Joined MC
Apr. 2013	Senior Vice President, General Manager, Corporate Accounting Dept.
Apr. 2016	Executive Vice President, Chief Financial Officer, CFO
Jun. 2016	Member of the Board, Executive Vice President, Chief Financial Officer, CFO
Apr. 2017	Member of the Board, Executive Vice President, Corporate Functional Officer, CFO, IT
Apr. 2019	Member of the Board, Executive Vice President, Corporate Functional Officer, CFO (present position)

Reason for Nomination as Director

Mr. Masu has spent his career primarily in MC's finance and accounting businesses. His previous posts include General Manager of the Corporate Accounting Department. He has held the position of CFO since 2016 and currently also serves as Corporate Functional Officer, in which capacity he has helped to raise MC's corporate value by building a stable financial foundation to invest in growth, assessing the Company's investments, and monitoring the situations at its subsidiaries and affiliates. MC has renominated Mr. Masu as a Director. He possesses a wealth of management experience, covering both MC's diverse operations and business/administrative operations in general.

(Translation)

4. Akira Murakoshi <Date of Birth Jun. 27, 1958 62 years old>

Renomination

Number of shares owned:
69,365

Years served as Director:
4 years (as of close of this Ordinary General Meeting of Shareholders)

Job History, Positions and Responsibilities

Apr. 1982	Joined MC
Apr. 2012	Senior Vice President, Division COO, General Merchandise Div.
Apr. 2014	Senior Vice President, President, Mitsubishi Company (Thailand), Ltd., President, Thai-MC Company, Limited
Apr. 2017	Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources
Jun. 2017	Member of the Board, Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources
Apr. 2020	Member of the Board, Executive Vice President, Corporate Functional Officer, CDO, Human Resources, Global Strategy
Apr. 2021	Member of the Board, Executive Vice President, Corporate Functional Officer, CDO, CAO, Corporate Communications, Corporate Sustainability & CSR (present position)

Reason for Nomination as Director

Mr. Murakoshi has spent his career primarily in MC's materials and other living essentials businesses. From 2014 until 2017, he served as President of Mitsubishi Company (Thailand) Ltd., in which capacity he helped to maximize the MC Group's competitive strengths in that country. He currently serves as Corporate Functional Officer for digital operations, human resources, corporate administration, legal matters, corporate communications, corporate sustainability and CSR. Key duties in this position include leveraging digital technologies to add value to MC's existing businesses and develop new ones, reforming the Company's HR systems to ensure that it continuously generates management professionals, strengthening its governance and legal functions, overseeing its corporate branding and advancing its initiatives in corporate sustainability. MC has renominated Mr. Murakoshi as a Director. He possesses a wealth of management experience, covering both MC's diverse operations and business/administrative operations in general.

(Translation)

5. Yasuteru Hirai <Date of Birth Sep. 28, 1961 59 years old>

New Nomination

Number of shares owned:
14,553

Job History, Positions and Responsibilities

Apr. 1984	Joined MC
Apr. 2014	Senior Vice President, Deputy Regional CEO, East Asia, President, Mitsubishi Corporation (Shanghai) Ltd., General Manager, Shanghai Office
Apr. 2017	Senior Vice President, Regional CEO, East Asia, President, Mitsubishi Corporation China Co., Ltd., General Manager, Beijing Branch
Oct. 2018	Senior Vice President, Regional CEO, East Asia, President, Mitsubishi Corporation China Co., Ltd., General Manager, Beijing Branch, President, Mitsubishi Corporation (Guangzhou) Ltd.
Apr. 2019	Senior Vice President, President, Mitsubishi Corporation China Co., Ltd., General Manager, Beijing Branch
Apr. 2020	Executive Vice President, President, Mitsubishi Corporation China Co., Ltd., General Manager, Beijing Branch
Apr. 2021	Executive Vice President, Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters (present position)

Reason for Nomination as Director

Mr. Hirai has spent a good part of his career working on MC's global strategies. From 2012 until 2017, he served as president of Mitsubishi Corporation (Shanghai) Ltd., and from 2017 until 2021, he served as president of Mitsubishi Corporation China Co., Ltd. By overseeing market-development and other operations in China, Mr. Hirai helped to enhance the MC Group's value in that country. As Corporate Functional Officer for global strategy, he is promoting projects dedicated to the worldwide growth and development of MC's businesses; as Chief Compliance Officer, he is encouraging MC Group organizations to both strengthen their compliance frameworks and be more independent in managing them; and as General Manager of MC's Emergency Crisis Management Headquarters, he is both responsible for companywide responses during times of emergency and the oversight of consolidated business-continuity management (BCM). MC has nominated Mr. Hirai as a Director. He possesses a wealth of management experience, covering both MC's diverse operations and business/administrative operations in general.

(Translation)

6. Yutaka Kashiwagi <Date of Birth Feb. 10, 1964 57 years old>

New Nomination

Number of shares owned:
15,850

Job History, Positions and Responsibilities

Apr. 1986	Joined MC
Apr. 2018	Senior Vice President, Division COO, Environmental Business Div.
Apr. 2019	Senior Vice President, General Manager, Power Solution Group CEO Office
Apr. 2021	Executive Vice President, Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch (present position)

Reason for Nomination as Director

Mr. Kashiwagi has spent his career mainly in the fields of power generation and energy. While posted in Germany, he made notable contributions to MC's local subsidiaries and affiliates, which helped to boost their corporate value. Since then, he has held a number of positions, including COO of the Environmental Business Division. From 2019 until 2021, he served as General Manager of the Power Solution Group's CEO Office, in which capacity he helped to plan business strategies for both the Power Solution Group and Company as a whole, integrated renewables and other environmentally friendly energy sources with digital technologies, helped to ensure a stable energy supply and balance supply and demand, and otherwise provided customers with new added value. Mr. Kashiwagi currently serves as both Corporate Functional Officer for business development in Japan and General Manager of the Kansai Branch. His present duties include local-network-based market development. MC has nominated Mr. Kashiwagi as a Director. He possesses a wealth of management experience, covering both MC's diverse operations and business/administrative operations in general.

(Translation)

[Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members]
To make the function of Outside Directors and Outside Audit & Supervisory Board Members stronger and more transparent, MC has set forth Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members as follows, after deliberation by the Governance, Nomination and Compensation Committee, which is composed with Outside Directors and/or Outside Audit & Supervisory Board Members in the majority.

[Selection Criteria for Outside Directors]
1. Outside Directors are elected from among those individuals who have an eye for practicality founded on a wealth of experience as corporate executive officers, as well as an objective and specialist viewpoint based on extensive insight regarding global conditions and social and economic trends. Through their diverse perspectives, Outside Directors help ensure levels of decision-making and management oversight appropriate to the Board of Directors.

2. To enable Outside Directors to fulfill their appointed task, attention is given to maintain their independency*; individuals not ensuring this independency in effect will not be selected to serve as Outside Directors.

3. MC's operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate executive officer appointed as Outside Directors. MC appropriately copes with this potential issue through the procedural exclusion of the director in question from matters related to the conflict of interest, and by preserving a variety of viewpoints through the selection of numerous Outside Directors.

[Selection Criteria for Outside Audit & Supervisory Board Members]
1. Outside Audit & Supervisory Board Members are selected from among individuals who possess wealth of knowledge and experience across various fields that is helpful in performing audits. Neutral and objective auditing, in turn, will ensure sound management.

2. To enable Outside Audit & Supervisory Board Members to fulfill their appointed task, attention is given to maintain their independency*; individuals not ensuring this independency will not be selected to serve as Outside Audit & Supervisory Board Members.

(Notes)
Independency for the purpose of Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members
To make a judgment of independence, MC checks if the person concerned meets the conditions for independent directors and independent auditors as specified by stock exchanges in Japan such as the Tokyo Stock Exchange, Inc., and whether the person concerned is currently any of the following items (1) to (7) and whether they have been at any time in the past 3 fiscal years.

(1) A major shareholder of MC (a person or entity directly or indirectly holding 10% or more of the voting rights), or a member of business personnel of such shareholder (*1).
*1 A member of business personnel refers to a managing director, corporate officer, executive officer, or other employee of a company (Hereinafter the same).

(2) A member of business personnel of a creditor of MC exceeding the threshold set by MC (*2).
*2 Creditors exceeding the threshold set by MC refer to creditors to whom MC owes an amount exceeding 2% of MC's consolidated total assets.

(3) A member of business personnel of a supplier or a customer of MC exceeding the threshold set by MC (*3).
*3 Suppliers or customers exceeding the threshold set by MC refer to suppliers or customers whose transaction amounts with MC exceed 2% of MC's consolidated revenues.
(4) A provider of professional services, such as a consultant, lawyer, or certified public accountant, receiving cash or other financial benefits from Mitsubishi Corporation, other than directors' or audit & supervisory board members' remuneration, where the amount exceeds ¥10 million per fiscal year.

(5) A representative or partner of MC's independent auditor.

(6) A person belonging to an organization that has received donations exceeding a certain amount (*4) from MC.
*4 Donations exceeding a certain amount refer to donations of more than ¥20 million per fiscal year.

(7) A person who has been appointed as an Outside Director or Outside Audit & Supervisory Board Member of MC for more than 8 years.

If a person is still judged by MC to be effectively independent despite one or more of the above items (1) to (7) applying, MC will explain and disclose the reason at the time of their appointment as an Outside Director or Outside Audit & Supervisory Board Members.

(Translation)

7. Akihiko Nishiyama <Date of Birth Jan. 4, 1953 68 years old>

Renonimation | Outside Director | Independent Director

Number of shares owned:
6,899

Years served as Director:
6 years (as of close of this Ordinary General Meeting of Shareholders)

Attendance at Board of Directors Meetings
(the fiscal year ended March 31, 2021)
Regular: 11 out of 11 held / Extraordinary: 2 out of 2 held

Attendance at Governance, Nomination and Compensation Committee Meetings
(the fiscal year ended March 31, 2021): 5 out of 5 held

Job History, Positions and Responsibilities

Apr. 1975	Joined Tokyo Gas Co., Ltd. (resigned in Mar. 2015)
Apr. 2001	Visiting professor, Policy Studies, Graduate School of Social Sciences, Hosei University (resigned in Mar. 2003)
Apr. 2004	Professor, Dept. of International Liberal Arts, Tokyo Jogakkan College
Apr. 2011	Councilor, Tokyo Jogakkan College; Professor, Dept. of International Liberal Arts, Tokyo Jogakkan College (resigned in Mar. 2013)
Apr. 2013	Adjunct Professor, Hitotsubashi University (resigned in Mar. 2018)
Jun. 2015	Member of the Board, MC (present position)
Apr. 2018	Professor, Ritsumeikan University (present position)

(Note)
Mr. Nishiyama served as Head of Nishiyama Research Institute, Tokyo Gas Co., Ltd. from April 2004 until March 2015. However, his primary position during this period was professor of the universities mentioned above, and he had no involvement with business execution of Tokyo Gas Co., Ltd.

Important Concurrent Position

Professor, Ritsumeikan University

Reason for Nomination as Outside Director and Expected Role

MC has renominated Mr. Nishiyama as an Outside Director. His extensive and varied career includes both entrepreneurial and management experience, work on think-tank surveys and university-level business studies, all of which have equipped him with broad expertise in organizational reforms, HR development and business management. MC expects that he can offer advice to MC's management and properly oversees execution of business from an objective and professional perspective.

Supplementary Information with respect to Independence and Important Concurrent Position

1. Independence of Outside Director
Mr. Nishiyama meets the requirements of independent director as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan, as well as Selection Criteria for Outside Directors specified by MC. There is no supplementary information in terms of independence.

2. Business relationships between MC and entities where the candidate holds important concurrent position
MC has no business relationship with The Ritsumeikan Trust.

(Translation)

Message from the candidate for appointment as Outside Director

I believe that my mission as an independent director is to contribute to medium- to long-term improvement in MC's corporate value by employing shareholder and investor perspectives. Despite restrictions from the COVID-19 pandemic, I have attended all of the Board of Directors meetings held in the fiscal year ended March 31, 2021, and offered my opinions at each meeting. Furthermore, I have been engaging with other directors, officers and employees regularly via in-person and online sessions on a total of 41 occasions outside of official Board meetings. Key subjects addressed in the fiscal year ended March 31, 2021 included how to secure ongoing corporate growth in the midst of the major changes society is now undergoing. To this end, I monitored the current status of workplaces and duties performed by employees while exchanging ideas with those in various ranks and discussing types of operations that must be revised. Having also attended the Governance, Nomination and Compensation Committee meetings, I participate in the ongoing discussion of succession plans, contributing my opinions on the development of a candidate selection process finely tuned to serve MC's objectives. Looking ahead, I will continuously strive to help MC realize the full potential of its human resource capabilities and thereby achieve long-term corporate growth.

(Translation)

8. Akitaka Saiki <Date of Birth Oct. 10, 1952 68 years old>

Renomination | Outside Director | Independent Director

Number of shares owned:
2,469
Years served as Director:
4 years (as of close of this Ordinary General Meeting of Shareholders)
Attendance at Board of Directors Meetings
(the fiscal year ended March 31, 2021)
Regular: 11 out of 11 held / Extraordinary: 2 out of 2 held
Attendance at Governance, Nomination and Compensation Committee Meetings
(the fiscal year ended March 31, 2021): 5 out of 5 held

Job History, Positions and Responsibilities

Apr. 1976	Joined the Ministry of Foreign Affairs of Japan Held the position of: Director-General, Asian and Oceanian Affairs Bureau, Ambassador to the Republic of India, concurrently to the Kingdom of Bhutan, Deputy Minister for Foreign Affairs, and Vice Minister for Foreign Affairs
Jun. 2016	Retired from Ministry of Foreign Affairs of Japan
Sep. 2016	Corporate Adviser, MC (resigned in Jun. 2017)
Jun. 2017	Member of the Board, MC (present position)

Reason for Nomination as Outside Director and Expected Role

MC has renominated Mr. Saiki as an Outside Director. His work with Japan's Ministry of Foreign Affairs has given him sensitive insight into geopolitics. He also possesses keen expertise in country risk and a broad network of contacts in that area. MC expects that he can offer advice to MC's management and properly oversees execution of business from an objective and professional perspective.

Supplementary Information with respect to Independence and Important Concurrent Position

1. Independence of Outside Director

Mr. Saiki meets the requirements of independent director as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan, as well as Selection Criteria for Outside Directors specified by MC. Supplementary information in terms of independence is as follows:

- Mr. Saiki received compensation as Corporate Advisor of MC from September 2016 to June 2017, having been appointed as a member of an advisory body to the Board of Directors (Governance, Nomination and Compensation Committee); however, this compensation was paid as consideration for the advice he offered regarding the management of MC based on his experience and insight, and does not affect his independence.
- Mr. Saiki serves as the President (part-time position) of the Middle East Institute of Japan, Juridical Foundation, which conducts studies and research concerning the Middle East region. MC pays membership fees and other dues of approximately ¥3.2 million per annum to the Middle East Institute of Japan. However, these payments are consistent with MC's support for the principles of the Middle East Institute of Japan. In addition, Mr. Saiki receives no compensation from the Middle East Institute of Japan; therefore, he does not benefit personally.

2. Business relationships between MC and entities where the candidate holds important concurrent position

Not applicable

(Translation)

Message from the candidate for appointment as Outside Director

The spread of COVID-19 is still ongoing, inflicting significant damage to the overall global economy. Given these circumstances, the status of international affairs is being impacted by major difficulties and growing uncertainty. Specifically, U.S.-China relations have become increasingly tense and confrontational, even after the inauguration of the Biden administration. Meanwhile, a military coup in Myanmar triggered devastating turmoil. The impact of the country's increasingly severe internal political strife is now placing dire pressure on local businesses run by Japanese corporations. Moreover, the diplomatic relationship between Japan and South Korea remains quite unfavorable, with no signs of improvement in sight. From the standpoint of an Outside Director, I will contribute my advice to the Board and help MC identify what business areas it should focus on as it strives to counteract these situations.

(Translation)

9. <u>Tsuneyoshi Tatsuoka</u> <Date of Birth Jan. 29, 1958 63 years old>

Renomination | Outside Director | Independent Director

Number of shares owned:
6,583
Years served as Director:
3 years (as of close of this Ordinary General Meeting of Shareholders)
Attendance at Board of Directors Meetings
(the fiscal year ended March 31, 2021)
Regular: 11 out of 11 held / Extraordinary: 2 out of 2 held
Attendance at Governance, Nomination and Compensation Committee Meetings
(the fiscal year ended March 31, 2021): 5 out of 5 held

Job History, Positions and Responsibilities

Apr. 1980	Joined the Ministry of International Trade and Industry (present Ministry of Economy, Trade and Industry (METI)) Held the position of: Counsellor, Cabinet Secretariat (Office of Assistant Chief Cabinet Secretary), Deputy Vice-Minister of Economy, Trade and Industry, and Vice Minister of METI
Jul. 2015	Retired from METI
Jan. 2018	Corporate Adviser, MC (resigned in Jun. 2018)
Jun. 2018	Member of the Board, MC (present position)

Important Concurrent Positions

Outside Director, Asahi Kasei Corp.
Outside Director (Audit and Supervisory Committee member), NITORI Holdings Co., Ltd.

Reason for Nomination as Outside Director and Expected Role

MC has renominated Mr. Tatsuoka as an Outside Director. Having worked at Japan's Ministry of Economy, Trade and Industry, Mr. Tatsuoka brings to MC's board extensive know-how with respect to strategies in resources, energy, manufacturing and other industries, as well as insight into the economic policies and trends adopted both in and outside of Japan. MC expects that he can offer advice to MC's management and properly oversees execution of business from an objective and professional perspective.

Supplementary Information with respect to Independence and Important Concurrent Positions

1. Independence of Outside Director
Mr. Tatsuoka meets the requirements of independent director as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan, as well as Selection Criteria for Outside Directors specified by MC. Supplementary information in terms of independence is as follows:

- Mr. Tatsuoka has been offering advice to MC and receiving compensation as Corporate Advisor of MC from January 2018 to June 2018, having been appointed as a member of an advisory body to the Board of Directors (Governance, Nomination and Compensation Committee); however, this compensation was paid as consideration for the advice he offers regarding the management of MC based on his experience and insight, and does not affect his independence.

2. Business relationships between MC and entities where the candidate holds important concurrent position
MC has business transactions with Asahi Kasei Corp., but there is no special relationship (specified related party, etc).
Also, MC has no business relationship with NITORI Holdings Co., Ltd.

(Translation)

Message from the candidate for appointment as Outside Director

The external outlook for MC at home and abroad is becoming increasingly unclear. On the other hand, in line with major trends toward digitalization, the green economy and sustainability, business efforts focused on these fields are picking up speed. Against this backdrop, MC is currently engaged in reforms on various fronts, with the aim of establishing a strong portfolio that will support its operations into the future. As an Outside Director, I will remain highly sensitive to both risks and opportunities in order to help MC avoid the former and pursue the latter. In the course of these endeavors, I will take full advantage of my experience and thereby contribute to a medium- to long-term improvement in MC's corporate value.

(Translation)

10. Shunichi Miyanaga <Date of Birth Apr. 27, 1948 73 years old>

Renomination | Outside Director | Independent Director

Number of shares owned:
8,292

Years served as Director:
2 years (as of close of this Ordinary General Meeting of Shareholders)

Attendance at Board of Directors Meetings
(the fiscal year ended March 31, 2021)
Regular: 11 out of 11 held / Extraordinary: 2 out of 2 held

Attendance at Governance, Nomination and Compensation Committee Meetings
(the fiscal year ended March 31, 2021): 5 out of 5 held

Job History, Positions and Responsibilities

Apr. 1972	Joined Mitsubishi Heavy Industries, Ltd. ("MHI")
Apr. 2006	Senior Vice President, MHI
Apr. 2008	Executive Vice President, MHI
Jun. 2008	Member of the Board, Executive Vice President, MHI
Apr. 2011	Member of the Board, Senior Executive Vice President, MHI
Apr. 2013	Member of the Board, President, MHI
Apr. 2014	Member of the Board, President and CEO, MHI
Apr. 2019	Chairman of the Board, MHI (present position)
Jun. 2019	Member of the Board, MC (present position)

Important Concurrent Positions

Chairman of the Board, MHI
Outside Director, Mitsubishi Motors Corporation ("MMC")

Reason for Nomination as Outside Director and Expected Role

MC has renominated Mr. Miyanaga as an Outside Director. Backed by his deep knowledge in the tech sectors, 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 and practical insight. MC expects that he can offer advice to MC's management and properly oversees execution of business from a practical perspective.

(Translation)

Supplementary Information with respect to Independence and Important Concurrent Positions

1. Independence of Outside Director

Mr. Miyanaga meets the requirements of independent director as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan, as well as Selection Criteria for Outside Directors specified by MC. Supplementary information in terms of independence is as follows:

- Mr. Miyanaga was Member of the Board, President and CEO of MHI, from April 2013 to March 2019 and has been Chairman of the Board of MHI since April 2019. MHI, where Mr. Miyanaga was an executive in the past, and MC have a relationship of cross-directorship whereby each has an outside director assigned from the other. In addition, the two companies have business transactions, though these transactions do not exceed 2% of MC's consolidated revenues.

2. Business relationships between MC and entities where the candidate holds important concurrent position

- MC has business transactions with MHI, but there is no special relationship (specified related party, etc).
- Mr. Miyanaga has been appointed as an outside director of MMC since June 2014. MMC is a specified related party to MC.

Message from the candidate for appointment as Outside Director

Today, our business environment is radically evolving under the influence of various issues ranging from climate change and the pressing call for ESG-oriented management to the COVID-19 pandemic. These are prompting structural changes affecting frameworks for international communities and norms for corporate activities. Amid these circumstances, I will offer my insights to help the MC Group, which operates in diverse business fields, achieve sustainable and balanced growth in its corporate value. To this end, I will employ my corporate management experience, especially that gained at a manufacturing conglomerate, as well as my technological expertise in the field of energy, the environment, and various industries. In these ways, I will also contribute to the improvement of the MC Group's corporate governance.

*** Violations of either applicable laws or ordinances, or the articles of incorporation, etc. at other companies where the Outside Director candidate concurrently serves as a corporate officer**

In April 2016, evidence of improper conduct concerning fuel consumption and emissions testing was found at MMC while Mr. Miyanaga was serving as Outside Director at the Company. In September 2016, MMC was informed by the Ministry of Land, Infrastructure, Transport and Tourism that improper conduct was found in testing to reconfirm the fuel consumption values of vehicles that had previously been involved in improper conduct. In January and July 2017, MMC received an administrative order and an order for payment of surcharge from the Consumer Affairs Agency for conduct in violation of the Act against Unjustifiable Premiums and Misleading Representations with respect to labeling in product catalogues, etc. for MMC vehicles that were involved in improper conduct concerning fuel consumption tests. Moreover, in May 2018, it was found that MMC was not providing technical training to certain foreign technical trainees at the Okazaki Plant in accordance with the technical training plan accredited by the Organization for Technical Intern Training. In January 2019, MMC received a notice of cancellation of the technical training plan and an improvement order in accordance with the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees. While Mr. Miyanaga was not directly aware of the facts of either case until relevant details were revealed, he has regularly been urging caution from a legal compliance standpoint in meetings of the Board of Directors and other forums. In addition, after the facts of each case came to light, Mr. Miyanaga has fulfilled his duty by taking actions such as instructing thorough investigations of the facts of each case and measures to prevent a reoccurrence.

(Translation)

11. Sakie Akiyama <Date of Birth Dec. 1, 1962 58 years old>

Renomination | Outside Director | Independent Director

Number of shares owned:
670

Years served as Director:
1 year (as of close of this Ordinary General Meeting of Shareholders)

Attendance at Board of Directors Meetings*
(the fiscal year ended March 31, 2021)
Regular: 8 out of 8 held / Extraordinary: 1 out of 1 held

Attendance at Governance, Nomination and Compensation Committee Meetings*
(the fiscal year ended March 31, 2021): 5 out of 5 held

* Indicating attendance after her appointment as Outside Director on June 19, 2020.

Job History, Positions and Responsibilities

Apr. 1987	Joined Arthur Andersen & Co. (currently Accenture PLC) (resigned in Apr. 1991)
Apr. 1994	Founder and CEO, Saki Corporation
Oct. 2018	Founder, Saki Corporation (present position)
Jun. 2020	Member of the Board, MC (present position)

Important Concurrent Positions

Founder, Saki Corporation
Outside Director, ORIX Corporation
Outside Director, Sony Group Corporation
Outside Director, JAPAN POST HOLDINGS Co., Ltd.

Reason for Nomination as Outside Director and Expected Role

MC has renominated Ms. Akiyama as an Outside Director. Backed by her extensive expertise in the digital and IT spaces, Ms. Akiyama has worked as an international business consultant and is the founder of Saki Corporation, a firm that specializes in robotic inspection systems for the electronics assembly markets. She brings to MC's board a wealth of know-how in innovation and its role in growing global enterprises. MC expects that she can offer advice to MC's management and properly oversees execution of business from a practical perspective.

Supplementary Information with respect to Independence and Important Concurrent Positions

1. Independence of Outside Director

Ms. Akiyama meets the requirements of independent director as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan, as well as Selection Criteria for Outside Directors specified by MC. There is no supplementary information in terms of independence.

2. Business relationships between MC and entities where the candidate holds important concurrent position

- MC has business transactions with ORIX Corporation and Sony Group Corporation, but there is no special relationship (specified related party, etc.). Also, MC has no business relationship with Saki Corporation and JAPAN POST HOLDINGS Co., Ltd.

Ms. Akiyama was appointed as Outside Director of Lawson, Inc. from May 2014 to May 2018. Lawson, Inc. is a specified related party to MC. The company became a wholly owned subsidiary of MC in February 2017.

(Translation)

Message from the candidate for appointment as Outside Director

Businesses are being called upon to accommodate changes in their operating environments as they face an unprecedented period of major shifts brought about by the outbreak of COVID-19, growing public awareness of ESG issues, including global environmental problems, and the urgent need to promote digitalization. I personally believe that securing solid corporate governance is of critical importance in terms of striking a balance between proactive initiatives driving growth and management discipline. With this in mind, I will do my best to fulfill my role as an Outside Director to help MC take on this era's challenge of blazing a new trail and thereby improve its corporate value.

(Translation)

＜Reference＞

●Corporate Framework and Policies

Approaches to Corporate Governance

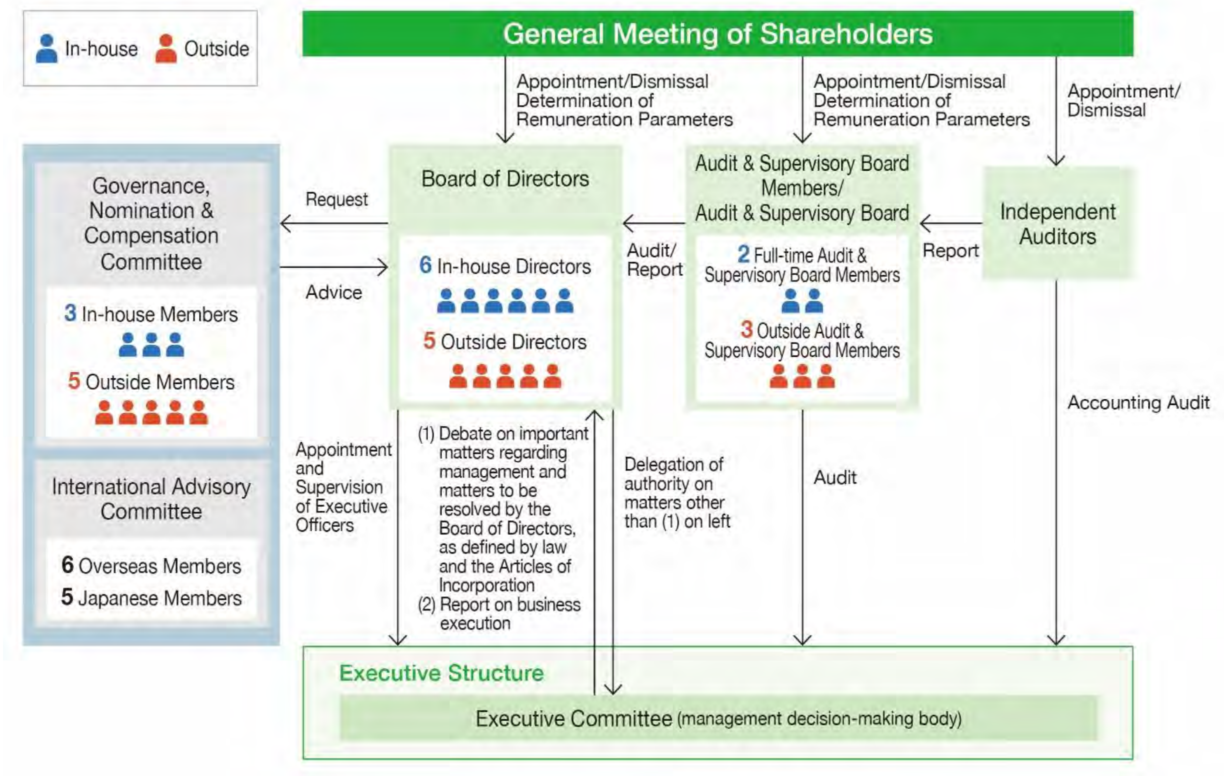
-Mitsubishi Corporation's Corporate Governance System Supporting Sustainable Growth

[Basic Policy]

MC's corporate philosophy is enshrined in the Three Corporate Principles. Through corporate activities rooted in the principles of fairness and integrity, MC strives to continuously raise corporate value. MC believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of shareholders, customers and all other stakeholders.

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

■Corporate Governance Framework



(Note) This diagram indicates the number of Directors after the Ordinary General Meeting of Shareholders if resolutions No.2 are approved.

(Translation)

Initiatives to Enhance the Effectiveness of the Board of Directors

MC leads various initiatives to help realize more effective corporate governance that contributes to MC's sustained growth and the enhancement of medium- to long-term corporate value.

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

Governance, Nomination and Compensation Committee

Jul. Oct. Dec. Jan. Mar.

An advisory body to the Board of Directors; a majority of members are Outside Directors and Outside Audit & Supervisory Board Members

President's Performance Evaluation Committee

May

A subcommittee of the Governance, Nomination and Compensation Committee

International Advisory Committee

An advisory body to the Board of Directors made up of overseas experts

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

Record of Meetings Held in the Fiscal Year Ended March 2021

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

	Month	Marks
2020	April	●
	May	●●●
	June	●●
	July	●■
	Aug.	
	Sep.	●●
2021	Oct.	●■
	Nov.	●●
	Dec.	●■
	Jan.	●■
	Feb.	●●
	Mar.	●■

Systems to Support Outside Directors and Outside Audit & Supervisory Board Members

Briefing Sessions before Board of Directors' Meetings

Prior to each Board of Directors' meeting, management executives explain agenda items and respond to questions and comments from Outside Directors and Outside Audit & Supervisory Board Members.

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

May Sep. Nov. Feb.

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

Opportunities to Provide Information and Engage in Dialogue

Orientation upon Assumption of Office

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

Site Visits and Dialogues with Business Investees

Every year, Outside Directors and Outside Audit & Supervisory Board Members participate in visits to domestic and overseas business sites and hold dialogues with management of Group companies and others.

Dialogues and Interactions with Management Executives

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

Dialogues with Mid-Level and Junior Employees

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

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

Evaluation of the Effectiveness of the Board of Directors

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

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

Specific Process

STEP 1	STEP 2	STEP 3
Questionnaire and interview for all Directors and Audit & Supervisory Board Members	Analysis and evaluation of results in meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members and the Governance, Nomination and Compensation Committee	Deliberation by the Board of Directors

Questionnaire

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

	Issue in FY 2020	Initiatives in FY 2020	Evaluation	Issues and Policy Going Forward
Size / Composition		Reduced the number of in-house Directors by two (Outside Directors now make up 45% of the Board of Directors)	The current size and composition of the Board of Directors are appropriate	Continue to consider the necessity of changes in light of changes in the internal and external environment
Agenda items	Deepening the deliberations by the Board of Directors to further enhance monitoring function	Enhanced deliberations of Mitsubishi Corporation's vision (key items of the Midterm Corporate Strategy, companywide initiatives, etc.) as well as structures supporting such vision (financial and non-financial risk management, regional strategy, domestic development, etc.)	Enhancing the deliberations of companywide management has increased the effectiveness of the Board of Directors	Further enhance deliberations of items that are important on a companywide basis (business strategy oriented toward a low-carbon society, the business portfolio, etc.) Review the current Midterm Corporate Strategy and the process for formulating the next strategy
Agenda items	Further enhancing the management of major business subsidiaries and affiliates	Enhanced deliberations of investment management systems and investment efficiency in each segment. The Board of Directors also followed up on individual new investments (Eneco Groep N.V. and HERE International B.V.) made in the previous year	Sufficient analysis and reporting are being carried out to confirm the status of investment management systems, which is an important issue for Mitsubishi Corporation given the large number of its investees	In addition to the issues at left, enhance the monitoring efficacy of investment management systems, including those by which Mitsubishi Corporation confirms the status of initiatives at individual companies
Succession planning		Governance, Nomination and Compensation Committee reviewed the requirements for the President and CEO on an ongoing basis and discussed the specifics of the process for selecting the next president. Increased contacts between the Outside Directors and Outside Audit & Supervisory Board Members and the management executives to improve information provision	The Governance, Nomination and Compensation Committee conducted sufficient deliberation on succession planning, and dialogue with successor candidates has been fruitful	Confirm specific processes, including those for continuing appropriate information provision to the Governance, Nomination and Compensation Committee members
Support system	Optimizing information provided to Outside Directors and Outside Audit & Supervisory Board Members	Further enhanced explanations of each Business Group's strategies. Held dialogues with the management of major business subsidiaries and affiliates	The requests of Outside Directors and Outside Audit & Supervisory Board Members are receiving due attention	Continue timely and appropriate information provision to contribute to the effectiveness of the deliberations of the Board of Directors

Board of Directors' Advisory Bodies

Governance, Nomination and Compensation Committee

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

■ **Main Discussion Themes**

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

■ **Composition of Committee** (*Committee Chairman)

Outside members (5):
Akihiko Nishiyama, Outside Director
Akitaka Saiki, Outside Director
Tsuneyoshi Tatsuoka, Outside Director
Shunichi Miyanaga, Outside Director
Sakie Akiyama, Outside Director

Inhouse members (3):
Ken Kobayashi, * Chairman of the Board
Takehiko Kakiuchi, Member of the Board, President & CEO
Shuma Uchino, Full-time Audit & Supervisory Board Member

(Note) Listing of members assumes Item No. 2 of Matters for Resolution by the General Meeting of Shareholders is approved.

■Percentage of Outside Directors and Outside Audit & Supervisory Board Members
63% (5 of 8)

President's Performance Evaluation Committee

The President's Performance Evaluation Committee has been established as a subcommittee to the Governance, Nomination and Compensation Committee, comprising the same Chairman and Outside 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 from various backgrounds, including politics, business, government and academia, and provides recommendations and advice from an international perspective.

■**Main discussion themes**
・State of the Global Economy
: Trade tensions, trends in emerging countries, country-based outlook
・Geopolitics
: Bilateral relations, world order, global risks
・Innovation
: Digitalization-driven changes in industry and society around the world

■**Composition of Committee** (*Committee Chairman) (as of June 30, 2021)
Overseas members (6) (Nationality / Tenure):
Ambassador Richard Armitage, Former United States Deputy Secretary of State (U.S.A. /4 years)
Professor Joseph S. Nye, Harvard University Distinguished Service Professor (U.S.A. / 12 years)
Mr. Ratan N. Tata, Chairman, Tata Trusts (India / 20 years)
Mr. George Yeo, Former Chairman of Kerry Logistics Network (Singapore /7years)
Mr. Niall FitzGerald, KBE, Former CEO & Chairman, Unilever (Ireland / 7 years)
Mr. Jaime Augusto Zobel de Ayala II, Chairman and CEO, Ayala Corporation (The Philippines /20 years)

Japanese members (5):
Ken Kobayashi* Chairman of the Board
Takehiko Kakiuchi, Member of the Board, President & CEO
Yasuteru Hirai, Member of the Board, Executive Vice President
Akitaka Saiki, Outside Director
Tsuneyoshi Tatsuoka, Outside Director

(Note) Listing of Japanese members assumes Item No. 2 of Matters for Resolution by the General Meeting of Shareholders is approved.

Information and Support for Outside Directors and Outside Audit & Supervisory Board Members

Briefing Sessions Before Board of Directors' Meetings

Opportunities are created for the management executives of each section and Business Group to provide explanatory summaries of the agenda items for which they are responsible to Outside Directors and Outside Audit & Supervisory Board Members in order to facilitate substantive deliberations at Board of Directors' meetings. The sessions are also utilized to appropriately share timely information that helps enhance deliberations. A total of 32 hours were held in the fiscal year ended March 2021.

Meetings of Independent Outside Directors and Independent Outside 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 2021)

- The Corporate Governance Framework of MC
- Succession planning
- Future issues and initiatives based on evaluation of the effectiveness of the Board of Directors

Dialogues and Interactions with Officers and Employees

MC has been enhancing interactions between Outside Directors, Outside Audit & Supervisory Board Members, officers and employees, creating opportunities for dialogues with Business Group CEOs, Business Division COOs and General Managers, small events for exchanging opinions with Executive Vice Presidents, and opportunities to engage in conversation with mid-level and junior employees.

Dialogues and Site Visits to Business Investees

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

In August 2019, site visits were made to the Montney shale gas production and development site in Canada and to the LNG Canada project* development site. Through meetings with the local state government, city mayors and tribal leaders, Outside Directors and Outside Audit & Supervisory Board Members confirmed initiatives aimed at simultaneously generating economic, societal and environmental value while taking into account local stakeholders and the natural environment. They also visited a business development site where the Silicon Valley Branch of MC(Americas) operates with a partner company. In March 2021, discussion was held with management executives at Mitsubishi Shokuhin Co., Ltd., and opinions were exchanged about the business environment and DX initiatives in the food distribution business

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

■Past Three Years

March 2021 Dialogue with management executives at Mitsubishi Shokuhin Co., Ltd

August 2019 Montney shale gas production and development site and LNG Canada project* development site (Canada)

August 2018 Cermaq Group AS (Norway) / Offshore wind farm facility (North Sea)

April 2018 Large mixed-use redevelopment project / The Mandalay International Airport (Myanmar)

Audit & Supervisory Board

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

Main Activities of Directors (Board of Directors)

1. Dialogue with Executive Officers
   Opportunities are created for all Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members, to engage in dialogues with the Chairman of the Board, President and CEO, Corporate Functional Officers, Business Group CEOs, Business Division COOs, Administrative Department General Managers, and the General Managers of the Corporate Staff Section.
2. Attendance at Important Meetings
   Besides the Audit & Supervisory Board, 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 providing opinions as necessary. Besides Audit & Supervisory Board, the Outside 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.
3. Onsite Audits and Observations
   In the fiscal year ended March 31, 2021, the Audit & Supervisory Board enhanced onsite audits and observations in Japan, due to restrictions on traveling overseas during the pandemic. In addition, remote audits were conducted using a variety of tools in response to the situation. In the fiscal year ended March 31, 2021, the Audit & Supervisory Board Members met with the CEOs and executive officers of 4 companies in 4 countries overseas and 24 domestic the MC Group companies, as well as the regional chiefs of 3 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 relevant executive officers.
4. Reinforcement of Group Corporate Governance
   In addition to dialogues with the CEOs and other executive officers of the MC Group companies, opportunities are arranged for the exchange of information every quarter with the Audit & Supervisory Board Members of 40 major Group companies in Japan while Audit & Supervisory Board Members of the MC Group companies also hold subcommittees to share information and exchange opinions. We also provide assistance in training for those who will be assigned to the MC Group companies as full-time audit & supervisory board members. We will continue working to strengthen the Group corporate governance through regular monitoring.
5. Strengthening Collaboration among Outside Directors
   Outside Directors participate in dialogues between Audit & Supervisory Board Members and executive officers, and in briefing sessions on important matters to be discussed at the Board of Directors. We are maintaining close alignment among Outside Audit & Supervisory Board Members and Outside Directors through opinion exchange at various occasions including meetings of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members.

■Number of dialogues with CEOs and other Executive Officers* 71 (69**)
■Number of major meetings* 163 (25**)
■Number of onsite audits and visits 31 companies/locations (26 companies/locations**)
*Number for the fiscal year ended March 2021
**Number with the participation of at least one Outside Audit & Supervisory Board Member

Structure of Audit & Supervisory Board Members

Name		Age		Present position at Mitsubishi Corporation	Years served as Audit & Supervisory Board Member	Member of Governance, Nomination and Compensation Committee
Shuma Uchino		66		Full-Time Audit & Supervisory Board Member	3	○
Hajime Hirano		65		Full-Time Audit & Supervisory Board Membe	2	—
Yasuko Takayama		63	Outside Audit & Supervisory Board Member Independent Auditor	Outside Audit & Supervisory Board Member	5	—
				Message from Audit & Supervisory Board Member Today's corporate leaders are increasingly held accountable for upholding transparency in organizational management and decision-making, along with the achievement of a medium- to long-term improvement in corporate value. To confirm whether director duties are properly executed, I will rigorously audit the status of such duties from an independent standpoint while paying close attention to potential risks that may confront the Mitsubishi Corporation group in the course of its reform initiatives in energy, digital and other new fields. Where necessary, I will decisively issue alerts as part of my role as an Audit & Supervisory Board Member.		
Rieko Sato		64	Outside Audit & Supervisory Board Member Independent Auditor	Outside Audit & Supervisory Board Member	1	—
				Message from Audit & Supervisory Board Member Mitsubishi Corporation is taking on major reforms involving the reorganization and the review of its business portfolio. On the other hand, society is facing a number of novel issues, such as those arising from the COVID-19 pandemic, the need for digital transformation (DX), and the emergence of new value systems. Conventional norms and ideas no longer suffice to handle these issues. Therefore, I will not only contribute my experience-based insights but also employ a more flexible and even broader perspective in my duties as an outside Audit & Supervisory Board Member.		
Takeshi Nakao		55	Outside Audit & Supervisory Board Member Independent Auditor	Outside Audit & Supervisory Board Member	1	—
				Message from Audit & Supervisory Board Member The COVID-19 pandemic is exerting an ongoing and profound impact on economic activities. Addressing this situation, Mitsubishi Corporation is vigorously promoting management reforms at all organizational levels as it aims to realize sustainable growth and remain responsive to its business environment, which is currently undergoing major changes in various ways. Having embarked on the second year in the office of outside Audit & Supervisory Board Member, I will do my best to fulfill my duties to help Mitsubishi Corporation strengthen corporate governance and achieve medium- to long-term improvement in corporate value. To this end, I will seize every opportunity to enhance my understanding of its operations, which consist of a diverse range of business fields and encompass regions around the globe, while maintaining a macro perspective as I engage in the Board's discussion.		

Remuneration Package for Directors and Audit & Supervisory Board Members

■ Basic Approach

Remuneration levels	• Remuneration levels are set based on the functions and roles of Directors and Audit & Supervisory Board Members and the Company's level of performance and others. • Remuneration levels are globally competitive and based on performance targets to motivate career growth in human resources who will be responsible for the next generation of management and to further raise organizational vitality.
Remuneration composition	• 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 share growth rates (medium to long term) are adopted as key performance indicators. • To ensure the independence of the Chairman of the Board and Outside Directors, who undertake functions of management oversight, and Audit & Supervisory Board Members, who undertake audits, the Company only pays them fixed monthly remuneration.
Governance of remuneration	• The Governance, Nomination and Compensation Committee, where a majority of the members are Outside Directors and Outside Audit & Supervisory Board Members, continuously deliberates and monitors methods for deciding remuneration packages, the fairness of remuneration levels and compositions, and the status of implementation.

■ Remuneration Package for Directors and Audit & Supervisory Board Members

<table>
<tr><th colspan="2">Remuneration Item / Composition</th><th>Key Performance Indicator (KPI)</th><th>Remuneration Details</th><th>Executive Directors</th><th>Chairman of the Board</th><th>Outside Directors</th><th>Audit & Supervisory Board Members</th></tr>
<tr><td>Base salary</td><td rowspan="2">Fixed; About 20-50%</td><td rowspan="2"></td><td>• An amount determined by the Board of Directors according to position, paid monthly.</td><td>1</td><td>1</td><td>1</td><td>5</td></tr>
<tr><td>Annual deferral for retirement remuneration</td><td>• Fixed amount of annual deferral for retirement remuneration set aside each year; to be paid in full retirement, with Board of Directors' approval of payment amounts.
• 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.</td><td>1</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Individual performance bonus</td><td rowspan="2">Variable (single year); About 25-35%</td><td>Individual Performance (single year)</td><td>• Payment amount determined for each Director and Executive Officer based on performance assessments by the President, with the authority delegated by the Board of Directors.
• The assessment on the President's performance is determined by the President's Performance Evaluation Committee.
• Performance assessment results are reported to the Board of Directors and Governance, Nomination and Compensation Committee.</td><td>1</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Performance-linked bonus (short term)</td><td>Consolidated net income (single year)</td><td rowspan="2">• 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 and Compensation Committee.
• The amount is adjusted in line with single-year 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].
• 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.</td><td>2</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Performance-linked bonus (medium to long term)</td><td rowspan="2">Variable (medium to long term), About 25-45%</td><td>Consolidated net income (medium to long term)</td><td>3</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Stock-based remuneration linked to medium- to long-term share performances</td><td>Share Price/ Growth rate in shares (medium to long term)</td><td>• The Board of Directors determines the number of shares allocated to each person.
• 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 and 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).
• 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.</td><td>4</td><td>–</td><td>–</td><td>–</td></tr>
</table>

(Note) 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.

(Figures rounded down to nearest million yen)

	Item type	Item details	Total remuneration (Note 2) (Fiscal Year Ended March 2021)
1	Director remuneration (Note 1)	Base salary, annual deferral for retirement remuneration, and Individual performance bonuses totaling up to ¥1.5 billion annually (for Outside Directors, base salary totaling up to ¥180 million yen)	¥1.106 billion (of which, ¥149 million for Outside 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)	¥0 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 three fiscal years (annual amount)	¥0 million
4		Stock-based remuneration linked to medium- to long-term share performances up to ¥600 million annually (up to 400,000 shares annually)	¥308 million (268,100 shares)
5	Audit & Supervisory Board Member remuneration (Note 1)	Base salary for Audit & Supervisory Board Members totaling up to ¥250 million annually	¥238 million (of which, ¥63 million for Outside Audit & Supervisory Board Members)
		Total	¥1.653 billion

(Note 1) Approved at the Ordinary General Meeting of Shareholders for the fiscal year ended March 2019. The number of directors to whom the above amounts of director remuneration (excluding stock-based remuneration linked to medium- to long-term share performance) applied was 13 (including 5 Outside Directors); the number of directors to whom the above amount of stock-based remuneration linked to medium- to long-term share performance applied was 7; and the number of Audit & Supervisory Board Members to whom the above amount of Audit & Supervisory Board Member remuneration applied was 5 (including 3 outside members).
(Note 2) Please see page 74 for details on remuneration of Directors and Audit & Supervisory Board Members.

■ Calculation Method for Performance-Linked Remuneration (Fiscal Year Ended March 2021)

1. 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	(FY2020 consolidated net income - ¥440 billion) × 0.025% + 0.35 (¥100 million)
Executive Vice President	(FY2020 consolidated net income - ¥440 billion) × 0.0075% + 0.105 (¥100 million)

* The payment amount is zero if consolidated net income is lower than the consolidated capital cost. Consolidated capital cost for the fiscal year ended March 31, 2021 is ¥410 billion.

Maximum Payment and Total for Each Position

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

2. Performance-linked bonus (medium to long term)

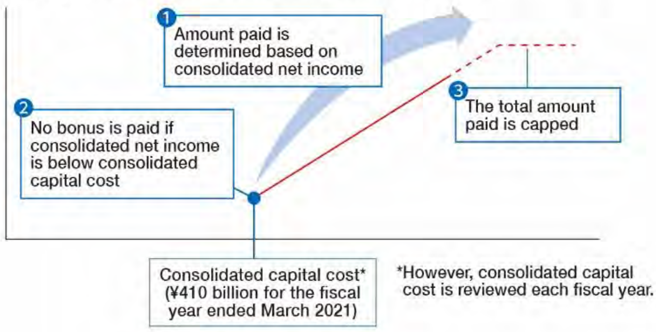
(1) Upper limit on total payment

Same as performance-linked bonus (short term)

(2) Individual payments

President and CEO	(Average consolidated net income for the three fiscal years ending March 31, 2021, March 31, 2022, and March 31, 2023 - ¥440 billion) × 0.025% + 0.35 (¥100 million)
Executive Vice President	(Average consolidated net income for the three fiscal years ending March 31, 2021, March 31, 2022, and March 31, 2023 - ¥440 billion) × 0.0075% + 0.105 (¥100 million)

* 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 ending March 31, 2021, March 31, 2022, and March 31, 2023.



3. Stock-based remuneration linked to medium- to long-term share performance

(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*).

*Market conditions

Number of stock options that can be exercised by each position

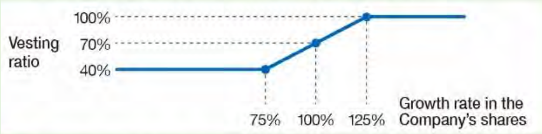
Number of stock options initially allocated for each position (based on positions as of April 1, 2020) × vesting ratio

Stock options initially allocated by position

President and CEO	127,700 shares (1,277 options)
Executive Vice President	35,100 shares (351 options)

Vesting ratio

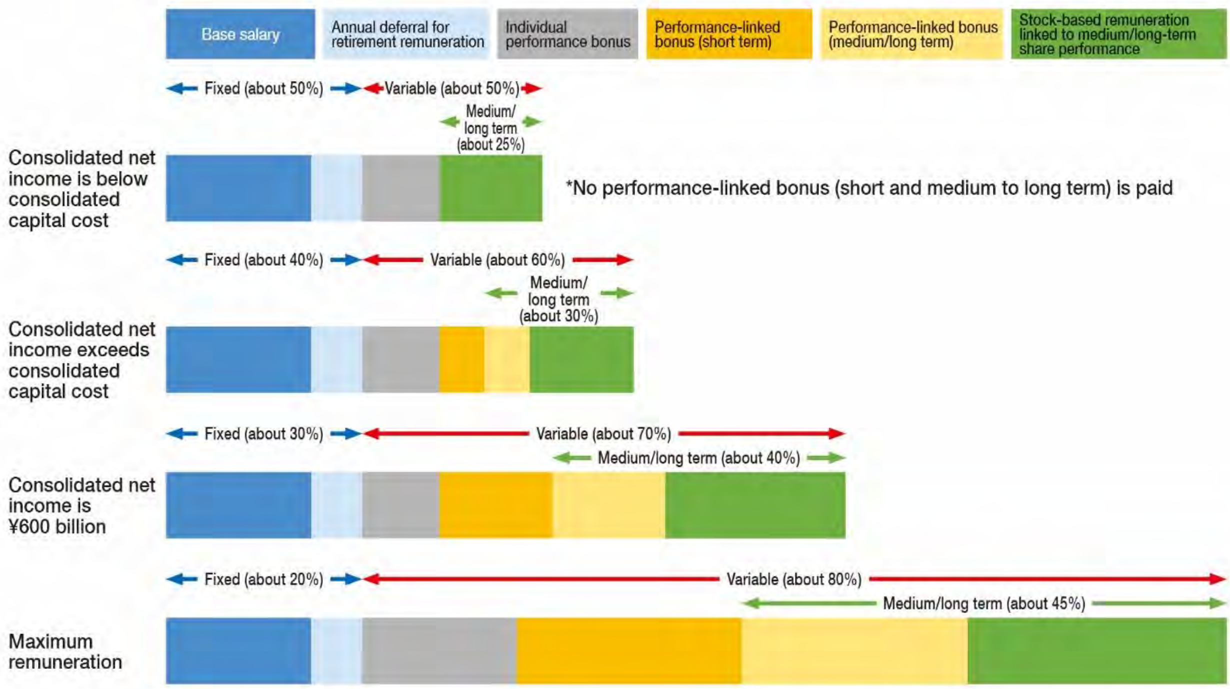
The vesting ratio varies, as shown below, depending on the growth rate in the Company's shares over the three-year period from the allocation date.



Growth rate in the Company's shares

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

■ Remuneration Payment Mix (Conceptual Image)



The above diagram shows a remuneration mix calculated based on certain values for consolidated earnings and the share price for illustrative purposes only. The actual mix will vary depending on changes in the Company's consolidated performance, stock market conditions and other factors.

■ Governance of Remuneration

The Governance, Nomination and 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 performance are determined, while reflecting key performance indicators (KPIs), based on a formula set by the Board of Directors following deliberation by the Governance, Nomination and Compensation Committee.

The payment amounts of individual performance bonuses paid to Directors based on their individual performance assessment, including qualitative assessment, are determined and paid on an individual basis, reflecting the President's yearly performance assessment of each Director for the relevant fiscal year (the Board of Directors delegates authority to the President for deciding the individual payment amounts). Performance evaluations of Executive Directors comprehensively take into account their contributions to the organizations and businesses they oversee; their contributions to management of the entire Company, Corporate Staff Section, Business Groups and offices; the achievement of triple-value growth; and the state of sustainability initiatives from an ESG perspective.

The annual assessment on the President's performance is decided by the President's Performance Evaluation Committee, which is delegated this authority by the Board of Directors (and is a subcommittee of the Governance, Nomination and Compensation Committee). The subcommittee is comprised of the Chairman of the Board, who also serves as the chair of the Governance, Nomination and Compensation Committee, and Outside Directors sitting on the committee (see page 26). Results of the performance assessment are reported to the Board of Directors and the Governance, Nomination and Compensation Committee to ensure objectivity, fairness and transparency.

Based on the policy for determining remuneration packages (including methods for calculating performance-linked bonuses) 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 and 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 and Compensation Committee deliberates and evaluates the fairness of remuneration levels and composition based on compensation data provided by an external consulting firm (Willis Towers Watson). Total and individual amounts of remuneration paid to Audit & Supervisory Board Members are determined following deliberations by the Audit & Supervisory Board within the scope of remuneration for Audit & Supervisory Board Members approved at the Ordinary General Meeting of Shareholders held on June 21, 2019.

Please see our 2020 Annual Report for further details.

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 based on 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 based on 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 2021, shareholdings were reduced by close to 20% compared to the previous fiscal year as a result of selling shares with a market value of approximately 0.1 trillion yen.

(TRANSLATION)

Fiscal 2020 Business Report (From April 1, 2020 to March 31, 20221)

Review of Operations

● Summary of Operating Results for the MC Group

[Business Lines]

Our businesses range from the upstream businesses of developing natural resources through manufacturing and marketing a variety of products to the downstream businesses of providing products and services to consumers in the fields of Living, Mobility & Infrastructure, and Energy & Power Generation through our domestic and overseas network. Furthermore, we are also engaged in diversified businesses such as creating new business models and new technologies using our collective capabilities to adopt a holistic view across numerous industries including financial and logistics businesses.

[Consolidated Results]

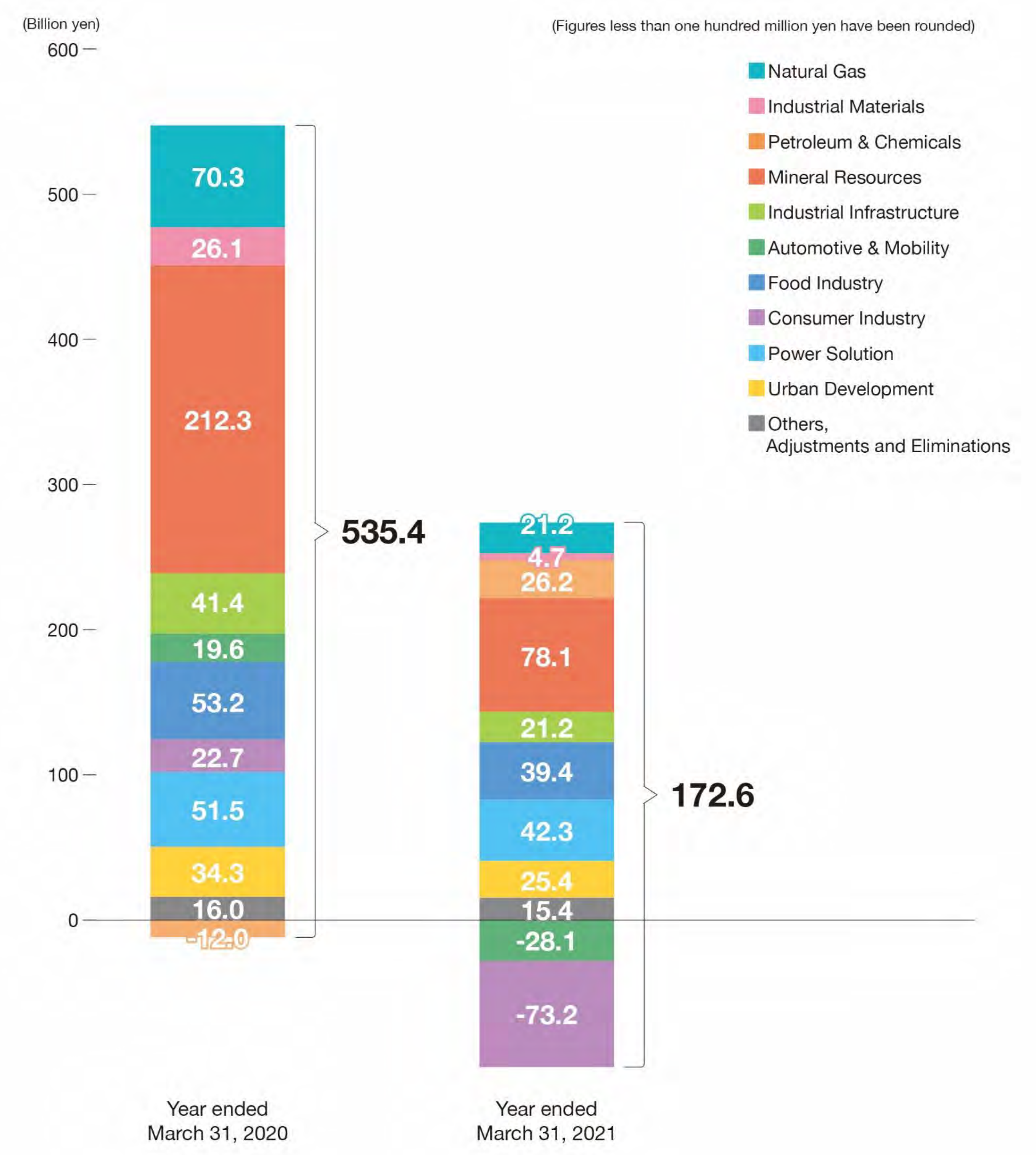
1. Summary of the Year Ended March 2021 Results

In the fiscal year ended March 31, 2021, revenues were 12,884.5 billion yen, a decrease of 1,895.2 billion yen, or 13% year over year. This decrease was mainly due to a decline in transaction volumes in the petroleum business.
Gross profit was 1,605.1 billion yen, a decrease of 184.0 billion yen, or 10% year over year. This was mainly due to decreased market prices in the Australian metallurgical coal business and a decrease in commissions from franchise stores in the convenience store business.
Selling, general and administrative expenses were 1,397.7 billion yen, a decrease of 33.5 billion yen, or 2% year over year. This decrease was mainly due to reductions in business activities due to the impact of COVID-19.
Gains on investments decreased 4.8 billion yen, or 7% year over year, to 62.1 billion yen. This decrease was mainly due to rebound from gains on sales of shares of affiliates in the food industry business and valuation gains at such affiliates recorded in the previous year.
Impairment losses on property, plant and equipment and others amounted to 204 billion yen, a deterioration of 171.1 billion yen, or 520% year over year, mainly due to impairment losses on goodwill and intangible assets at Lawson, Inc.
Other income (expense)-net improved 43.6 billion yen, year over year, from an expense to income of 18.0 billion yen, mainly due to fluctuations of foreign currency exchange.
Finance income was 117.8 billion yen, a decrease of 55.5 billion yen, or 32% year over year, due to decreased dividend income from resource-related investments and decreased interest income amid lower US$ interest rates.
Finance costs decreased 23.7 billion yen, or 34% year over year, to 46.3 billion yen, mainly due to lower US$ interest rates.
Share of profit of investments accounted for using the equity method decreased 82.2 billion yen, or 46% year over year, to 97.1 billion yen. This decrease was mainly due to impairment losses and decreased earnings at Mitsubishi Motors Corporation.
As a result, profit before tax decreased 395.4 billion yen, or 61% year over year, to 253.5 billion yen.
Accordingly, profit for the year declined 362.8 billion yen, or 68% year over year, to 172.6 billion yen.

(Notes)
1. This Business Report for the fiscal year ended March 31, 2021 is prepared based on International Financial Reporting Standards (IFRS).
2. "Profit" (consolidated) in this Business Report represents net income attributable to owners of MC, excluding non-controlling interests.

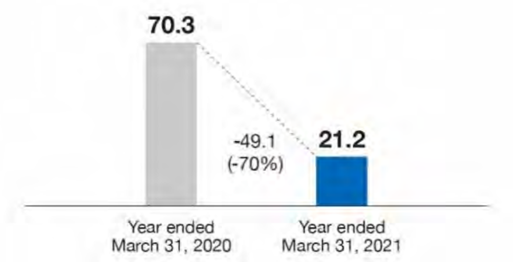
2. Segment Information

■ Consolidated Net Income(Net Loss)by Segment



Natural Gas Group
The Natural Gas Group engages in the natural gas/oil exploration, production and development business and the liquefied natural gas (LNG) business in North America, Southeast Asia, Australia, Russia, and other regions.

■ **Consolidated Net Income** (Billion yen)

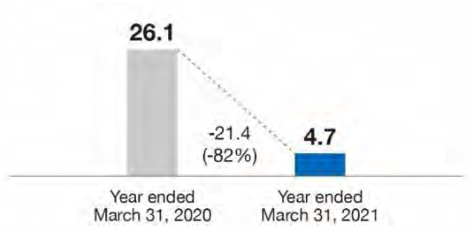


【Main Factors】
＜Negative＞
・Decrease in dividend income and equity earnings in the LNG-related business

【TOPICS】**Commercial Operations Commence at Cameron LNG**
MC participates in the Cameron LNG Project in the United States with a number of partner companies. In August 2020, commercial production of liquefied natural gas (LNG) officially commenced from the third and final liquefaction train of the Cameron LNG Project, boosting the project's output to 12 million tons per year. In addition to its involvement in the management of Cameron LNG, LLC, MC supplies the feed gas for the approximately four million tons of its annual production to which it owns the rights and sells the resulting LNG. Through this project, Mitsubishi Corporation will help ensure the long-term supply stability of environmentally friendly LNG in Japan and around the world.

Industrial Materials Group
The Industrial Materials Group engages in sales and trading, business development, and investing related to a wide range of materials, including carbon, steel products, and performance materials, serving industries including automobiles and mobility, construction, and infrastructure.

■ **Consolidated Net Income** (Billion yen)

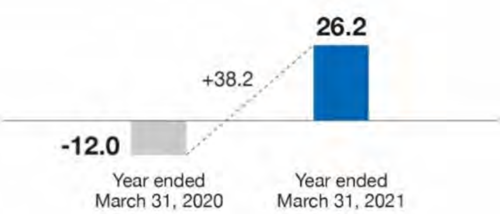


【Main Factors】
＜Negative＞
・Decrease in equity earnings in the Steel business
・Decrease in business profit in the Carbon business

【TOPICS】**Silica Sand Mining Business in Australia**
Wholly owned by MC, Cape Flattery Silica Mines (CFSM) is based in Australia and operates one of the world's largest silica sand mines. CFSM mines and refines high quality silica sand used as a raw material in such products as glass for solar panels. Leveraging its proprietary distribution and sales networks, MC is also involved in the transport and sale of silica sand from CFSM, building an integrated supply chain. CFSM ships about 3 million tons of silica sand annually to countries throughout Asia, including Japan. Going forward, CFSM will continue working to provide a stable supply of silica sand, for which firm demand growth is expected, while striving to preserve the natural environment and co-exist in harmony with the local community.

Petroleum & Chemicals Group
The Petroleum & Chemicals Group engages in sales and trading, business development, and investing related to a wide range of oil- and chemical-related fields, such as crude oil and oil products, LPG, ethylene, methanol, salt, ammonia, plastics, and fertilizers.

■ **Consolidated Net Income (Net Loss)** (Billion yen)



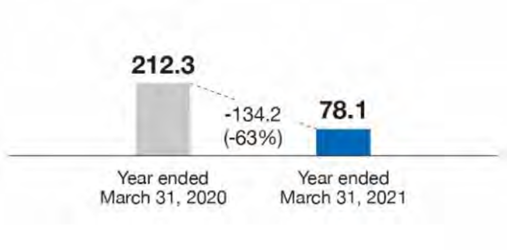
【Main Factors】
＜Positive＞
・Rebound from losses related to crude oil trading derivatives at the Singapore petroleum subsidiary of ¥34.3 billion recorded as "Cost of revenues" etc. in the previous year

【TOPICS】**Working toward Clean Fuel Ammonia Production**
In March 2021, MC reached an agreement with Japan Oil, Gas and Metals National Corporation; the Bandung Institute of Technology (a national university in the Republic of Indonesia); and PT Panca Amara Utama (based in Indonesia) to conduct a joint study on clean fuel ammonia production.
This study will utilize an existing ammonia plant to pursue the feasibility of producing clean fuel ammonia via the capture and storage of carbon dioxide generated during production. In this way, Mitsubishi Corporation will strive to contribute to the realization of a decarbonized society and a stable energy supply for Japan.

（Note） Effective April 1, 2021, the Group changed its name to " Petroleum & Chemicals Solution Group".

Mineral Resources Group
The Mineral Resources Group engages in "managing" business by investing in and developing mineral resources, such as metallurgical coal, copper, iron ore, and aluminum, while leveraging high-quality and functions in steel raw materials, and non-ferrous resources and products through a global network to reinforce supply systems.

■ **Consolidated Net Income** (Billion yen)

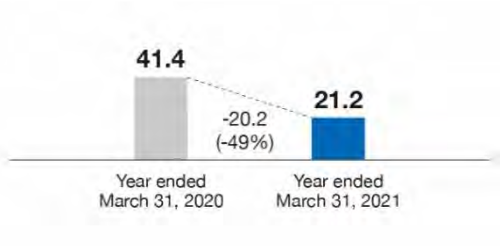


【Main Factors】
＜Negative＞
・Decrease in market prices in the Australian metallurgical coal business
・Rebound from one-off gains related to the reorganization of the Chilean copper business of ¥76.7 billion recorded as "Income taxes" in the previous year

【TOPICS】**Developing the Quellaveco Copper Mine in Peru**
Demand for cooper is expected to be steady going forward, reflecting economic growth in emerging countries and the spread of renewable energy and electric vehicles. The Mineral Resources Group regards copper as one of its core products and has invested in multiple copper mines boasting world-class resource volumes and quality. One of these is the Quellaveco copper mine, in which MC holds an 40% stake. MC is working with partner Anglo American plc to develop the site, which is one of the world's largest undeveloped copper deposits, with estimated first copper production in 2022. Going forward, Mitsubishi Corporation will continue to contribute to the stable supply of copper to support the growth of the global economy.

Industrial Infrastructure Group
The Industrial Infrastructure Group engages in businesses and related trading in the field of energy infrastructure, industrial plants, machinery tools, agricultural machinery, mining machinery, elevators, escalators, ships, and aerospace-related equipment.

■ **Consolidated Net Income** (Billion yen)



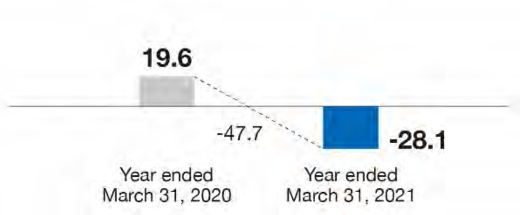
【Main Factors】
＜Negative＞
・Rebound of one-off gains in the previous year due to accounting recognition of Chiyoda Corporation becoming a subsidiary
・One-off losses in the Commercial vessels business
・Decrease in trading profit in the Rental business

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

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

Automotive & Mobility Group
The Automotive & Mobility Group is deeply involved in the entire automotive value chain, spanning car production to after-services, and especially in sales of and financing for passenger and commercial cars. The Group also engages in mobility related businesses which fulfills needs related to passenger and cargo transportation.

■ **Consolidated Net Income (Net Loss)** (Billion yen)



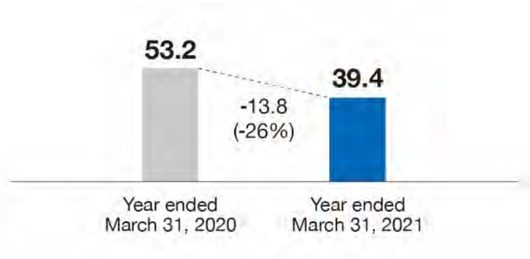
【Main Factors】
＜Negative＞
・Decrease in equity earnings in Mitsubishi Motors
・Impairment losses on property, plant and equipment in the overseas investee

【TOPICS】”**KnowRoute", AI-Controlled On-Demand Bus Service, Wins Nikkei Business Daily Award**
"KnowRoute", the artificial intelligence (AI)-controlled on-demand bus service operated by Next Mobility Co., Ltd., a joint venture between MC and Nishi-Nippon Railroad Co., Ltd., has won the Nikkei Business Daily Award in the 2020 Nikkei Superior Products and Services Awards. The award was given in recognition of the service's aim of addressing such social issues as depopulation and driver shortages. Following its Fukuoka launch in the fiscal year ended March 31, 2020, "KnowRoute" expanded service in the subsequent year to four other areas, including Nagano's Shiojiri City, where it is scheduled to commence accepting fares on a trial basis in the fiscal year ending March 31, 2022 in preparation for full-scale practical implementation.

Food Industry Group

The Food Industry Group engages in sales, trading, business development and other operations across a wide range of business areas related to food, including food resources, fresh foods, consumer goods, and food ingredients, spanning from raw ingredient production and procurement to product manufacturing.

■ **Consolidated Net Income** (Billion yen)



【Main Factors】

＜Negative＞

・Rebound from one-off gains in the Overseas food business in the previous year

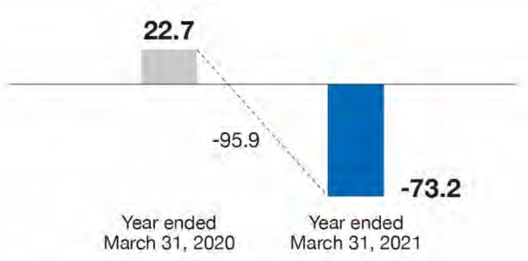
【TOPICS】**Initiatives at imperfect Inc.**

imperfect Inc., a wholly owned subsidiary of MC, aims to solve social issues related to food and agriculture around the world through its businesses. These include the sale of products made by combining materials produced through initiatives that provide significant social and environmental value.

In addition, imperfect devotes a portion of its revenues to activities conducted under the banner of "Do well by doing good," which allow consumers to take part in initiatives to support farmers and environmental conservation. Through these activities, imperfect seeks to contribute to the realization of a sustainable society.

Consumer Industry Group
The Consumer Industry Group engages in supplying products and services across a range of fields, including retail & distribution, logistics, healthcare, apparel, and tire etc.

■ **Consolidated Net Income (Net Loss)** (Billion yen)

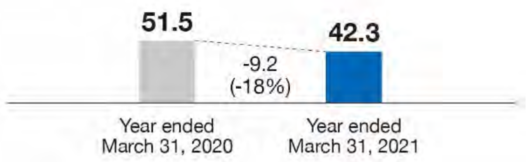


【Main Factors】
＜Negative＞
・Impairment losses on goodwill to Lawson and its intangible assets

【TOPICS】 **Establishing a New Digital Transformation Joint Venture with NTT**
MC and Nippon Telegraph and Telephone Corporation (NTT) have announced their decision to establish Industry One, Inc., a joint venture company that will provide digital transformation (DX) services.
Industry One will partner with Japanese industries and companies in implementing DX-related reforms to help realize growth by combining Mitsubishi Corporation's industry-wide expertise with NTT's information-and-communication technologies (ICT) to offer end-to-end solutions, from building DX foundations to creating new digital businesses. In its first major project, Industry One will provide an inventory-optimization solution to distribution centers operated by Mitsubishi Shokuhin Co., Ltd. to address such problems as food waste and labor shortages, and seeks to contribute to sustainable development in food distribution to achieve the UN's Sustainable Development Goals (SDGs).

Power Solution Group
The Power Solution Group engages in a wide range of business areas in power and water-related businesses which is the industrial base at home and abroad. Specifically, the Group engages in power generating and transmission businesses, power trading businesses, power retail businesses, battery service businesses such as lithium-ion battery-related businesses and distributed power supply businesses, and hydrogen business etc.

■ **Consolidated Net Income** (Billion yen)

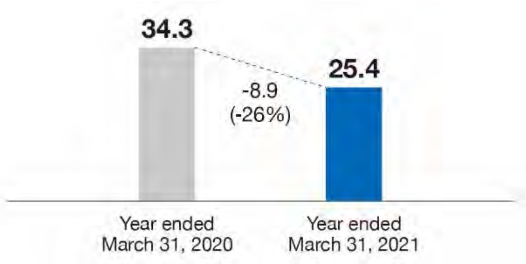


【Main Factors】
＜Negative＞
・Rebound from evaluation profit due to the Eneco Group becoming a subsidiary in the previous year

【TOPICS】**Eneco to Supply Amazon with Power from 100% Renewable Energy Sources**
MC (with an 80% share) jointly acquired Eneco, a Dutch company engaged in comprehensive energy business, with Chubu Electric Power Co., Ltd. in March 2020. Eneco has now formed an agreement with Amazon to supply Amazon's data centers and other facilities in Europe with power from 100% renewable energy sources. The renewable energy will be generated by Hollandse Kust Noord, an offshore wind farm off the Dutch coast that is scheduled to become operational in 2023. Going forward, Eneco will continue to provide a stable supply of green energy from renewable sources to homes and businesses, aiming to contribute to the creation of a low-carbon, and eventually decarbonized society.

Urban Development Group
The Urban Development Group engages in development, operation and management businesses in a number of areas, such as urban development and real estate, corporate investing, leasing, and infrastructure.

■ **Consolidated Net Income** (Billion yen)



【Main Factors】
＜Negative＞
・Impairment losses etc. and decrease of equity earnings in the Aircraft leasing business
・Decrease of equity earnings in the Airport-related business

【TOPICS】
Smart, Sustainable, Transit-Oriented Developments in BSD City, Greater Jakarta, Indonesia
In September 2020, MC formed the partnership with leading Indonesian property developer Sinarmas Land Ltd. to advance large-scale urban development project in BSD City. Over 100 hectares of greenfield land will be transformed into Indonesia's first TODs, comprising residential units, commercial properties, living amenities and public transport nodes. This project also tries to alleviate traffic congestion, a social issue in the country, by adopting digital technologies, and seeks to contribute to solve social and/or environmental issues

[Consolidated Financial Position]

1. Changes in Assets, Liabilities and Equity

Total assets as of March 31, 2021 were 18,635 billion yen, an increase of 601.6 billion yen, or 3%, from March 31, 2020.

Current assets were 7,102.9 billion yen, an increase of 165.5 billion yen, or 2%, from March 31, 2020. This increase was mainly due to higher selling prices in the petrochemicals business and mineral resources trading business, as well as an increase in trade and other receivables due to higher transaction volumes.

Non-current assets were 11,532.1 billion yen, an increase of 436.1 billion yen, or 4%, from March 31, 2020. This increase was mainly due to an increase in property, plant and equipment in the Australian metallurgical coal business, owing to an impact from foreign currency translation amid appreciation of the Australian dollar.

Total liabilities were 12,096.6 billion yen, an increase of 280.1 billion yen, or 2%, from March 31, 2020.

Current liabilities were 5,370.2 billion yen, largely unchanged from March 31, 2020. This reflected higher selling prices in the petrochemicals business and mineral resources trading business, as well as an increase in trade and other receivables due to higher transaction volumes, which were offset by declines in corporate bonds and borrowings following repayment.

Non-current liabilities were 6,726.4 billion yen, an increase of 256.1 billion yen, or 4%, from March 31, 2020. This increase was mainly attributable to an increase in corporate bonds and borrowings in accordance with new fund procurement.

Total equity was 6,538.4 billion yen, an increase of 321.5 billion yen, or 5%, from March 31, 2020.

Equity attributable to owners of the Parent was 5,613.6 billion yen, an increase of 386.2 billion yen, or 7%, from March 31, 2020. This increase was mainly due to an increase in exchange differences on translating foreign operations caused by the appreciation of the Australian dollar and an increase in retained earnings from the accumulation of consolidated profit, despite a decrease in retained earnings for the payment of dividends.

Non-controlling interests amounted to 924.7 billion yen, a decrease of 64.8 billion yen, or 7%, from March 31, 2020.

Net interest-bearing liabilities (excluding lease liabilities), which are gross interest-bearing liabilities minus cash, cash equivalents and time deposits, were 4,178.4 billion yen, a decrease of 157.9 billion yen, or 4%, from March 31, 2020.

2. Cash Flows

Cash and cash equivalents as of March 31, 2021 were 1,317.8 billion yen, down 5 billion yen from March 31, 2020.

Operating activities

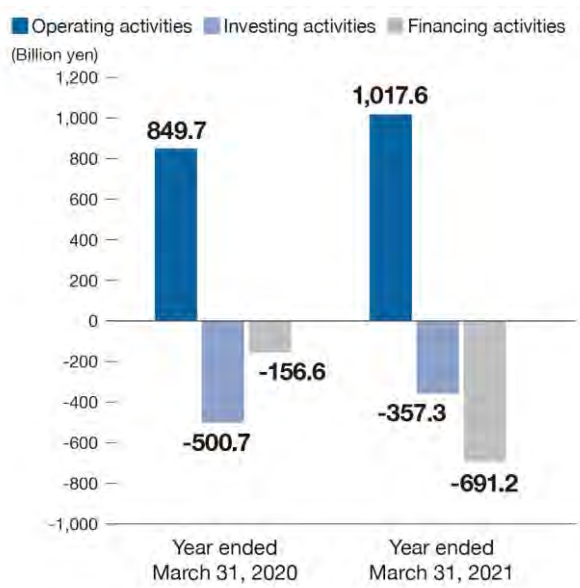
Net cash provided by operating activities was 1,017.6 billion yen, mainly due to cash flows from operating transactions and dividend income, as well as a lighter burden on working capital in conjunction with fewer transactions due to the impact of COVID-19. The main uses of cash were corporate income tax and interest payments.

Investing activities

Net cash used in investing activities was 357.3 billion yen. Despite cash provided by the divesture of other investments and investments in affiliates, the net use of cash reflected capital investments as well as loans and investments in affiliates.

Financing activities

Net cash used in financing activities was 691.2 billion yen, primarily for the repayment of lease liabilities, dividend payments, and repayment of short-term debt.



Mitsubishi Corporation has adopted a progressive dividend policy thā sustainable profit growth. The purchase of treasury stock was undertal consideration factors such as cash flows and appropriate levels of capital during the Midterm Corporate Strategy 2018 period. Mitsubishi Corporation plans to keep debt financing at an appropriate level based on liquidity and financial soundness.

[Capital Expenditures]
There were no significant capital expenditures in the fiscal year ended March 31, 2021.

[Issuance of Corporate Bonds]
The MC Group flexibly issues bonds as its primary means of procuring funds.
During the fiscal year ended March 31, 2021, Mitsubishi Corporation Finance PLC, a wholly owned subsidiary of MC based in the U.K., issued U.S. dollar-denominated bonds totaling 50 million dollars (approximately 5.4 billion yen) as part of the Euro Medium Term Note Programme.

[Important Business Combinations]
There were no significant Business Combinations in the fiscal year ended March 31, 2021.

● Operating Results and Financial Position

The MC Group Consolidated Operating Results and Financial Position (Note1)

(Million yen)

	Item＼Fiscal Year Ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Consolidated	Revenues (Note 2)	7,567,394	16,103,763	14,779,734	12,884,521
	Profit attributable to owners of Mitsubishi Corporation	560,173	590,737	535,353	172,550
	Equity attributable to owners of Mitsubishi Corporation	5,332,427	5,696,246	5,227,359	5,613,647
	Total Assets	16,036,989	16,532,800	18,033,424 (Note 3)	18,634,971
	Basic Profit attributable to owners of Mitsubishi Corporation per share (yen)	¥353.27	¥372.39	¥348.50	¥116.86
	R O E	10.9%	10.7%	9.8%	3.2%

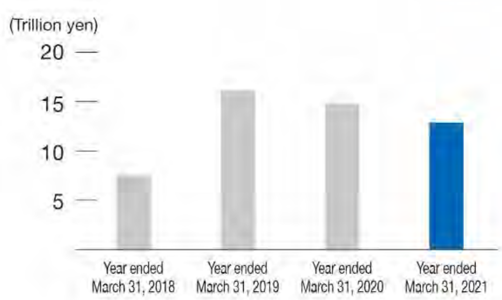
(Figures less than one million yen are rounded to the nearest million)

(Notes)

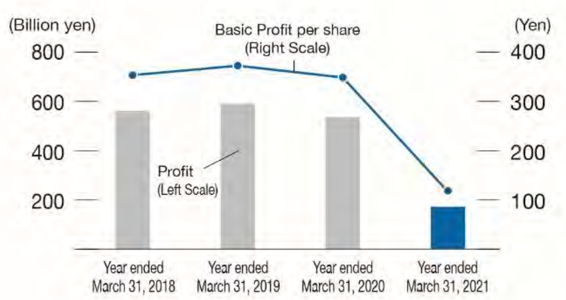
1. Figures in the above table are derived from financial information included in the consolidated financial statements based on IFRS in accordance with Article 120, Paragraph 1 of the Ordinance on Company Accounting of Japan.
2. Effective from the fiscal year ended March 31, 2019, Mitsubishi Corporation has recognized revenues based on IFRS 15.
3. Retroactively reflects revisions associated with confirmation of preliminary amounts related to corporate integration.

The MC Group (Consolidated)

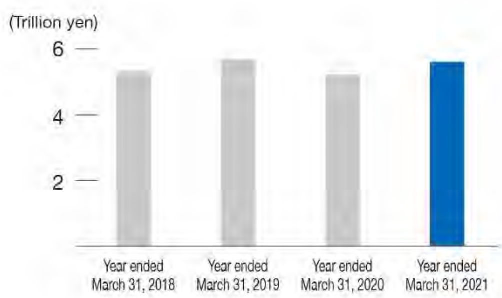
《Revenues》



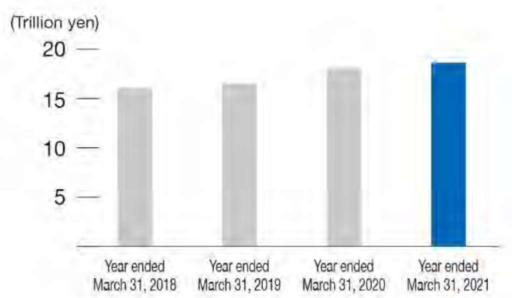
《Profit attributable to owners of Mitsubishi Corporation and Basic Profit attributable to owners of Mitsubishi Corporation per share》



《Equity attributable to owners of the Parent》



《Total Assets》



Mitsubishi Corporation Non-Consolidated Operating Results and Financial Position

(Million yen)

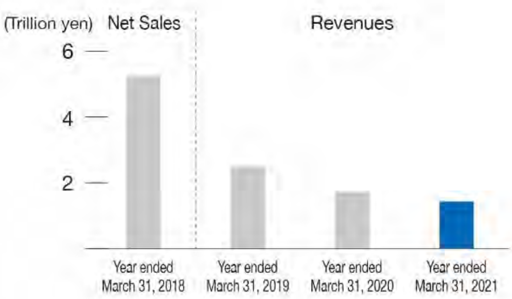
	Item＼Fiscal Year Ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Non-consolidated	Net Sales (Note 1)	5,233,193	—	—	—
	Revenues (Note 1)	—	2,497,837	1,737,893	1,437,004
	Profit	364,143	396,117	364,663	393,351
	Total Equity (Note 2)	2,688,097	2,828,602	2,566,871	2,795,529
	Total Assets (Note 2)	7,383,315	7,429,597	7,521,438	7,688,009
	Basic Profit per share (yen)	¥229.64	¥249.70	¥237.36	¥266.37
	Dividend per share (yen) (Note 3)	¥110	¥125	¥132	¥134 (Including interim ¥67)

(Figures less than one million yen are rounded down)

(Note)
1. Upon the early adoption of "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan No. 29) from the fiscal year ended March 31, 2019, the "Net sales" line item has been changed to "Revenues" in the Non-consolidated Statement of Operations. In "Net Sales," consideration for all transactions is presented as the gross amount. In contrast, in "Revenues," the net amount of consideration, or the commission or fee amount, is presented for transactions conducted as an agent.
2. The Parent has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28) and "Implementation Guidance on Tax Effect Accounting" (Accounting Standards Board of Japan Guidance No. 28) from the fiscal year ended March 31, 2019. Accordingly, the amounts for the fiscal year ended March 31, 2018 have been retrospectively adjusted to reflect this accounting standard and implementation guidance.
3. The year-end dividend applicable to the fiscal year ended March 31, 2021 is proposed at 67 yen per share and approval will be sought at the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2021.

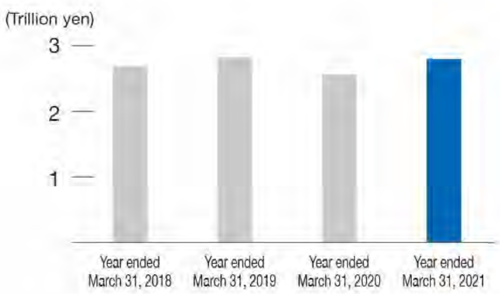
Mitsubishi Corporation (Non-consolidated)

《Net Sales》

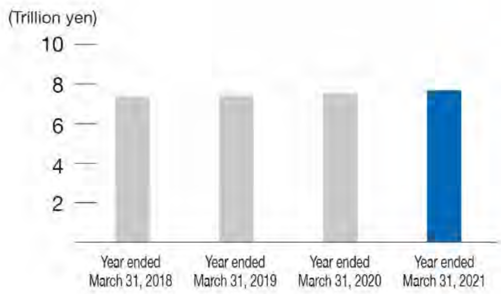


《Profit and Basic Profit per share》

《Total Equity》



《Total Assets》



● Key Themes for the MC Group

"Midterm Corporate Strategy 2021" —Achieving Growth Through Business Management Model—

In November 2018, MC formulated its Midterm Corporate Strategy 2021, laying out a new management direction for the three years commencing the fiscal year ended March 31, 2020.
MC will realize triple-value growth* through its business management model, underpinned by the four pillars of the Midterm Strategy; (1) Business Portfolio, (2) Growth Mechanisms, (3) HR System Reforms and (4) Financial Targets & Capital Policy.

* Simultaneously generating economic value, societal value, and environmental value

[Progress Report on "Midterm Corporate Strategy 2021"]

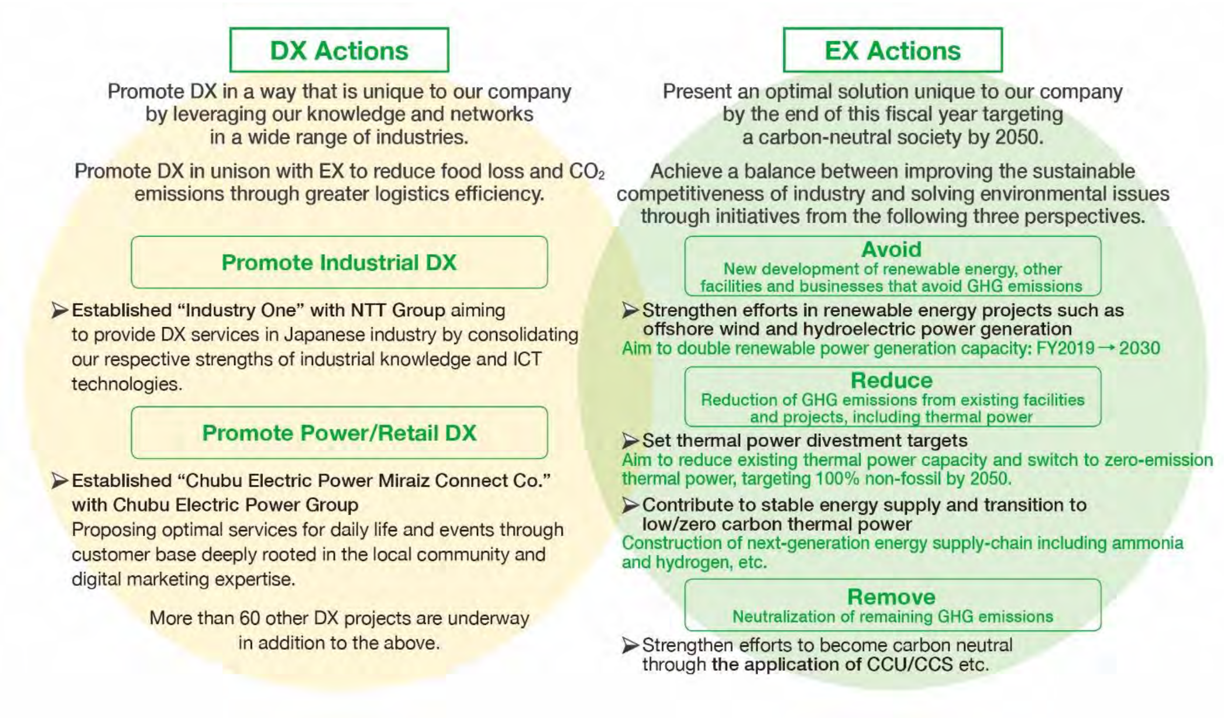
In FY2020, while the affects of the COVID-19 were significant, progress was made on the key issues of Digital Transformation (DX) and Energy Transformation (EX) in tandem as the shift toward digitalization and a low/zero carbon society accelerated.

1	Business Portfolio	• **DX/EX Progress in "Energy & Power" segment and "downstream" areas** — European integrated energy company, Eneco was awarded the tender for a large-scale offshore wind farm in the Netherlands. — Participated in BSD District smart city development, located in suburban Jakarta, Indonesia, and formed a partnership to start evaluation of urban city management. • **Activities in "upstream" areas related to electrification progress** — Development of the Quellaveco copper project in Peru is on-track to start production in 2022. — Acquisition of the Australian Aurukun bauxite tenement, a raw material source for lightweight, highly recyclable aluminum.
2	Growth Mechanisms	• **Progress in DX/EX initiatives to address the key issues of the future** — Established "Industry One", a DX service company, with the NTT Group to deliver DX solutions for industry. — Established new JV company with Chubu Electric Power Group, that will provide customer oriented services as Power and Retail DX initiatives. — Aim to double renewable power generation capacity by FY2030 relative to FY2019 and achieve 100% non-fossil fuel generation by 2050. • **Progress in asset replacement under the Value-Added Cyclical Growth Model** — Implemented replacements of power generation and real estate development assets. — Evaluate company-wide list of loss-making businesses and strengthen turnaround and replacement policies.
3	HR System Reforms	• **The right people at the right jobs; assignment of management personnel well aligned with their expertise.** • **HR development for management personnel through reinforced talent management.**
4	Financial Targets & Capital Policy	• **FY2020 results 172.6 billion yen, FY2021 forecast 380 billion yen** • **Continued to pay Progressive Dividends under a capital policy based on financial discipline, despite incurring significant impairments.** — Dividends: FY2020 = 134 yen, FY2021 forecast = 134 yen

Changes in the External Environment

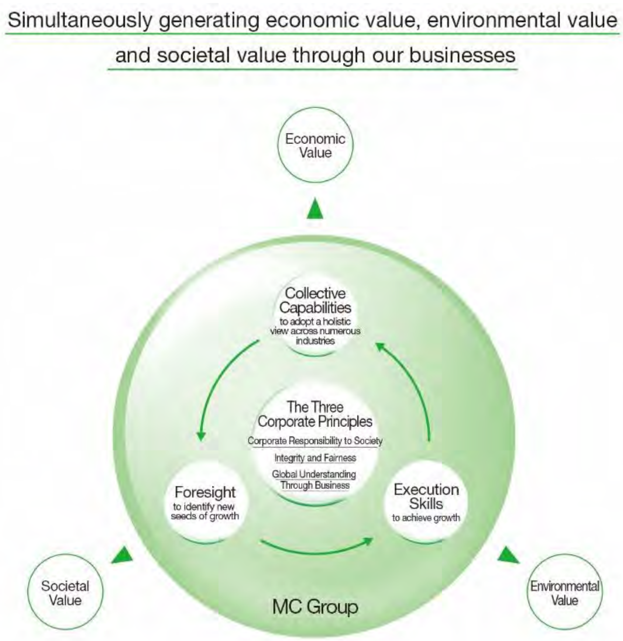
- Vaccination against COVID-19 has started in earnest worldwide, and the economic environment is on-track for a gradual recovery. COVID-19 has changed the lifestyles of many and, as a result, digitalization has progressed further.
- Governments throughout the world have declared net-zero GHG emissions and the shift toward low/zero carbon society has accelerated.
- Geopolitical uncertainty centered on the hegemonic confrontation between the U.S. and China has increased.

[Actions to tackle "Key Issues for the future"]



[The MC Group Corporate Vision]
The MC Group Will Deliver Sustainable Growth by Fulfilling Societal Needs

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



● Efforts toward Achieving Sustainable Growth

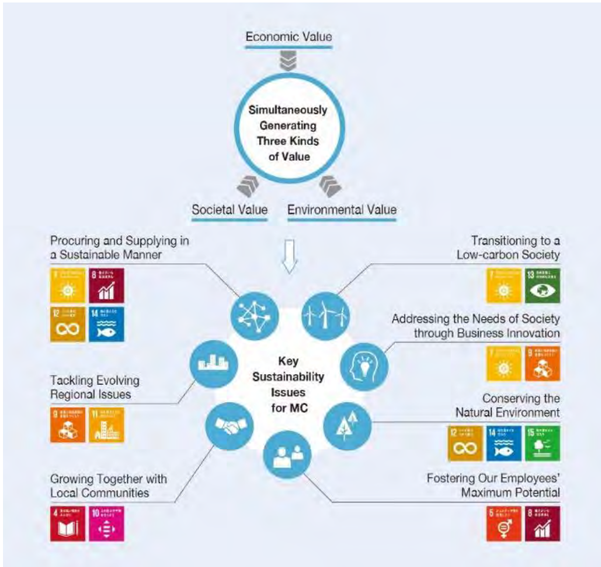
MC regards the Three Corporate Principles—its core philosophy since the company's inception—as the cornerstone of all of its activities. With this in mind, MC has laid out the purpose and ideals of its activities in the Corporate Standards of Conduct and declared its commitment to consideration for the global environment and respect for human rights in the Social Charter and Environmental Charter. These concepts guide MC as it pushes ahead with its business activities.

Midterm Corporate Strategy 2021 also re-emphasizes the need to simultaneously generate economic value, societal value and environmental value to achieve growth for the MC Group through its business management model. Specifically, MC will strive to create businesses that generate value for society by addressing the Key Sustainability Issues through its business activities, thereby ensuring sustainable financial and overall growth for MC.

Key Sustainability Issues (Materiality)

MC recognizes that its response to global sustainability issues will have a significant impact on its prospects for long-term growth. MC has identified a number of Key Sustainability Issues as management issues that must be addressed to achieve sustainable growth, based on the simultaneous generation of the three types of value referred to above. The MC Group is committed to working as one to pursue sustainable growth by ambitiously working to address these issues. As part of this, MC will also endeavor to contribute to the achievement of the SDGs*

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



Past Initiatives to Address the Key Sustainability Issues

▼ 1st Period: 2016 onward

Identification of Management Issues

Deliberation by the Board of Directors

MC identified the Key Sustainability Issues and positioned them as management issues.

▼ 2nd Period: 2017 to 2018

Incorporation into Business Strategy

Holding of Sustainability Dialogues and meetings of the Sustainability & CSR Committee

MC held dialogues and exchanged ideas on how each Business Group can tackle the Key Sustainability Issues.

▼ 3rd Period: 2019 onward

Strengthening of Initiatives Through Goal Setting

Setting goals for 2030

MC further strengthened its initiatives by setting goals rooted in the business of each Business Group and by continually monitoring and reviewing these goals.

- Since 2016, we have been strengthening our initiatives, and in 2019, we set goals around the Key Sustainability Issues.
- While monitoring the status of our initiatives in relation to these goals, we will further ensure the realization of triple-value growth.

For details on goal setting, please refer to Mitsubishi Corporation's sustainability website.

Transitioning to a Low-Carbon Society: Addressing Climate Change
MC has identified "Transitioning to a Low-Carbon Society" as a key issue for management to address and respond to as MC strives to achieve sustainable growth. MC aims to fulfill its mandate to meet demand for energy while at the same time helping to achieve international objectives such as the SDGs and the 2°C target laid out in the Paris Agreement. To realize that aim, MC works in collaboration with a wide range of stakeholders including the MC Group companies, governments, other businesses and industry associations.

Capturing Business Opportunities and Mitigating Risks related to Climate Change
Environmental changes associated with climate change may have a significant impact on MC's businesses over the medium to long term. MC has adopted a flexible portfolio capable of adapting to future changes in its operating environment and believes it is vital to capture business opportunities associated with climate change and take appropriate action to mitigate risks. From this standpoint, MC conducts analyses of the impacts of climate-related risks and opportunities on MC's businesses, strategy, and financial planning (transition risk/opportunity analyses* and physical risk analyses). MC discloses to stakeholders its response to climate change, including the results of scenario analyses, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).**

* MC conducts analyses based on 2ºC scenario, in line with the Paris Agreement. MC also recognizes the importance of analyses based on 1.5ºC scenario in which greater progress is made toward decarbonization.
** Task Force on Climate-Related Financial Disclosures. This task force established by the Financial Stability Board (FSB) proposes items that companies should disclose to markets. The General Manager of MC's Corporate Sustainability & CSR Department is a member of this task force.

Mitsubishi Corporation's Main Risks and Opportunities Associated with Climate Change

Mitsubishi Corporation's Recognition of Main Climate-related Opportunities and Risks in Associated Businesses

Transition Risks and Opportunities

Regulations	• Low-carbon and carbon-free products / proliferation of service-related subsidies • Growing operational and systems-related costs due to carbon pricing mechanisms (carbon taxes, etc.) and increasing regulations
Technologies	• More new business opportunities due to the development and proliferation of renewable energy sources, electric vehicles and other new technologies or alternative products • Obsolescence of products and services that rely on older technologies
Market	• Shifting demand from fossil-fuel products and services to low-carbon products and services

Physical Risks

Increase in Unusual Weather Patterns	• Risks of water shortages, floods and other resulting phenomena having an adverse impact on business operations
Climate Change	• Risk of rising temperatures, etc. having an adverse impact on agricultural and marine products

* The impacts of the above risks and opportunities will depend on both the relevant regions and products.
* With respect to physical risks, it is important to consider environmental changes (both actual and potential) on a region-by-region or product-by-product bases. Accordingly, Mitsubishi Corporation's responses to phenomena such as floods and water shortages are tailored to the on-the-ground characteristics and needs of each of its businesses.

For details on scenario analyses, please refer to Mitsubishi Corporation's sustainability website.

Case Study of Capturing Business Opportunities related to Climate Change

Making Concrete Green with CO2-SUICOM
Initiatives in carbon capture and storage (CCS) and carbon capture and utilization (CCU) offer great promise in helping meet the goals of the Paris Agreement. Cooperation between industries that emit CO2 and those that utilize CO2 as a resource represents a vital business field for such initiatives and a business opportunity in which MC, with its businesses in wide-ranging industries, can leverage its strengths.
CO2-SUICOM is the world's first commercialized technology for manufacturing carbon negative concrete blocks.* MC is primarily responsible for overseas commercialization. Furthermore, through a New Energy and Industrial Technology Development Organization (NEDO) grant project, Kajima Corporation, The Chugoku Electric Power Co., Inc. and MC are advancing research and development of new ways to utilize CO2 in concrete by applying the technologies of CO2-SUICOM to products other than concrete blocks, such as ready-mixed concrete and reinforced concrete.
* Developed by Kajima Corporation, The Chugoku Electric Power Co., Inc., Denka Corporation and Landes Corporation.

Governance/Risk Management
MC's basic policy on sustainability, including climate change, and important matters thereof are deliberated and decided upon by its Executive Committee, the MC's officer-level decision-making body. As stipulated in the regulations governing MC's Board of Directors, the Executive Committee reports its findings regularly (at least once a year) to the Board to ensure appropriate supervision by the Board.
Before the Executive Committee deliberates on basic policy and important matters pertaining to sustainability, actions are taken by MC's Sustainability Advisory Committee and Sustainability & CSR Committee. The former fields opinions and advice from outside experts, and the latter (a subcommittee under the Executive Committee) meets twice a year to hold extensive hearings with all of the Business Group CEOs.

General Information about the MC Group (As of March 31, 2021)

● Office Network of the MC Group

Mitsubishi Corporation	Head Office	Mitsubishi Shoji Building: 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan (Registered headquarters) Marunouchi Park Building: 6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
	Domestic Office Network	9 offices, including Hokkaido (Sapporo), Tohoku (Sendai), Chubu (Nagoya), Kansai (Osaka), Chugoku (Hiroshima), Kyushu (Fukuoka) branches, etc.
	Overseas Office Network	51 offices, including Johannesburg Branch, Headquarters for the Middle East, Kuala Lumpur Branch, Singapore Branch, Manila Branch, etc.

Regional Subsidiaries	40 regional subsidiaries including: Mitsubishi Corporation (Americas), Mitsubishi International Corporation, Mitsubishi de Mexico S.A. de C.V., Mitsubishi Corporation do Brasil S.A., Mitsubishi Corporation International (Europe) Plc., Mitsubishi International GmbH, Mitsubishi Corporation India Private Ltd., Mitsubishi Company (Thailand), Ltd., Thai-MC Company Limited, PT. Mitsubishi Corporation Indonesia, Mitsubishi Corporation (Korea) Ltd., Mitsubishi Australia Limited, Mitsubishi Corporation China Co., Ltd., Mitsubishi Corporation (Shanghai) Ltd., Mitsubishi Corporation (Hong Kong) Ltd., Mitsubishi Corporation (Taiwan) Ltd., etc. (64 locations if it includes the branches and offices of those subsidiaries)

(Note) In addition to the above, the MC Group companies have annex and project offices, and factories and other bases in Japan and overseas. A summary of major Group companies is shown under "Status of Major Subsidiaries and Affiliated Companies."

■ Network
Head Office 1/Domestic 9/Overseas115(Offices51/Regional Subsidiaries40, Branches24)

● Number of Employees of the MC Group (Note1)

(Number of employees)

	Natural Gas Group	Industrial Materials Group	Petroleum & Chemicals Group	Mineral Resources Group	Industrial Infrastructure Group	Automotive & Mobility Group	Food Industry Group	Consumer Industry Group	Power Solution Group	Urban Development Group	Others	Total (YoY change)
The MC Group	759	10,474	4,386	816	8,955	6,581	23,561	18,796	4,451	651	3,567	82,997 (-3,101)
MC	293	274	460	166	320	303	372	357	256	316	1,382	4,499 (-130)

(Note 1) The number of employees does not include individuals seconded to other companies and includes individuals seconded from other companies.

●Status of Major Subsidiaries and Affiliated Companies

■Major consolidated subsidiaries and equity-method affiliates (Note1)

Name of Company	Capital stock (Amounts rounded to the nearest million yen or thousand foreign currency)	Voting rights percentage	Main business
Mitsubishi Corporation (Americas)	US$1,428,032	100	Operational support and management for North American companies subject to consolidation
Mitsubishi Corporation International (Europe) Plc.	£ 154,323	100	Trading
Mitsubishi Corporation (Shanghai) Ltd.	US$91,000	100	Trading
Mitsubishi Corporation Finance PLC	US$90,000	100	Financial investment company
Japan Australia LNG (MIMI) Pty. Ltd.	US$2,604,286	50	Development and sales of LNG
Metal One Corporation	¥100,000	60	Steel products operations
Mitsubishi Development Pty Ltd	AUS$450,586	100	Investment, production and sales of metallurgical coals and other metals resources
Chiyoda Corporation	¥15,014	33.57	Integrated engineering business
Tri. Petch Isuzu Sales Co., Ltd.	THB 3,000,000	88.73	Import/Distribution of automobiles
MITSUBISHI MOTORS CORPORATION	¥284,382	20.02	Manufacture and sales of motor vehicles and their parts
Mitsubishi Shokuhin Co., Ltd	¥10,630	61.99	Wholesale of food products
Lawson, Inc.	¥58,507	50.12	Operation of a convenience store chain
Eneco Groep N.V.(Note2)	€50	100	Integrated energy business

(Note1) As of March 31, 2021, 1,721 companies are subject to consolidation (1,265 consolidated subsidiaries and 456 equity-method affiliates). This includes 1,229 companies directly consolidated by subsidiaries.

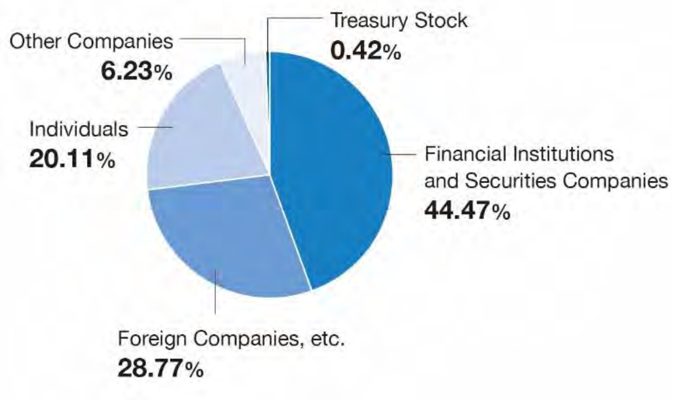
(Note2) MC owns 100% of voting rights through Diamond Chubu Europe B.V., in which MC has an 80% share.

● Stock Information

	As of March 31, 2021	YoY change
1. Number of shares authorized for issuance	2,500,000,000 shares	—
2. Shares of common stock issued	1,485,723,351 shares	-104,353,500
3. Number of shareholders	360,467	+73,171

(Note) The number of shares of common stock issued decreased due to cancellation of treasury stocks on May 29, 2020.

4. Shareholder Composition



■ Stock Acquisition Rights

1. Stock Acquisition Rights as of March 31, 2021
< Stock Options Held by Directors, Audit & Supervisory Board Members and Executive Officers >
Stock Acquisition Rights as Stock Options for Stock-option-based Remuneration

Fiscal year issued	No. of stock options	Class and number of shares to be issued upon exercise of stock options	Issue price	Price per share due upon exercise of stock options (exercise price)	Stock option term
FY 2005	54	5,400 shares of the Company's common stock	Issued in gratis	¥1	From August 11, 2005 through June 24, 2035
FY 2006	28	2,800 shares of the Company's common stock	Issued in gratis	¥1	From August 11, 2006 through June 27, 2036
FY 2014	96	9,600 shares of the Company's common stock	Issued in gratis	¥1	From June 3, 2014 through June 2, 2044
FY 2015	68	6,800 shares of the Company's common stock	Issued in gratis	¥1	From June 2, 2015 through June 1, 2045
FY 2016	477	47,700 shares of the Company's common stock	Issued in gratis	¥1	From June 7, 2016 through June 6, 2046
FY 2017	1,120	112,000 shares of the Company's common stock	Issued in gratis	¥1	From June 6, 2017 through June 5, 2047
FY 2018	1,042	104,200 shares of the Company's common stock	Issued in gratis	¥1	From June 5, 2018 through June 4, 2048
For FY 2018 (issued June 3, 2019)	392	39,200 shares of the Company's common stock	Issued in gratis	¥1	From June 4, 2019 through June 4, 2048

Stock Acquisition Rights as Stock Options for Stock-linked Compensation Plan with Market Conditions

Fiscal year issued	No. of stock options	Class and number of shares to be issued upon exercise of stock options	Issue price	Price per share due upon exercise of stock options (exercise price)	Stock option term
FY 2019	8,257	825,700 shares of the Company's common stock	Issued in gratis	¥1	From July 9, 2022 through July 8, 2049
For FY 2019 (issued July 6, 2020)	158	15,800 shares of the Company's common stock	Issued in gratis	¥1	From July 9, 2022 through July 8, 2049
FY 2020	11,216	1,121,600 shares of the Company's common stock	Issued in gratis	¥1	From July 7, 2023 through July 6, 2050

< **Breakdown** >

Stock Acquisition Rights as Stock Options for Stock-option-based Remuneration

Fiscal year issued	Directors (Excluding Outside Directors)		Audit & Supervisory Board Members		Executive Officers	
	No. of stock options	No. of holders	No. of stock options	No. of holders	No. of stock options	No. of holders
FY 2005	54	1	—	—	—	—
FY 2006	28	1	—	—	—	—
FY 2014	96	1	—	—	—	—
FY 2015	68	1	—	—	—	—
FY 2016	141	1	—	—	336	4
FY 2017	189	2	129	1	802	10
FY 2018	174	2	—	—	868	13
For FY 2018 (issued July 3, 2019)	—	—	—	—	392	4

Stock Acquisition Rights as Stock Options for Stock-linked Compensation Plan with Market Conditions

Fiscal year issued	Directors (Excluding Outside Directors)		Audit & Supervisory Board Members		Executive Officers	
	No. of stock options	No. of holders	No. of stock options	No. of holders	No. of stock options	No. of holders
FY 2019	2,207	5	—	—	6,050	30
For FY 2019 (issued July 6, 2020)	—	—	—	—	158	1
FY 2020	2,681	5	—	—	8,535	37

(Notes)

1. Holdings by Executive Officers who also serve as Directors are listed in the Directors column.
2. Stock acquisition rights held by Audit & Supervisory Board Member were granted during his term as Executive Officers, not while he served as Audit & Supervisory Board Member.
3. Stock options for stock-option-based remuneration for FY 2018 (issued on June 3, 2019) and Stock options for stock-linked compensation plan with market conditions for FY 2018 (issued on July 6, 2020) are for Executive Officers who returned to Japan from overseas and were granted stock options during their service overseas.
4. The total number of shares for the purpose of stock acquisition rights as of March 31, 2021 was 3,507,100, including stock acquisition rights held by retirees.

2. Stock Acquisition Rights Granted During the Fiscal Year Ended March 31, 2021

Stock Acquisition Rights as Stock-option-based Remuneration (Note 1)

Issuance resolution date	June 19, 2020	July 17, 2020
No. of stock options	255	725
No. of allottees and rights granted	Executive Officer 1 person 60 units Senior Vice Presidents (Note 2) 3 people 195 units	Executive Officer (Note 2) 1 person 620 units Senior Vice President (Note 2) 1 person 105 units
Class and number of shares to be issued upon exercise of stock options	25,500 shares of the Company's common stock	72,500 shares of the Company's common stock
Issue price of stock options	Issued in gratis	
Price per share due upon exercise of stock acquisition rights (Exercise Price)	¥1	
Stock option term	From July 7, 2020 through July 6, 2049	From August 4, 2020 through August 3, 2049
Other conditions for exercise of stock options	a. A stock option holder may not exercise their stock options after 10 years have passed from the day following the Allotment Date for the Stock Options or the day after losing their positions as both Director, Executive Officer and Senior Vice President of the Company, whichever is later. b. In the event that a stock option holder forfeits their stock options, such stock options cannot be exercised.	

(Notes)

1. Executive Officers and Senior Vice Presidents who returned to Japan from overseas were granted stock options while they were serving overseas.
2. Figures for FY 2018 and FY 2019 include retirees. The Senior Vice President system was discontinued on March 31, 2019.

Stock Acquisition Rights as Stock Options for Stock-linked Compensation Plan with Market Conditions

Issuance resolution date	June 19, 2020 (Note 1)	June 19, 2020	July 17, 2020 (Note 1)
No. of stock options	158	11,567	289
No. of allottees and rights granted	Executive Officer 1 person 158 units	Directors 5 people 2,681 units Executive Officers (Note 2) 38 people 8,886 units	Executive Officer (Note 2) 1 person 289 units
Class and number of shares to be issued upon exercise of stock options	15,800 shares of the Company's common stock	1,156,700 shares of the Company's common stock	28,900 shares of the Company's common stock
Issue price of stock options	Issued in gratis		
Price per share due upon exercise of stock acquisition rights (Exercise Price)	¥1		
Stock option term	From July 9, 2022 through July 8, 2049	From July 7, 2023 through July 6, 2050	From July 9, 2022 through July 8, 2049
Other conditions for exercise of stock options	a. Initial number of allotted stock options calculated for rank as of April 1, 2019	a. Initial number of allotted stock options calculated for rank as of April 1, 2020	a. Initial number of allotted stock options calculated for rank as of April 1, 2019
	b. Performance evaluation period is three-year period starting on July 8, 2019	b. Performance evaluation period is three-year period starting on allotment date	b. Performance evaluation period is three-year period starting on July 8, 2019
	c. A stock option holder may exercise the number of exercisable stock options from among the allocated stock options, within the stock option term in accordance with the growth rate in the Company's shares during the performance evaluation period (calculated by dividing the Company's Total Shareholder Return (TSR) by the growth rate in the Tokyo Stock Price Index (TOPIX) index during the evaluation period). (Note 3)		
	d. A stock option holder may not exercise their stock options after 10 years from the day after losing their positions as either Director or Executive Officer of MC.		
	e. In the event that a stock option holder relinquishes their stock options, such stock options cannot be exercised.		

(Notes)
1. Executive Officers who returned to Japan from overseas were granted stock options while they were serving overseas.
2. Figures for FY 2019 and FY 2020 include retirees.
3. Details for share price conditions are as follows.
(1) The number of exercisable stock options is determined using the formula below. Provided, however, that numbers less than one stock option are rounded.
・ (Initial number of allotted stock options) x (vesting ratio)

(2) The vesting ratio for stock options varies, as shown below, depending on the growth rate in the Company's shares over the evaluation period. Provided, however, that numbers less than 1% are rounded.
・ Growth rate of at least 125% in the Company's shares: 100%
・ Growth rate between 75% and 125% in the Company's shares:
40% + {the Company's share growth rate (%) – 75 (%)} x 1.2
(amounts less than 1% rounded to the nearest whole number)
・ Growth rate less than 75% in the Company's shares: 40%
(3) The growth rate in the Company's shares is as follows.
Growth rate in the Company's shares = the Company's TSR/TOPIX growth rate
The Company's TSR during the evaluation period = (A + B)/C; TOPIX growth rate during the evaluation period = D/E
A: Average closing price for shares of the Company's common stock on the Tokyo Stock Exchange on each trading day during the three months preceding the month when the exercise period began
B: Total amount of dividends per share of the Company's common stock from the date of allotment of stock options to the date when the exercise period began
C: Average closing price for shares of the Company's common stock on the Tokyo Stock Exchange on each trading day during the three months preceding the month when stock options are allotted
D: Average closing price for TOPIX on the Tokyo Stock Exchange on each trading day during the three months preceding the month when the exercise period began
E: Average closing price for TOPIX on the Tokyo Stock Exchange on each trading day during the three months preceding the month when stock options are allotted
* A, C, D and E exclude days on which there were no trades.

● Principal Shareholders

Name of shareholder	No. of shares (Thousands)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	118,378	8.00
Custody Bank of Japan, Ltd. (Trust Account)	79,530	5.37
BNYM AS AGT／CLTS NON TREATY JASDEC	78,969	5.33
Meiji Yasuda Life Insurance Company	64,846	4.38
Tokio Marine & Nichido Fire Insurance Co., Ltd.	55,900	3.77
The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)	32,276	2.18
STATE STREET BANK WEST CLIENT – TREATY 505234	20,360	1.37
Custody Bank of Japan, Ltd. (Trust Account 5)	18,387	1.24
JPMorgan Securities Japan Co., Ltd.	18,142	1.22
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation, Limited Account)	17,768	1.20

(Figures less than 1,000 shares are rounded down)

(Note)
The investment ratio is computed by excluding 6,205,325 shares of treasury stock held by MC and rounded to two decimal points.

● **Major Lenders**

The MC Group has a group finance policy in which domestic and overseas finance subsidiaries, overseas subsidiaries and other entities raise their own funds for distribution to affiliates. The MC Group's borrowing from financial institutions is conducted mainly by MC. The following is a list of major lenders as of March 31, 2021.

Name of lender	Loans payable (Million yen)
MUFG Bank, Ltd.	740,698
Japan Bank for International Cooperation	287,705
Mizuho Bank, Ltd.	238,207
Meiji Yasuda Life Insurance Company	182,000
Nippon Life Insurance Company	160,000
Development Bank of Japan Inc.	140,000
Sumitomo Mitsui Trust Bank, Limited	128,568
Sumitomo Life Insurance Company	93,000

(Figures less than one million yen are rounded to the nearest million)

(Note)

In addition to the above, MC has procured subordinated loans of 360,000 million yen through syndication.

● **Internal Control System (summary of systems necessary to ensure the proper operations of the Company)**
(Article 362, Paragraph 4, Item 6 of the Companies Act)

On May 8, 2020, the Board of Directors of MC resolved the basic policy of establishing the following internal control systems for the entire MC Group (MC and its subsidiaries) to improve corporate value through proper and efficient business operations in conformity with laws and its Articles of Incorporation. Details of this policy are presented below in a matter consistent with the provisions stipulated by Article 100, Paragraph 1, Item 3 of Regulation for Enforcement of the Companies Act. MC checks the operating status of these systems and endeavors to continuously improve and strengthen them.

Basic Policy of Establishing the Internal Control System
1. System to Ensure that the Execution of Duties by Directors and Employees Is in Conformity with the Laws and Regulations and Articles of Incorporation
(1) System to Ensure Compliance
MC shall establish internal rules and regulations for such matters as codes of conduct for officers and employees; Companywide lateral management systems; and measures for prevention, correction, and improvement; and internal whistleblower systems. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. Further, MC shall realize its compliance capabilities as the MC Group by encouraging subsidiaries to establish similar systems.
(2) System to Ensure Proper Financial Reporting
MC shall establish internal rules and regulations for such matters as the establishment of persons responsible for each accounting organization and procedures for the preparation of financial statements in conformity with laws and accounting standards. After informing all parties, MC shall rigorously reflect the rules and regulations in operations and ensure proper and timely disclosure of financial information of the MC Group.
(3) System to Ensure Robust Audits and Monitoring
MC shall establish internal rules and regulations for such matters as the systems and main points of internal auditing. After informing all parties, MC shall rigorously reflect the rules and regulations in operations and objectively inspect, evaluate, and improve the execution of duties as the MC Group.

2. System for the Storage and Management of Information Related to Directors' Execution of Duties
After establishing internal rules and regulations in relation to such matters as persons responsible for management of information in the course of execution of duties and methods and informing all parties, MC shall rigorously reflect the rules and regulations in operations and prepare, process, and store information appropriately.

3. Regulations and Other Systems Concerning Management of Loss Risk
MC shall establish internal rules and regulations for such matters as risk classes, persons responsible for management and methods for each class, and systems. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. In addition, MC shall encourage each subsidiary to develop necessary risk management systems in accordance with its business lines or the size of its operations, thereby appropriately controlling, on a corporate group basis, risk accompanying the execution of duties.

4. System for Ensuring that Directors Perform Duties Efficiently
(1) The President and CEO shall establish management policies and goals as the MC Group, prepare management plans aimed at achieving them, and then endeavor to execute duties efficiently by implementing these plans.
(2) MCMC shall establish internal rules and regulations for such matters as standards and main points relating to reorganization, the division of duties, personnel allocation, and authority. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. Further, in accordance with the business lines or size of subsidiaries, MC shall ensure efficiency by encouraging the establishment of similar internal rules and regulations and other measures.

5. System to Ensure the Suitability of Business Conducted by the Stock Company and the Corporate Group Comprising the Parent Company and Subsidiaries
To ensure the suitability of the business activities conducted by the MC Group, MC shall establish basic policies as the MC Group while, for each subsidiary and affiliate, establishing internal rules and regulations for such matters

as persons responsible, important management-related items, management methods, and the exercise of shareholder rights. After informing all parties, MC shall rigorously reflect the rules and regulations in operations. Further, the persons responsible shall receive reports required by the Parent Company concerning the status of the execution of duties by directors and others at subsidiaries and shall understand the qualitative and quantitative status and issues of subsidiaries.

6. Items Concerning Employees Assisting in the Duties of Audit & Supervisory Board Members and Items Concerning Their Independence from Directors

An organization is established directly under the Audit & Supervisory Board for supporting the duties of employees assisting in the duties of Audit & Supervisory Board Members, and employees assigned exclusively to this organization assist the duties of the Audit & Supervisory Board Members. Furthermore, regarding personnel matters concerning these employees, such as evaluations and transfers, MC shall seek the opinions of Audit & Supervisory Board Members and shall respect these opinions.

7. System to Enable Directors, Employees, and Others to Report to Audit & Supervisory Board Members and Other Systems for Reporting to Audit & Supervisory Board Members

(1) Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important management meetings and shall state opinions.
(2) MC shall establish internal rules and regulations for such matters as persons responsible, standards, and methods in relation to reporting to Audit & Supervisory Board Members if there is a risk of substantial detriment occurring.
(3) MC shall encourage the construction of systems, including a system for enabling the persons responsible or officers and employees of respective subsidiaries to report if Audit & Supervisory Board Members request reports relating to subsidiaries and a system to enable the reporting of important matters, including subsidiaries' significant compliance matters, to Audit & Supervisory Board Members.
(4) MC shall prohibit the disadvantageous treatment of officers and employees as a result of having reported to Audit & Supervisory Board Members and shall rigorously inform subsidiaries of this policy.

8. Other Systems to Ensure That Audit & Supervisory Board Members' Audits Are Executed Effectively

(1) Audit & Supervisory Board Members shall endeavor to communicate with related internal departments and independent auditors, collect information, and conduct investigations. The related departments shall cooperate with these efforts.
(2) MC will bear the necessary expenses for the Audit & Supervisory Board Members' execution of duties.

Operating Status of the Internal Control System

Every year, MC monitors the status of development and operations of its internal control system in place for the Group. Based on results of such monitoring, MC enhances said system while assisting its subsidiaries in their efforts to improve internal control. The operating status of the internal control system is reported to the Board of Directors. The main content of this reporting is as follows.

1. System to Ensure that the Execution of Duties by Directors and Employees Is in Conformity with the Laws and Regulations and Articles of Incorporation

(1) System to Ensure Compliance
MC considers compliance, namely, acting in accordance with laws and social norms, to be a matter of the utmost priority in business conduct. Accordingly, MC strives to ensure that its corporate philosophy is embraced by every Group member while establishing and disseminating the Code of Conduct and other basic compliance principles to be observed by all officers and employees.
To this end, a Chief Compliance Officer is appointed to supervise relevant matters. Moreover, MC appoints persons responsible for compliance at each business unit and subsidiary while holding periodic Compliance Committee meetings to facilitate information sharing. Through these and other initiatives, MC develops a robust compliance promotion structure for the entire Group. As part of measures aimed at preventing and correcting compliance violation and other incidents, MC implements necessary training for Group members to ensure adherence to various laws and regulations. The MC Code of Conduct mandates that all officers and employees undergo such training on an annual basis, in addition to submitting a written oath on compliance. Furthermore, round table

sessions addressing compliance matters are regularly being held to facilitate free and in-depth discussion between individuals from Group companies, with the aim of raising compliance awareness among officers and employees. While the status of compliance is reported to the Board of Directors from relevant officers and employees at each business unit and subsidiary, MC fully utilizes whistleblowing systems in place to cover each region, along with the Global Whistleblower System designed to address incidents involving the violation of anti-monopoly and anti-bribery regulations. In these ways, MC endeavors to swiftly identify and resolve compliance issues and ensure that relevant information is quickly shared by Group members, with the Board of Directors and the Audit & Supervisory Board receiving proper reporting on a regular basis. MC also made it a strict rule to protect whistleblowers, regardless of what business unit or subsidiary they belong to, so that they will not be subjected to detrimental treatment on the grounds of whistleblowing.
(2) System to Ensure Proper Financial Reporting
To maintain the appropriate and timely disclosure of financial statements, MC appoints persons responsible for accounting and thereby ensures that its financial statements are prepared in conformity with laws, regulations and accounting standards. These statements are publicly disclosed in accordance with the Corporate Disclosure Policy that has been discussed and confirmed by the Disclosure Committee.
With regard to internal control for ensuring proper financial reporting, MC promotes and monitors internal control activities in line with internal control reporting systems stipulated by the Financial Instruments and Exchange Act. Thus, MC implements initiatives to secure the effectiveness of internal control on a consolidated basis.
(3) System to Ensure Robust Audits and Monitoring
Having established bodies tasked with internal audits, MC performs periodic audits of each business unit and subsidiary to inspect and evaluate the status of their operations from an objective standpoint.

2. System for the Storage and Management of Information Related to Directors' Execution of Duties
MC appoints persons responsible for managing information related to directors' execution of duties and for instructing individuals who use such information based on classification defined by the importance of the content. In this way, MC maintains information security in a way that enables it to efficiently process relevant administrative tasks while ensuring that necessary information is shared by all individuals involved.
Said persons are also responsible for storing information it is mandatory to preserve or that is deemed important by MC due to its relevance to internal management. In addition to ensuring that this information is preserved for a prescribed period of time, such persons decide on the handling of other information and, to this end, determine whether or not to preserve it, and the necessary period for preservation.
Aware of threats posed by cyberattacks aimed at exploiting or destroying information stored by businesses, MC implements robust systemic countermeasures while providing ongoing employee education. Moreover, MC regularly confirms the status of incident-response systems in place at Group companies, including key subsidiaries, and helps them develop said systems while acting in collaboration with external specialist organizations to obtain the latest insights which will, in turn, inform the introduction of more effective countermeasures.

3. Regulations and Other Systems Concerning Management of Loss Risk
Risks associated with MC's operations are classified into credit risk, market risk, investment risk, country risk, compliance risk, legal risk, information management risk and environmental risk, as well as other risk categories based on such incidents as natural disasters, emerging infectious diseases, terrorism and rioting. The classification of each risk is determined in light of the Group's business lines and the size of its operations exposed to each relevant risk. Moreover, MC maintains departments responsible for addressing each risk class. Were a novel risk to emerge, the Company would promptly designate a department in charge of that risk. In these and other ways, MC establishes risk management policies, systems and procedures, along with crisis management and business continuity frameworks in preparation for emergencies, so that all risk management matters are properly handled on a consolidated basis.
In the face of the global outbreak of COVID-19, MC has been promptly implementing necessary countermeasures with the aim of safeguarding employees from infection, preventing the spread of the virus and appropriately ensuring business continuity. The Emergency Crisis Management Headquarters, in which industrial physicians participate, is spearheading these endeavors. In line with a policy of placing the utmost priority on employee safety, countermeasures implemented by MC at its domestic business sites included executing thoroughgoing hygiene management and shifting to work systems that minimize infection risks, with due consideration given to the geographical status of the pandemic, as well as requests from national and local governments. As for overseas business sites, MC assesses the status of the pandemic and local medical services in each country in which it

operates, in order to promptly ensure, if necessary, the temporary evacuation of expatriates and their families to Japan or to instruct them to work from home. As such, MC strives to appropriately secure business continuity in a way that carefully confirms the safety in each area, consistent with the prevailing circumstances and legal regulations in each country.
In addition, each project proposal is greenlighted or declined by heads of related departments based on the prescribed decision-making authority assigned to them. These decisions are made based on results of the analysis and assessment of risk and return associated with each project in accordance with Companywide policies and procedures. While a greenlighted project is thus promoted, the verification of its risk and return is periodically conducted in a way that takes its progress into account and gives due consideration to changes in the external environment. In addition to managing risks associated with each project, MC assesses, quantifies and appropriately manages the overall status of the various risks relevant to the Group as a whole while implementing reviews of such risks as necessary.

4. System for Ensuring that Directors Perform Duties Efficiently

The President and CEO of MC identifies basic policies for the management of the MC Group, spearheading the determination of specific management targets as well as the formulation of management plans and other endeavors to efficiently achieve such targets. To ensure that management targets are met in the most efficient way, these endeavors include flexible reorganization and the allocation of optimal human resources to each operation in addition to the clarification of organizational reporting lines. To this end, the President and CEO also delegates authority to the heads of each business unit and its members to an extent necessary to the achievement of said targets while mandating that they report the status of their tasks on an as necessary basis. Also, the Board of Directors Office is in place to secure the sufficiency and efficiency of supervisory functions provided by directors. This office is tasked with providing directors with information necessary to the execution of their duties and otherwise assisting them in an appropriate and timely manner. In step with the sophistication of its consolidated management, MC has striven to enhance the quality of monitoring functions provided by the Board of Directors while updating and streamlining its operations. In the fiscal year ended March 31, 2019, these efforts resulted in the upward revision of monetary threshold standards related to investment and loan proposals. Moreover, in the fiscal year ended March 31, 2021, the Board of Directors expanded the scope of agenda items associated with Companywide management as part of initiatives to further improve the effectiveness of its operations. With the aim of constantly enhancing corporate governance, the effectiveness of the Board of Directors' operations is being annually evaluated, with independent outside director and Audit & Supervisory Board Member fulfilling key roles in this evaluation.
The Board of Directors receives periodic follow-up reporting on the status of the implementation of management plans and thus reviews such plans cyclically in light of the degree of their progress, the prevailing external environment and other factors. In the fiscal year ended March 31, 2020, MC launched the Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model, under which it pursues sustainable growth in a way that simultaneously generates economic value, societal value and environmental value, while addressing changes in geopolitical dynamics and rapid advances in digitalization.

5. System to Ensure the Suitability of Business Conducted by the Stock Company and the Corporate Group Comprising the Parent Company and Subsidiaries

MC establishes internal rules for subsidiary management and designates departments in charge of managing every subsidiary. In addition to assessing each subsidiary's business results, management efficiency and other quantitative indicators on an annual basis, the heads of these departments request directors at each subsidiary report regularly on the execution of its operations. Furthermore, these heads strive to identify the qualitative issues each subsidiary is facing, including those associated with compliance and risk management, and confirm the status of the development and operation of its internal control systems, as well as whether or not such systems need to be improved.
MC also engages with each subsidiary to ensure that its operations are appropriate and in conformity with laws, regulations, its articles of incorporation and internal rules by, for example, dispatching officers, signing joint venture agreements and exercising voting rights. MC also implements various measures to help each subsidiary efficiently execute its operations and thereby achieve sustainable growth, with the aim of improving corporate value on a consolidated basis.

6. Items Concerning Employees Assisting in the Duties of Audit & Supervisory Board Members and Items Concerning Their Independence from Directors

7. System to Enable Directors, Employees, and Others to Report to Audit & Supervisory Board Members and Other Systems for Reporting to Audit & Supervisory Board Members

8. Other Systems to Ensure That Audit & Supervisory Board Members' Audits Are Executed Effectively

MC's Audit & Supervisory Board Members attend Board of Directors meetings and other important management meetings to offer their opinions. They also maintain communication with independent auditors, directors, senior vice presidents and other employees at MC as well as directors, Audit & Supervisory Board Members and others at each subsidiary to collect information and look into the status of business execution. These individuals cooperate with Audit & Supervisory Board Members as necessary. Moreover, Audit & Supervisory Board Members hold regular meetings in conjunction with the finalization of quarterly financial results as well as on a monthly basis to engage with independent auditors in addition to securing opportunities to exchange opinions on an as necessary basis with independent auditors who serve for subsidiaries and affiliates. They also regularly meet representatives from MC's internal auditing bodies at audit reporting meetings as part of quarterly Audit & Supervisory Board meetings and at monthly regular meetings while hosting liaison meetings attended by individuals from the internal audit departments of subsidiaries and affiliates, as well as Audit & Supervisory Board Members of these entities. Through these initiatives, MC strives to enhance its consolidated "tripartite audit" structure supported by collaborative initiatives involving its Audit & Supervisory Board Members, internal auditing bodies and independent auditors. To secure the effectiveness of audits, MC bears necessary expenses for audits.

MC made it a rule that, if there is a potential incident that could result in the recording of a loss above a certain threshold or another serious problem, the heads of relevant departments must swiftly report this to Audit & Supervisory Board Members in accordance with the prescribed criteria and procedures. Moreover, MC also maintains and operates a structure in which subsidiaries are obliged to submit reports to its Audit & Supervisory Board Members through departments charged with managing these entities should they recognize similar possibilities. MC prohibits the detrimental treatment of officers and employees on the grounds of reporting to Audit & Supervisory Board Members, and obliges all of its subsidiaries to similarly enforce this prohibition.

To enhance the effectiveness of audits by Audit & Supervisory Board Members, MC maintains an organization tasked with assisting Audit & Supervisory Board Members in the execution of their duties. This organization is operated directly under the Audit & Supervisory Board, with employees being assigned exclusively to it in order to flexibly support activities of the Audit & Supervisory Board Members. The evaluation and transfer of these employees is decided in a way that gives due consideration to the independence of this organization and, to this end, honors the opinions of Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board appoints external specialists and invites them to attend periodic discussions, utilizing the expertise and insights offered by these individuals to improve its auditing activities.

● **Directors and Audit & Supervisory Board Members**

Position	Name	Responsibilities at Mitsubishi Corporation and Important Concurrent Positions as of March 31, 2021
Chairman of the Board	Ken Kobayashi	Outside Director, Nissin Foods Holdings Co., Ltd., Outside Director, Mitsubishi Motors Corporation, Outside Director, Mitsubishi Heavy Industries, Ltd.
*Director, President and CEO	Takehiko Kakiuchi	
*Director, Executive Vice President	Kazuyuki Masu	Corporate Functional Officer, CFO
*Director, Executive Vice President	Shinya Yoshida	Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch
Director, Executive Vice President	Akira Murakoshi	Corporate Functional Officer, CDO, Human Resources, Global Strategy
*Director, Executive Vice President	Masakazu Sakakida	Corporate Functional Officer, Corporate Communications, Corporate Sustainability & CSR, Corporate Administration, Legal, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters
**Director	Akihiko Nishiyama	Professor, Ritsumeikan University
**Director	Akitaka Saiki	
**Director	Tsuneyoshi Tatsuoka	Outside Director, Asahi Kasei Corp., Outside Director (Audit and Supervisory Committee Member), NITORI Holdings Co., Ltd.
**Director	Shunichi Miyanaga	Chairman of the Board, Mitsubishi Heavy Industries, Ltd., Outside Director, Mitsubishi Motors Corporation
**Director	Sakie Akiyama	Founder, Saki Corporation Outside Director, ORIX Corporation Outside Director, Sony Corporation Outside Director, JAPAN POST HOLDINGS Co., Ltd.
Full time Audit & Supervisory Board Member	Shuma Uchino	
Full time Audit & Supervisory Board Member	Hajime Hirano	Outside Director, SHIZUOKA GAS Co., Ltd.
***Audit & Supervisory Board Member	Yasuko Takayama	Outside Director, The Chiba Bank, Ltd. Outside Director (Audit and Supervisory Committee Member), Cosmo Energy Holdings Co., Ltd. Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation
***Audit & Supervisory Board Member	Rieko Sato	Partner, ISHII LAW OFFICE Outside Director (Audit & Supervisory Committee Member), NTT DATA Corporation Outside Director, J. FRONT RETAILING, Co., Ltd. Outside Director (Audit & Supervisory Committee Member), Dai-Ichi Life Holdings, Inc.
***Audit & Supervisory Board Member	Takeshi Nakao	CEO, PARTNERS HOLDINGS, Co. Ltd.

(Notes)

1. * indicates a Representative Director.
2. ** indicates the fulfillment of the conditions for Outside Directors as provided for in Article 2, Item 15 of the Companies Act.
3. *** indicates the fulfillment of the conditions for Outside Audit & Supervisory Board Members as provided for in Article 2, Item 16 of the Companies Act.
4. ** and *** also indicate fulfillment of the conditions for independent Directors or independent Audit & Supervisory Board Members as specified by the Tokyo Stock Exchange, Inc. and other stock exchanges in Japan as well as Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members specified by MC.
5. For Directors who also serve as Executive Officers, position as Executive Officer is also indicated.
   Responsibilities of Directors Kazuyuki Masu, Shinya Yoshida, Akira Murakoshi and Masakazu Sakakida indicate their responsibilities as Executive Officer.
6. Audit & Supervisory Board Member Shuma Uchino has extensive experience in MC's finance and accounting departments and has a considerable degree of knowledge concerning finance and accounting.
7. Audit & Supervisory Board Member Takeshi Nakao has extensive experience as a certified public accountant and has a considerable degree of knowledge concerning finance and accounting.
8. Directors and Audit & Supervisory Board Members who retired during the fiscal year ended March 31, 2021 are as follows:
   Directors Kanji Nishiura, Hidenori Takaoka and Toshiko Oka
   Audit & Supervisory Board Members Tadashi Kunihiro and Ikuo Nishikawa (retired on June 19, 2020)
9. Director Rieko Sato retired as Outside Audit & Supervisory Board Member of NTT DATA Corporation on June 17, 2020 and on the same day was appointed as Outside Director (Audit & Supervisory Committee Member) of NTT DATA Corporation.
10. Mitsubishi Motors Corporation is specified related party(an affiliated company) of MC and has a business relationship with MC.
11. Asahi Kasei Corp., ORIX Corporation, NTT DATA Corporation, The Chiba Bank, Ltd., SHIZUOKA GAS Co., Ltd., Sony Corporation, Nissin Foods Holdings Co., Ltd., and Mitsubishi Heavy Industries, Ltd. have business relationships with MC. However, there are no special relationships (specified related party, etc.) between MC and each of these companies.
12. There are no business relationships between MC and entities at which the above Directors and Audit & Supervisory Board Members serve concurrently other than those mentioned in 10. and 11. above.
13. MC has executed agreements with Messrs. Ken Kobayashi, Akihiko Nishiyama, Akitaka Saiki, Tsuneyoshi Tatsuoka, Shunichi Miyanaga, Sakie Akiyama, Shuma Uchino, Hajime Hirano, Yasuko Takayama, Rieko Sato and Takeshi Nakao limiting their liability for damages set forth in Article 423, Paragraph 1 of the Companies Act. Based on these agreements, liability for damages is limited to the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
14. Sony Corporation changed its business name to Sony Group Corporation as of April 1, 2021.

● **Matters Concerning Outside Directors and Audit & Supervisory Board Members**

■ Status of Main Activities of Outside Directors and Audit & Supervisory Board Members

(1) Outside Directors

Name	Statements at Board of Directors' Meeting Summary of expectations and roles	Attendance at Board of Directors' Meetings
Akihiko Nishiyama	Mr. Nishiyama properly oversees execution of business from an objective and professional perspective and offers advice to MC's management based on his deep insight in organizational change, human resource development and business management he accumulated through research at a university, as well as many years of practical work experience, starting and managing businesses, and business research at a think tank.	Board of Directors' meetings (Regular): 11 of 11 meetings Board of Directors' meetings (Extraordinary): 2 of 2 meetings
Akitaka Saiki	Mr. Saiki properly oversees execution of business from an objective and professional perspective and offers advice to MC's management, based on his extensive insight in geopolitics developed through foreign diplomacy, having held key posts at the Ministry of Foreign Affairs of Japan, as well as his expert knowledge of country risk and broad personal networks nurtured to address these risks.	Board of Directors' meetings (Regular): 11 of 11 meetings Board of Directors' meetings (Extraordinary): 2 of 2 meetings
Tsuneyoshi Tatsuoka	Mr. Tatsuoka properly oversees the execution of business from an objective and professional perspective and offers advice to MC's management, based on his profound knowledge of industrial policy in natural resources and energy, manufacturing, and domestic and global economic policies and trends, having held key posts primarily at the Ministry of Economy, Trade and Industry of Japan, as well as his deep insight into sustainability gained through these experiences.	Board of Directors' meetings (Regular): 11 of 11 meetings Board of Directors' meetings (Extraordinary): 2 of 2 meeting
Shunichi Miyanaga	Mr. Miyanaga properly oversees the execution of business from a practical perspective and offers advice to MC's management, based on his global business management experience, having long served as Member of the Board, President and CEO of a listed manufacturing conglomerate that conducts business around the world, in addition to his deep insight in the technology field.	Board of Directors' meetings (Regular): 11 of 11 meetings Board of Directors' meetings (Extraordinary): 2 of 2 meeting
Sakie Akiyama	Ms. Akiyama properly oversees the execution of business and offers advice to MC's management, from a practical perspective, based on her profound knowledge of innovation from her experience founding an industrial inspection robotics firm and growing it into a global company, in addition to her deep insight in the digital and IT sectors, having worked as an international business consultant.	Board of Directors' meetings (Regular): 8 of 8 meetings Board of Directors' meetings (Extraordinary): 1 of 1 meeting

Note: The above description reflects Ms. Akiyama's experience after she was appointed as Director on June 19, 2020. .

(2) Outside Audit & Supervisory Board Members

Name	Statements at Board of Directors' and Audit & Supervisory Board Meetings Summary of expectations and roles	Attendance at Board of Directors' and Audit & Supervisory Board' Meetings
Yasuko Takayama	Ms. Takayama conducts audits from a neutral and objective perspective and offers advice to MC's management, based on her extensive experience in branding strategy, marketing and sustainability gained at a B2C company, having held key positions including Full-time Audit & Supervisory Board Member at Shiseido Company, Limited, in addition to management perspectives nurtured through extensive experience as an Outside Director and Outside Audit & Supervisory Board Member.	Board of Directors' meetings (Regular): 11 of 11 meetings Board of Directors' meetings (Extraordinary): 2 of 2 meetings Audit & Supervisory Board' meetings: 12 of 12 meetings
Rieko Sato	Ms. Sato conducts audits from a neutral and objective perspective and offers advice to MC's management, based on her extensive knowledge of corporate law (Companies Act, Financial Instruments & Exchange Act, compliance, etc.), having worked as an attorney for many years, and	Board of Directors' meetings (Regular): 8 of 7 meetings Board of Directors' meetings (Extraordinary): 1 of 1 meetings

	management perspectives gained through extensive experience as an Outside Director and Outside Audit & Supervisory Board Member	Audit & Supervisory Board' meetings: 9 of 9 meetings
Takeshi Nakao	Mr. Nakao conducts audits from a neutral and objective perspective and offers advice to MC's management, based on his profound knowledge of finance and accounting as a certified public accountant, as well as extensive insight gained through many years of experience in advisory work on M&A deals, corporate revitalization, and internal control.	Board of Directors' meetings (Regular): 8 of 8 meetings Board of Directors' meetings (Extraordinary): 1 of 1 meetings Audit & Supervisory Board' meetings: 9 of 9 meetings

Note: The above descriptions reflect Ms. Sato and Mr. Nakao's experiences after they were appointed as Audit & Supervisory Board Members on June 19, 2020.

Each outside member of the Governance, Nomination and Compensation Committee (Mr. Akihiko Nishiyama, Mr. Akitaka Saiki, Mr. Tsuneyoshi Tatsuoka, Mr. Shunichi Miyanaga and Ms. Sakie Akiyama), which serves as an advisory body to the Board of Directors, attended all five meetings of the committee held in the fiscal year ended March 31, 2021.

● Directors' and Audit & Supervisory Board Members' Remuneration

Total Amounts of Remuneration for Directors and Audit & Supervisory Board Members and Number of Eligible People

(Million 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- and 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	1,265	8	735	6	80	5	140	5	0	5	0	6	308
Outside Directors	149	6	149	-	-	-	-	-	-	-	-	-	-

Title	Total Remune ration	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- and 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	-	-	-	-	-	-	-	-	-	-
Outside Audit & Supervisory Board Members	63	5	63	-	-	-	-	-	-	-	-	-	-

(Figures less than one million yen are rounded down)

(Notes)

1. The above figures include 3 Directors and 2 Audit & Supervisory Board Member who retired during the fiscal year ended March 31, 2021.
   Furthermore, there were 11 Directors (including 5 Outside Directors) and 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) as of March 31, 2021.
2. The above figures of Individual Performance Bonus represent the amounts recorded as a reserve granted for the fiscal year ended March 31, 2021.
3. The above figures for Performance-linked Bonus (Short term) is determined based on consolidated net income of 172.6 billion yen for the fiscal year ended March 31, 2021, based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors.
4. The above amounts for Performance-linked Bonus (Medium to long-term) is paid on an average of the consolidated net income for the fiscal years ended March 31, 2020 to 2022 and the fiscal years ended March 31, 2021 to 2023, but as this cannot be decided currently, the amount shown is as of the fiscal year ended March 31, 20210.
   The actual amount paid will be based on a formula confirmed in advance by the Governance, Nomination and Compensation Committee and resolved by the Board of Directors, and the amount for the fiscal year ended March 31, 2021/2022 disclosed in the Fiscal 2021/20221 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, 2021. In regard to Stock-Based Remuneration linked

to Medium- and Long-term Share Performances, the number of exercisable shares will be determined according to the growth rate in MC's shares over three years from being granted, based on a formula confirmed in advance by the Governance, Nomination and 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, 2021 were as follows:
   The retirement bonus system, including executive pensions for Directors and Audit & Supervisory Board Members, was abolished at the close of the 2007 Ordinary General Meeting of Shareholders.
   MC paid 107 million yen to 63 Directors (Outside Directors were ineligible for payment).
   MC paid 4 million yen to 7 Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members were ineligible for payment).

● Executive Officers (as of April 1, 2021)

Title	Name	Position, etc.
President and CEO*	Takehiko Kakiuchi	
Executive Vice President*	Kazuyuki Masu	Corporate Functional Officer, CFO
Executive Vice President	Iwao Toide	Group CEO, Automotive & Mobility Group
Executive Vice President*	Akira Murakoshi	Corporate Functional Officer, CDO, CAO, Corporate Communications, Corporate Sustainability & CSR
Executive Vice President	Mitsumasa Icho	Group CEO, Urban Development Group
Executive Vice President	Norikazu Tanaka	Group CEO, Mineral Resources Group
Executive Vice President	Hidenori Takaoka	President, Mitsubishi Corporation (Americas)
Executive Vice President	Kotaro Tsukamoto	Group CEO, Industrial Materials Group
Executive Vice President	Katsuya Nakanishi	Group CEO, Power Solution Group
Executive Vice President	Jun Nishizawa	Group CEO, Natural Gas Group
Executive Vice President	Norio Saigusa	Group CEO, Food Industry Group
Executive Vice President	Aiichiro Matsunaga	Group CEO, Industrial Infrastructure Group
Executive Vice President	Yasuteru Hirai	Corporate Functional Officer, Global Strategy, Chief Compliance Officer, Officer for Emergency Crisis Management Headquarters
Executive Vice President	Osamu Takeuchi	Group CEO, Petroleum & Chemicals Solution Group
Executive Vice President	Yutaka Kashiwagi	Corporate Functional Officer, Business Development for Japan, General Manager, Kansai Branch
Executive Vice President	Kiyotaka Kikuchi	Group CEO, Consumer Industry Group, Division COO, Retail Div.
Senior Vice President	Tatsuo Nakamura	Division COO, Automotive Business Div.
Senior Vice President	Koji Kishimoto	Division COO, Food Sciences Div.
Senior Vice President	Eisuke Shiozaki	General Manager, Industrial Materials Group CEO Office
Senior Vice President	Yoshinori Katayama	Managing Director, Mitsubishi Corporation International (Europe) Plc., General Manager, Corporate Management Support Office (EMEA)
Senior Vice President	Yoshifumi Hachiya	General Manager, Business Investment Management Dept.
Senior Vice President	Hisashi Ishimaki	General Manager, Automotive & Mobility Group CEO Office
Senior Vice President	Takuya Kuga	General Manager, Urban Development Group CEO Office
Senior Vice President	Yasumasa Kashiwagi	Division COO, Produce & Marine Products Div.
Senior Vice President	Hiroki Haba	Division COO, Next-Generation Fuels & Petroleum Business Div.
Senior Vice President	Keiichi Shiobara	General Manager, Mineral Resources Group CEO Office
Senior Vice President	Shigeru Wakabayashi	Division COO, Isuzu Business Div.
Senior Vice President	Koichi Seri	Division COO, Mineral Resources Trading Div.
Senior Vice President	Yasuhiro Kawakami	Chair of the Board, Cermaq Group AS
Senior Vice President	Kenji Ota	General Manager, Headquarters for the Middle East
Senior Vice President	Yuzo Nouchi	General Manager, Corporate Accounting Dept.
Senior Vice President	Masaru Saito	Division COO, North America Div. (Natural Gas Group)
Senior Vice President	Koji Ota	Division COO, Plant Engineering Div.
Senior Vice President	Makoto Okawara	General Manager, Finance Dept.
Senior Vice President	Naoshi Ogikubo	Division COO, Urban Development Div.
Senior Vice President	Yoshiyuki Nojima	General Manager, Corporate Administration Dept.
Senior Vice President	Akihiko Takada	Division COO, Asia-Pacific Div. (Natural Gas Group.)
Senior Vice President	Tetsuo Kawate	General Manager, Global Human Resources Dept.
Senior Vice President	Kyoya Kondo	Division COO, Mobility Business Div.
Senior Vice President	Yasuyuki Asakura	General Manager, Power Solution Group CEO Office
Senior Vice President	Ko Imamura	Senior Executive Vice President, Metal One Corporation
Senior Vice President	Sadahiko Haneji	Managing Director & CEO, Mitsubishi Development Pty Ltd
Senior Vice President	Tetsuya Shinohara	General Manager, Global Strategy and Regional Management Dept.
Senior Vice President	Shota Kondo	General Manager, Natural Gas Group CEO Office
Senior Vice President	Satoshi Koyama	Division COO, Mineral Resources Investment Div.
Senior Vice President	Toshiaki Maekawa	President Director, Tri Petch Isuzu Sales Co., Ltd., Vice Chairman, Director, Tri Petch Isuzu Leasing Co., Ltd.
Senior Vice President	Hideyuki Hori	General Manager, Corporate Strategy & Planning Dept.
Senior Vice President	Koji Ohno	Division COO, Steel Products Div.
Senior Vice President	Akifumi Suzuki	Division COO, Global Marketing Div. (Petroleum & Chemicals Solution Group)

(Note)* indicates Executive Officers who serve concurrently as Directors.

● Matters Concerning Independent Auditors

1. Name of MC's Independent Auditors
Deloitte Touche Tohmatsu LLC

2. Independent Auditors' Fees for the Fiscal Year Ended March 31, 2021

	Amount paid (Million yen)
Amount of fees for services in accordance with Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan (Act No. 103 of 1948) (Note 1)	869
Amount of fees for services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan (Note 2)	19
Total amount of fees paid by MC to the independent auditors for the fiscal year ended March 31, 2021	888
Total amount of fees to be paid by the Parent and its subsidiaries (Note 3)	2,766

(Figures less than one million yen are rounded to the nearest million.)

(Note 1) Fees for services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan (Act No. 103 of 1948) are fees, etc., for audit certification services relating to English language financial statements prepared based on accounting standards generally accepted in the International Financial Reporting Standards and audit certification based on the Companies Act and the Financial Instruments and Exchange Act.

(Note 2) Fees for services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan are fees for training, overseas tax return work, etc.

(Note 3) Some subsidiaries are audited by certified public accountants or independent auditors (including persons with qualifications equivalent to these qualifications in overseas countries) other than MC's independent auditors.

3. Reason for Agreement of the Audit & Supervisory Board with the Remuneration of Independent Auditors, etc.

As a result of confirming such items as details of the audit plans, status of the execution of duties, and the basis for calculation of the remuneration estimates of the independent auditors, these were deemed to be reasonable in light of the perspectives of ensuring the quality of the auditing of the independent auditors and ensuring independence. Therefore, an agreement in accordance with Article 399, Paragraph 1 of the Companies Act was concluded with respect to the amount of such items as remuneration of independent auditors.

4. Policy for the Dismissal or Non-reappointment of Independent Auditors

MC has a policy to dismiss independent auditors based on the unanimous agreement of all Audit & Supervisory Board Members if any of the items set forth in Article 340, Paragraph 1 of the Companies Act is applicable to the independent auditors. In this instance, at the Ordinary General Meeting of Shareholders first convened after the dismissal, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report on the dismissal of the independent auditors and the reason for this action.

Furthermore, if the Audit & Supervisory Board decides it is appropriate to dismiss or not to reappoint the independent auditors after comprehensively taking into consideration and evaluating the independent auditors' execution of duties and other circumstances, the Audit & Supervisory Board will submit a proposal to the Ordinary General Meeting of Shareholders to dismiss or not to reappoint the independent auditors concerned and to appoint new independent auditors concerned and to appoint new independent auditors.

Consolidated Statement of Financial Position (Prepared based on IFRS)

(Millions of Yen)

ASSETS			LIABILITIES AND EQUITY		
Item	As of March 31, 2020 (Reference only)	As of March 31, 2021	Item	As of March 31, 2020 (Reference only)	As of March 31, 2021
Current assets			Current liabilities		
Cash and cash equivalents	¥1,322,812	¥1,317,824	Bonds and borrowings	¥1,472,769	¥1,262,522
Time deposits	101,016	148,081	Trade and other payables	2,547,012	2,665,060
Short-term investments	49,331	15,201	Lease liabilities	205,780	235,498
Trade and other receivables	3,168,074	3,269,390	Other financial liabilities	213,181	256,657
Other financial assets	308,468	209,402	Advances from customers	178,689	133,474
Inventories	1,294,479	1,348,861	Income taxes payable	40,000	53,178
Biological assets	58,871	74,182	Provisions	87,564	89,268
Advance payments to suppliers	45,776	58,027	Liabilities directly associated with assets classified as held for sale	1,167	12,762
Assets classified as held for sale	46,595	41,020	Other current liabilities	600,109	661,766
Other current assets	541,968	620,905	Total current liabilities	5,346,271	5,370,185
Total current assets	6,937,390	7,102,893			
			Non-current liabilities		
Non-current assets			Bonds and borrowings	4,287,354	4,381,793
Investments accounted for using the equity method	3,246,335	3,290,508	Trade and other payables	56,692	54,893
Other investments	1,708,071	1,816,029	Lease liabilities	1,297,530	1,304,703
Trade and other receivables	655,267	763,124	Other financial liabilities	40,286	55,817
Other financial assets	134,220	93,102	Retirement benefit obligations	123,690	129,126
Property, plant and equipment	2,232,941	2,510,238	Provisions	162,622	195,997
Investment property	96,709	95,419	Deferred tax liabilities	469,314	569,641
Intangible assets and goodwill	1,395,053	1,248,462	Other non-current liabilities	32,771	34,426
Right-of-use assets	1,429,288	1,469,700	Total non-current liabilities	6,470,259	6,726,396
Deferred tax assets	36,146	42,233	Total liabilities	11,816,530	12,096,581
Other non-current assets	162,004	203,263	Equity		
Total non-current assets	11,096,034	11,532,078	Common stock	204,447	204,447
			Additional paid-in capital	228,153	228,552
			Treasury stock	(294,580)	(26,750)
			Other components of equity		
			Other investments designated as FVTOCI	359,974	457,123
			Cash flow hedges	(27,422)	(52,355)
			Exchange differences on translating foreign operations	82,634	379,917
			Total other components of equity	415,186	784,685
			Retained earnings	4,674,153	4,422,713
			Equity attributable to owners of the Parent	5,227,359	5,613,647
			Non-controlling interests	989,535	924,743
			Total equity (net assets)	6,216,894	6,538,390
Total assets	¥18,033,424	¥18,634,971	Total liabilities and equity	¥18,033,424	¥18,634,971

Note: The provisional amounts related to a business combination have been retrospectively adjusted as of March 31, 2020.

(Figures less than one million yen are rounded to the nearest million.)

Consolidated Statement of Income (Prepared based on IFRS)

(Millions of Yen)

Item	Fiscal year ended March 31, 2020 (Reference only)	Fiscal year ended March 31, 2021
Revenues	¥14,779,734	¥12,884,521
Cost of revenues	(12,990,603)	(11,279,415)
Gross profit	1,789,131	1,605,106
Selling, general, and administrative expenses	(1,431,232)	(1,397,707)
Gains on investments	66,929	62,082
Gains (losses) on sale and disposal of property, plant, and equipment	(62)	1,530
Impairment losses on property, plant and equipment, intangible assets, goodwill and others	(32,862)	(204,047)
Other income (expenses) – net	(25,605)	17,951
Finance income	173,278	117,826
Finance costs	(70,038)	(46,300)
Share of profit of investments accounted for using the equity method	179,325	97,086
Profits before income taxes	648,864	253,527
Income taxes	(56,713)	(121,286)
Profit for the year	¥592,151	¥132,241
Profit for the year attributable to:		
Owners of the Parent	535,353	172,550
Non-controlling interests	56,798	(40,309)
	¥592,151	¥132,241

(Figures less than one million yen are rounded to the nearest million.)

Consolidated Statement of Changes in Equity (Prepared based on IFRS)

(Millions of Yen)

Item	Fiscal year ended March 31, 2020 (Reference only)	Fiscal year ended March 31, 2021
Common stock		
Balance, beginning of year	¥204,447	¥204,447
Balance, end of year	204,447	204,447
Additional paid-in capital		
Balance, beginning of year	228,340	228,153
Compensation costs related to share-based payment	2,568	2,049
Sales of treasury stock upon share-based payment	(2,215)	(1,041)
Equity transactions with non-controlling interests and others	(540)	(609)
Balance, end of year	228,153	228,552
Treasury Stock		
Balance, beginning of year	(8,279)	(294,580)
Sales of treasury stock upon share-based payment	3,706	1,652
Purchases and sales – net	(290,007)	(19,784)
Cancellation	—	285,962
Balance, end of year	(294,580)	(26,750)
Other components of equity		
Balance, beginning of year	914,807	415,186
Cumulative effects of change in accounting policy	(509,514)	431,804
Adjusted balance at the beginning of the period	9,893	(62,305)
Other comprehensive income attributable to owners of the Parent	415,186	784,685
Retained earnings		
Balance, beginning of year	4,356,931	4,674,153
Cumulative effects of change in accounting policy	(9,079)	—
Adjusted balance at the beginning of the period	4,347,852	4,674,153
Profit for the year attributable to the owners of the Parent	535,353	172,550
Cash dividends paid to owners of the Parent	(197,704)	(199,853)
Sales of treasury stock upon share-based payment	(1,455)	(480)
Cancellation of treasury stock	—	(285,962)
Transfer from other components of equity	(9,893)	62,305
Balance, end of year	4,674,153	4,422,713
Equity attributable to owners of the Parent	5,227,359	5,613,647
Non-controlling interests		
Balance, beginning of year	940,674	989,535
Cumulative effects of change in accounting policy	(2,677)	—
Adjusted balance at the beginning of the period	937,997	989,535
Cash dividends paid to non-controlling interests	(41,540)	(40,866)
Equity transactions with non-controlling interests and others	56,491	(2,397)
Profit for the year attributable to non-controlling interests	56,798	(40,309)
Other comprehensive income (loss) attributable to non-controlling interests	(20,211)	18,780
Balance, end of year	989,535	924,743
Total equity	¥6,216,894	¥6,538,390
Comprehensive income attributable to:		
Owners of the Parent	¥25,839	¥604,354
Non-controlling interests	36,587	(21,529)
Total comprehensive income	¥62,426	¥582,825

(Figures less than one million yen are rounded to the nearest million.)

Basis of Preparing Consolidated Financial Statements

Notes Concerning Significant Accounting Policies (for the fiscal year ended March 31, 2021)

1. Basis of Preparing Consolidated Financial Statements

(1) Standards of preparing consolidated financial statements

These consolidated financial statements of Mitsubishi Corporation (the "Parent") and its consolidated subsidiaries (collectively, the "Company") have been prepared under International Financial Reporting Standards ("IFRS") in accordance with the first paragraph of Article 120 of the Ordinance on Company Accounting of Japan. Pursuant to the second sentence of the paragraph, certain disclosures and notes required by IFRS have been omitted.

(2) New major standards and interpretations applied

In the year ended March 31, 2021, the Company did not adopt such standards and interpretations.

3) Significant accounting judgments, estimates, and assumptions

In preparing IFRS-based financial statements, management is required to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods that are affected.

Although the impact of coronavirus disease (COVID-19) continued to remain through the end of the year ended March 31, 2021, in order to sustain their economy, most countries have taken a conservative approach by minimizing lockdowns in cities. Furthermore, most countries implemented flexible and bold measures to support their economy, and the progress of vaccination has continued steadily around the globe.

Under these circumstances, it is still uncertain when COVID-19 can be fully contained, as situations differ by region. Based on the economic projections issued by public institutions, the Company assumes economic conditions will continue to gradually improve starting from the second half of the year ended March 31, 2021 into the next fiscal year.

Significant changes in accounting judgments, estimates and assumptions in the consolidated financial statements for the fiscal year ended March 31, 2021 are as follows:

(Impairment Losses on Investments accounted for using the equity method)

In the fiscal year ended March 31, 2021, the Company recorded an impairment loss of ¥32,400 million yen as "Share of profit of investments accounted for using the equity method" on its investment in Mitsubishi Motors Corporation, in which the Company holds a 20.02% equity interest. The impairment is a result of management's decision to reorganize the production structure and update its forecast for vehicle sales volume in its new medium-term business plan. These losses are included in consolidated net income for the Automotive & Mobility segment.

The Company has also reflected the impact of coronavirus disease 2019 (COVID-19) in the estimated future cash flows that serve as the basis for calculating impairment. The Company expects demand will continue to improve from the second half of the year ended March 31, 2021 into the next fiscal year.

(Impairment Losses on Intangible Assets and Goodwill)

During the year ended March 31, 2021, the Company recorded impairment losses on the intangible assets and goodwill recognized when Lawson Inc. became a subsidiary; due to the revisions made to the business forecast of Lawson Inc. as a result of the weakening of recent financial results and an uncertain business environment caused by the impact of the COVID-19 pandemic in Japan. This comprised ¥145,325 million in impairment losses on goodwill and ¥30,949 million in impairment losses on intangible assets (customer-related assets of the domestic convenience store business); both amounts were recorded under Impairment losses on property, plant and equipment, intangible assets, goodwill and others in the Financial Statements. These losses are included in the consolidated net income (loss) for the Consumer Industry segment (impact on profit for the year attributable to owners of the parent was ¥83.6 billion loss).

An impairment test for Goodwill was performed after allocating its book value to the group of cash-generating units which compose the overall business of Lawson Inc., and the recoverable amount was estimated based on value in use. Value in use was estimated by using the present value of future cash flows based on the business forecast which reflects the recent business environment and was developed with the support of an independent appraiser. The difference between the value in use and the book value was recorded as impairment losses. The Company has formulated business plans for each major business, covering a period of 5 years.

The key assumption with the most significant impact on the calculation of recoverable amount is the sales growth at domestic convenience stores, which is driven mainly by the increase in the number of stores and average daily store sales. Consumer demand has gradually begun to recover from the stagnation caused by the COVID-19 pandemic. The Company uses a forecast with the current trend of continued recovery to the same level of the fiscal year ended March 31, 2020 by the year ending March 31, 2023, and an increase in the sales growth rate at domestic convenience stores of 0.6% is forecasted to be achieved by the year ending March 31, 2026. These assumptions reflect such factors as historical performance and trends observed at competitors and in similar industries. Management authorized these assumptions after considering the consistency among these factors. Certain expected improvements related to such factors as store-related initiatives to be implemented by Lawson Inc. going forward are not included. For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average while incorporating the risks specific to the cash-generating unit. For impairment testing in the year ended March 31, 2021, a discount rate of 4.9% (after-tax conversion) was applied. The growth rate for future cash flows exceeding the period of the business plan must take into consideration the long-term average growth rate of the market or country to which the cash-generating unit belongs and must be set in a range that does not exceed this rate. For impairment testing in the year ended March 31, 2021, the Company used a growth rate of 0%.

The impairment tests for Customer-related assets (related to the domestic Consumer Industry business) were performed after allocating their book value to store-unit asset groups (cash-generating units). For each such asset group, the difference between the book value and the recoverable value determined using the value in use based on the discounted present value of future cash flows was recorded as an impairment loss, which was reasonably classified as an impairment losses on property, plant and equipment; right-of-use assets; or intangible assets (customer-related).

Note that the calculation of value in use is consistent with the abovementioned assumptions used in the testing for the impairment of goodwill.

(Fair value of financial instruments)

Please refer to "Notes Concerning Financial Instruments."

2. Scope of Consolidation and Application of the Equity Method

(Number of Companies)

	As of March 31, 2020	As of March 31, 2021	Increase (decrease)
Number of consolidated subsidiaries	1,257	1,265	8
Number of investments accounted for using the equity method	446	456	10
Total	1,703	1,721	18

Note: The numbers of companies shown above include associates directly consolidated by companies subject to consolidation (March 31, 2020: 1,188 companies; March 31, 2021: 1,229 companies).

Entities in which the Company holds 20% to 50% of voting rights but are not considered affiliates:

Chiyoda Corporation
The Company has subscribed to a capital increase through private placement of shares by Chiyoda Corporation, which conducts an integrated engineering business. As a result, the Company holds Class A preferred shares that are convertible into ordinary shares.
If all of the Class A preferred shares are converted into ordinary shares, the Company would have held 82.06% of the voting rights combined with 33.57% of its voting rights of ordinary shares that the Company already holds separately. In determining the scope of consolidation under IFRS, the potential exercisable voting rights held by an entity are also taken into consideration. Given that the Company is in a position where it can substantially exercise sole effective control of Chiyoda Corporation, the Company has treated Chiyoda Corporation as a consolidated subsidiary.

Entities in which the Company holds more than half of the voting rights but does not have control:

MI Beraún B.V. (“MI Vera”)
The Company holds 56% of the voting rights in MI Beau, a company located in the Netherlands that participates in the Tangguh LNG Project in Indonesia, and INPEX CORPORATION (“INPEX”) holds the remaining 44% of the voting rights. Under the joint venture agreement with INPEX, significant decisions regarding MI Berau’s operations require unanimous consent by the Company and INPEX. The rights given to INPEX in the joint venture agreement are considered substantive participating rights, and MI Berau is not controlled solely by the Company. Accordingly, the Company accounts for its investment in MI Berau as a joint venture using the equity method.

Sulawesi LNG Development Ltd. (“Sulawesi LNG Development”)
The Company holds 75% of the voting rights in Sulawesi LNG Development, a UK corporation. Sulawesi LNG Development is a holding company which invested in the Donggi Senoro LNG Project in Indonesia. It was established with Korea Gas Corporation (“KOGAS”), which holds the remaining 25% ownership interest. Under the shareholders’ agreement with KOGAS, significant decisions regarding Sulawesi LNG Development’s operations require unanimous consent by the Company and KOGAS. The rights given to KOGAS in the shareholders’ agreement are considered substantive participating rights, and Sulawesi LNG Development is not controlled solely by the Company. Accordingly, the Company accounts for its investment in Sulawesi LNG Development as a joint venture using the equity method.

3. Primary Changes in the Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries	[Exclusion]	MC RESOURCE DEVELOPMENT LTD.

4. Significant Consolidated Subsidiaries and Investments Accounted for Using the Equity Method

Consolidated subsidiaries	Mitsubishi Corporation (Americas) Mitsubishi Corporation International (Europe) Plc Mitsubishi Corporation (Shanghai) Ltd. MITSUBISHI CORPORATION FINANCE PLC Metal One Corporation MITSUBISHI DEVELOPMENT PTY LTD Chiyoda Corporation TRI PETCH ISUZU SALES COMPANY LIMITED Mitsubishi Shokuhin Co., Ltd. Lawson, Inc. ENECO GROEP N.V.
Investments accounted for using the equity method	Japan Australia LNG (MIMI) Pty. Ltd. Mitsubishi Motors Corporation

5. Significant Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

The Parent consolidates the investees that it directly or indirectly controls. Therefore, the Company generally consolidates its majority-owned subsidiaries. However, even in cases where the Company does not own the majority of voting rights, if the Company is deemed to effectively control the decision-making body, the investee is treated as a consolidated subsidiary. In cases where the Company has the majority of voting rights in an investee but other shareholders have substantive rights to participate in the decision-making over the ordinary course of business of the investee, the Company does not have control, and the equity method is applied.

The consolidated financial statements include profit or loss and other comprehensive income of subsidiaries from the day on which control was obtained to the day on which control was lost. Adjustments have been made to the financial statements of subsidiaries to adhere to the accounting policies adopted by the Company. All intercompany accounts and transactions have been eliminated.

Changes in ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Parent's interest and non-controlling interest is adjusted to reflect changes in their relative interest in the subsidiaries. Any difference between the amount of non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent.

If control over a subsidiary is lost, the difference between (a) the sum of the fair value of consideration received and the fair value of remaining interest and (b) assets (including goodwill), liabilities, and the previous carrying amount of non-controlling interest of the subsidiary is recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, "Financial Instruments," or the cost on initial recognition of investment in associates or joint ventures.

(ii) Business combinations

Business combinations (acquisition of businesses) are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values at the acquisition date (i.e., the day on which the Company obtains control) of the assets transferred by the Company, the liabilities incurred by the Company to former owners of the acquiree and the equity interests issued by the Company. The Company accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except as follows:

・ Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognized and measured in accordance with IAS 12, "Income Taxes," and IAS 19, "Employee Benefits," respectively.

・Assets or disposal groups that are classified as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," are measured in accordance with the Standard.

・ Liabilities or equity instruments related to share-based remuneration of the acquiree or share-based remuneration of the Company entered into to replace such arrangements of the acquiree are measured in accordance with IFRS 2, "Share-based Payment".

In cases where the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of equity interest in the acquiree held previously by the Company exceeds the net amount of identifiable assets and liabilities at the acquisition date, goodwill is measured at the excess amount.

If the net amount of identifiable assets and liabilities at the acquisition date exceeds the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of equity interest in the acquiree held previously by the Company, the excess amount is immediately recognized in profit or loss as a bargain purchase gain.

In the case of a business combination achieved in stages, equity interest in the acquiree held previously by the Company is re-measured at fair value at the acquisition date (i.e., the day on which the Company obtains control), and gains or losses incurred are recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss or other comprehensive income where such treatment would be appropriate if the interests were disposed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, which does not exceed one year, the Company retrospectively adjusts the provisional amounts recognized at the acquisition date or recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

(iii) Associates and joint ventures

The equity method is applied to investments in associates and joint ventures. An associate is an entity that is not controlled solely or jointly by the Company, but for which the Company is able to exert significant influence over the decisions on financial and operating or business policies. If the Company has 20% or more, but no more than 50%, of the voting rights of another entity, the Company is presumed to have significant influence over that entity. Entities over which the Company is able to exert significant influence on their decisions regarding financial and operating or business policies even if it holds less than 20% in the voting rights are also included in associates. The equity method is not applied in cases where the Company is deemed not to have significant influence, even if it holds 20% or more of the voting rights.
A joint venture is a joint arrangement (i.e., arrangement of which two or more parties have joint control) whereby the parties that have joint control have rights to the net assets of an independent entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions on activities that have a significant impact on the returns of the arrangement require the unanimous consent of the parties sharing control and those activities are undertaken jointly by the parties.
Under the equity method, the investment in an associate or a joint venture is recognized initially at cost and the carrying amount is increased or decreased to recognize the Company's share of the net assets of the associate or the joint venture after the date of acquisition. The Company's share of the profit or loss of the associate or the joint venture is recognized in the Company's profit or loss. The Company's share of the other comprehensive income of the associate or the joint venture is recognized in the Company's other comprehensive income. When the Company's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Company discontinues recognizing its share of further losses. After the Company's interest, including any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture, is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. All profits associated with intercompany transactions, excluding business transfers, have been eliminated in proportion to interests in associates and joint ventures.
An associate or a joint venture is accounted for using the equity method from the date it becomes an associate or joint venture. On initial recognition, the amount of investment in excess of interests with respect to the net fair value of assets, liabilities, and contingent liabilities of associates and joint ventures is recognized as the amount corresponding to goodwill, and is included in the carrying amount of investments.
In cases where significant influence over associates or joint control over joint ventures is lost and the application of the equity method is discontinued, remaining investments are measured at fair value at the disposal date, and are accounted for as financial assets in accordance with IFRS 9, "Financial Instruments." The difference between the previous carrying amount and fair value of the remaining investments is recognized in profit or loss as a gain or loss on disposal of such investments. The amount previously recognized as other comprehensive income by associates and joint ventures is accounted for by determining whether or not they should be reclassified into profit or loss as if related assets or liabilities had been directly disposed.

(iv) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities, according to the contractual arrangement. For investments in joint operations, only the Company's share of assets, liabilities, revenues and expenses arising from the jointly controlled operating activities is recognized. All intercompany accounts and transactions have been eliminated in proportion to interests.

(v) Investment entities

An investment entity is defined as an entity that satisfies the following conditions: the entity (a) obtains funds from investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.
In principle, investment entities measure all of their investments, including equity in the subsidiaries of the investment entities, at fair value through profit or loss in accordance with IFRS 9, “Financial Instruments.” However, if a subsidiary of the Company qualifies as an investment entity, when the Company consolidates the investment entity, the fair value measurement applied by the investment entity to equity in its subsidiaries is reclassified to conform to the ordinary

consolidation process.
Meanwhile, if an associate or joint venture of the Company qualifies as an investment entity, when the Company applies the equity method, the fair value measurement applied by the investment entity to equity in its subsidiaries is maintained.

(vi) Reporting date

When the Company prepares consolidated financial statements, certain subsidiaries, associates and joint arrangements prepare financial statements with a fiscal year end on or after December 31, but prior to the Parent's fiscal year end of March 31, for which unification of the fiscal year end is impracticable, since the local legal system or contractual terms among shareholders require the fiscal year end to be different from that of the Parent. It is also impracticable for such entities to provide the provisional settlement of accounts at the end of the reporting period of the Parent due to the characteristics of the business, operations, or other practical factors. Where this is the case, adjustments have been made to the consolidated financial statements of the Company for the effects of significant transactions or events that occurred between the end of the reporting period of the subsidiaries, associates, or joint arrangements and that of the consolidated financial statements.

(2) Foreign currency translation

Items denominated in foreign currencies in the financial statements are translated at the exchange rate at the transaction date, and monetary items are retranslated at the exchange rate as at the fiscal year end. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The difference arising from the retranslation of monetary items is recognized in "Other income (expense) – net" in the Consolidated Statement of Income.
The assets and liabilities of foreign operations, such as foreign subsidiaries and associates, are translated into Japanese yen at the respective year-end exchange rates. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period. Exchange differences arising from translation are recognized in other comprehensive income and accumulated in "Other components of equity" on a past-tax basis.
In the event of a loss of control due to the disposal of foreign operations, the cumulative amount of exchange difference is reclassified into profit or loss. In the case of partial disposal that does not lead to the loss of control of a subsidiary, the ratio of ownership interest in the cumulative amount of exchange difference is reallocated to non-controlling interests, but no amount is recognized in profit or loss. In other cases of partial disposal that lead to the loss of significant influence or joint control, the amount proportionate to the disposal of the cumulative amount of exchange difference is reclassified into profit or loss.
Goodwill and fair value adjustments resulting from the acquisition of foreign operations are retranslated as assets and liabilities of such foreign operations as at the end of the reporting period, and exchange differences are recognized in "Other components of equity" and accumulated in equity.

(3) Financial instruments

(i) Non-derivative financial assets

The Company recognizes trade and other receivables on the trade date. The Company recognizes all other financial assets at the trade date on which the Company became a party to the contract concerning such financial instruments.
The Company initially recognizes financial assets at fair value. Financial assets not recorded at fair value through profit or loss also include transaction costs that are directly attributable to the acquisition of the financial assets. After initial recognition, financial assets are measured either at amortized cost or at fair value.

(ii) Financial assets measured at amortized cost

Financial assets are measured at amortized cost using the effective interest method if both of the following conditions are met:

• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received, transaction costs, and other premium/discounts) through the expected life of a financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition.

In cases where a financial asset measured at amortized cost is derecognized, the difference between the carrying amount and the consideration received or receivable is recognized in profit or loss.

(iii) Financial assets measured at fair value

For details on fair value method, refer to (22) Fair value measurements.

Debt instruments other than those measured at amortized cost are measured at fair value through other comprehensive income (FVTOCI) if both the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in the fair value of debt instruments measured at FVTOCI are recognized in profit or loss in the event of derecognition of such assets.

Financial assets other than those measured at amortized cost are measured at fair value, and changes in their fair value are recognized as profit or loss (FVTPL). However, the Company has elected to designate some equity instruments as financial assets measured at fair value through other comprehensive income (FVTOCI) if the investments are not held for trading. A financial asset is classified as held for trading if:

(a) It has been acquired or incurred principally for the purpose of selling it in the near term; or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) It is a derivative (except for derivatives that are financial guarantee contracts or designated and effective hedging instruments).

Changes in the fair value of financial assets measured at FVTOCI are directly transferred from other comprehensive income to retained earnings in the event of derecognition of such assets, and are not recognized in profit or loss. Dividend income from financial assets measured at FVTOCI is recognized in profit or loss as part of finance income at the time when the right to receive payment of the dividend is established.

(iv) Impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income

The Company estimates expected credit losses on financial assets measured at amortized cost and debt instruments measured at FVTOCI, and recognizes and measures loss allowances. As of the reporting date, if credit risks on certain financial instruments have not increased significantly since initial recognition, the loss allowance on such financial instruments is measured at an amount equal to expected credit losses that result from default events that are possible within 12 months after the reporting date. Meanwhile, if, as of the reporting date, credit risks on certain financial instruments have increased significantly since initial recognition, the loss allowance on such financial instruments is measured at an amount equal to expected credit losses that result from all possible default events over the expected lifetime of the financial instruments (expected lifetime credit losses). The presence of any significant increase in credit risk on financial instruments is determined considering information such as changes in external and internal credit ratings and past due information. Expected credit losses are measured by reflecting factors such as time value of money, history of default events for each credit rating, and reasonable and supportable information about forecasts concerning economic indicators that are highly correlated with the preceding factors. For financial assets showing evidence of credit impairment as of the reporting date, the Company estimates expected lifetime credit losses individually by taking into consideration factors such as investment rating, the details of investment contracts, the state of collateral, cash flow rights and priorities, and the status of the issuer, and measures loss allowances for the relevant financial instruments. Evidence of credit impairment is determined considering information such as significant financial difficulty of the issuer or the borrower, and a breach of contract, including past due events. However, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is always recognized at an amount equal to expected lifetime credit losses, regardless of whether a significant increase in credit risk has occurred since initial recognition.

(v) Derecognition of financial assets

The Company derecognizes financial assets when and only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred. In cases where the Company neither transfers nor retains substantially all the risks and rewards of ownership but continues to control the assets transferred, the Company recognizes the retained interest in assets and related liabilities that might be payable.

(vi) Cash and cash equivalents

Cash equivalents are short-term (original maturities of three months or less), highly liquid investments (including mainly short-term time deposits) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(vii) Non-derivative financial liabilities

The Company initially recognizes debt securities and subordinated debt instruments issued by the Company on the issue date. All other financial liabilities are recognized on the transaction date on which the Company becomes a party to the contract concerning the financial instruments.

The Company derecognizes financial liabilities when the obligation specified in the contract is discharged or canceled or expires.

Financial liabilities are initially recognized at fair value, net of direct transaction costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments (including all fees paid, transaction costs, and other premium/discounts) through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition. There is no financial liability irrevocably designated as measured at fair value through profit or loss at the time of initial recognition.

(viii) Equity

Common stock

The amount of equity instruments issued by the Parent is recognized in "Common stock" and "Additional paid-in capital," and direct issue costs (net of tax) are deducted from "Additional paid-in capital."

Treasury stock

When the Company acquires treasury stock, the sum of the consideration paid and direct transaction costs after tax is recognized as a deduction from equity.

(ix) Hedge accounting and derivatives

The Company utilizes derivative instruments primarily to manage interest rate risks to reduce exposure to movements in foreign exchange rates and to hedge the commodity price risk of various inventory and trading commitments. All derivative instruments are reported at fair value as assets or liabilities. In the case where transactions which can mitigate market risk cannot be utilized, the Company applies hedge accounting by designating such derivatives and non-derivative financial instruments, such as foreign currency-denominated debt, as a hedging instrument of either a fair value hedge, a cash flow hedge, or a hedge on net investment in foreign operations, to the extent that hedging criteria are met.

The Company assesses hedge effectiveness at the start of the hedging relationship, quarterly, or when a significant change impacting on hedge effectiveness occurs by confirming whether or not the relationship is such that changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are substantially offset by changes in the fair value or cash flows of the hedging instrument. The Company has determined that the effect of credit risk on hedging relationship is immaterial.

Fair value hedges

Derivative instruments designated as hedging instruments of fair value hedges primarily consist of interest rate swaps used to convert fixed-rate financial assets or debt obligations to floating-rate financial assets or debt. Changes in fair values of hedging derivative instruments are recognized in profit or loss, offset against the changes in the fair value due to the risk of the related financial assets, financial liabilities, and firm commitments being hedged and are included in "Other income (expense) – net" in the Consolidated Statement of Income.

In cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the Company adjusts the hedging ratio to reestablish the effectiveness of the hedging relationship. Furthermore, the Company discontinues the application of hedge accounting in cases where there is a change in the risk management objective for the hedging relationship. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from the date on which the Company discontinues hedge accounting.

Cash flow hedges

Derivative instruments designated as hedging instruments of cash flow hedges include interest rate swaps to convert floating-rate financial liabilities to fixed-rate financial liabilities, and forward exchange contracts to offset variability in functional currency-equivalent cash flows on forecasted sales transactions. Additionally, commodity swaps and futures contracts that qualify as cash flow hedges are utilized. The effective portion of changes in the fair values of derivatives that are designated as cash flow hedges are deferred and recognized in other comprehensive income and accumulated in "Other components of equity." Derivative unrealized gains and losses included in "Other components of equity" are reclassified into profit or loss at the time that the associated hedged transactions are recognized in profit or loss. In cases where the hedged item is recognized as a non-financial asset or non-financial liability, the amount recognized in "Other components of equity" is reclassified as an adjustment of the initial carrying amount of the non-financial asset or non-financial liability. Ineffectiveness is recognized immediately in profit or loss.

In cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the Company adjusts the hedging ratio to reestablish the effectiveness of the hedging relationship. Furthermore, the Company discontinues the application of hedge accounting in cases where there is a change in the risk management objective for the hedging relationship. Any gain or loss recognized in other comprehensive income and accumulated in "Other components of equity" at the time of discontinuing hedge accounting remains in equity and is reclassified into profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in "Other components of equity" is recognized immediately in profit or loss.

Hedges of net investment in foreign operations

The Company uses forward exchange contracts and non-derivative financial instruments such as foreign currency-denominated debt in order to reduce the foreign currency exposure in the net investment in a foreign operation. The effective portion of changes in fair values of the hedging instruments are accumulated in "Exchange differences on translating foreign operations" within "Other components of equity."

Derivative instruments used for other than hedging activities

The Company enters into commodity and financial derivative instruments as part of its brokerage services in commodity futures markets and its trading activities. The Company clearly distinguishes between derivatives used for brokerage services and trading activities from derivatives used for risk management purposes. As part of its internal control policies, the Company has set strict limits on the positions which can be taken in order to manage potential losses for these derivative transactions, and periodically monitors the open positions for compliance.

Changes in fair value of derivatives not designated as hedging instruments or held for trading purposes are recognized in profit or loss.

(x) Financial guarantee contracts

Liabilities under financial guarantee contracts issued by the Company are initially measured at fair value and,

if not designated as FVTPL, are subsequently measured at the higher of:
・ Loss allowances measured in accordance with IFRS 9, "Financial Instruments"; or
・ The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with accounting policies for revenue recognition.

(xi) Offsetting financial assets and financial liabilities
If the Company currently has a legally enforceable right to set off the recognized amount of financial assets against the recognized amount of financial liabilities and has the intention either to settle on a net basis or to realize assets and settle liabilities simultaneously, the Company offsets financial assets against financial liabilities and presents the net amount in the consolidated statement of financial position.

(4) Inventories
Inventories are recognized at the lower of cost or net realizable value based on the moving average method or identified cost method. Net realizable value is presented in the amount of estimated selling price of inventories, less the estimated costs of completion and the estimated costs necessary to make the sale.
Inventories acquired with the purpose of generating a profit from short-term price fluctuations are measured at fair value less costs to sell.

(5) Biological assets
Biological assets are measured at fair value less costs to sell, with any changes therein recognized in profit, except in cases where fair value cannot be measured reliably.
Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.
Agricultural produce harvested from biological assets is reclassified into inventories at fair value less costs to sell at the point of harvest.

(6) Property, plant and equipment
(i) Recognition and measurement
Property, plant and equipment are recognized at cost, net of accumulated depreciation and accumulated impairment losses.
Cost includes the expenses directly attributable to the acquisition of the assets, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs to be capitalized.
If the estimated useful life of property, plant and equipment varies from component to component, each component is recognized as a separate item of property, plant and equipment.

(ii) Depreciation
Land is not depreciated. Depreciation of other classes of property, plant and equipment is calculated based on the depreciable amount. The depreciable amount is calculated by deducting the residual value from the cost of the asset or the amount equivalent to the cost. Depreciation of plant, property and equipment other than mining resource-related assets is calculated principally using the straight-line method for buildings and structures, the straight-line or declining-balance method for machinery and equipment, and the straight-line method for ships and vessels mainly over the following estimated useful lives:

Buildings and structures	2 to 60 years
Machinery and equipment	2 to 50 years
Ships and vessels	2 to 25 years

Assets related to the acquisition of contractual rights for the exploration, evaluation, development, and production of oil and gas or mining resources are classified as mineral resources-related property.
Mineral resources-related property is amortized using the unit-of-production method based on the proven or probable reserves.
The depreciation method, estimated useful life and residual value are reviewed at each period end, and amended as necessary.

(iii) Derecognition
The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from use or disposal. The gain or loss arising from the derecognition

of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

(7) Investment property

Investment property is property held to earn rentals, for long-term capital appreciation or both. Real estate held for sale in the ordinary course of business (real estate held for development and resale) and real estate held for use in the production or supply of goods or services or for administrative purposes (property, plant and equipment) are not included. The Company applies the cost method to investment property and measures investment property at cost, net of accumulated depreciation and accumulated impairment losses. Investment property is depreciated using the straight-line method over its estimated useful life, which is mainly 2 to 60 years. An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss arising from the derecognition of an investment property is included in profit or loss when the investment property is derecognized.

(8) Intangible assets and goodwill

(i) Research and development costs

Expenditures related to research activities to obtain new scientific or technical knowledge and understanding are recognized as expenses as incurred. Development costs are capitalized only if they are reliably measurable, the product or process is technically and commercially feasible, it is probable that future economic benefits will be generated, and the Company has the intention and sufficient resources to complete the development and to use or sell. Other development costs are recognized as expenses as incurred.

(ii) Other intangible assets

Other intangible assets with finite useful lives acquired by the Company are measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized but measured at cost, net of accumulated impairment losses.

(iii) Goodwill

Initial recognition

Goodwill arising from acquisition of subsidiaries is included in "Intangible assets and goodwill" in the consolidated statement of financial position. Measurement of goodwill at the time of initial recognition is described in (1) Basis of consolidation (ii) Business combinations above.

Measurement after initial recognition

Goodwill is measured at cost, net of accumulated impairment losses. The carrying amount of investments accounted for using the equity method includes the carrying amount of goodwill.

In case of disposal of an operation within a related cash-generating unit, goodwill is derecognized and the amount is recognized in profit or loss.

(iv) Amortization

Other than goodwill and intangible assets with indefinite useful lives, intangible assets are amortized under the straight-line method over their estimated useful lives from the day on which the assets became available for use.

The estimated useful life of each asset is mainly as follows:

Trademarks	10 to 36 years
Software	2 to 15 years
Customer relationships	6 to 29 years
Renewable energy subsidies	10 to 13 years

The amortization method, estimated useful life, and residual value are reviewed at each period end, and amended as necessary.

(9) Leases

For leases as the lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee. Leases other than finance leases are classified as operating leases.

For leases as the lessee, based on a single lessee accounting model, right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments are required to be recognized in the consolidated statement of financial position for all leases, in principle.

(i) Lease as lessor
Amounts due from lessees under finance leases are recorded in “Trade and other receivables” at the amount of the Company’s net investment in the lease. Finance income is allocated over the lease term on a rational basis against the lessor’s gross investment in the lease outstanding and recognized in the fiscal year to which it is attributable. Operating lease income is recognized over the term of underlying leases on a straight-line basis.

(ii) Lease as lessee
On the lease commencement date, lease liabilities are initially measured at the present value of the lease payments payable over the lease term, while right-of-use assets are initially measured at the amount of the lease liability adjusted for prepaid lease payments, etc. The lease term is determined as the non-cancellable period for the lease plus periods covered by an extension option if exercise of that option by the lessee is reasonably certain; and periods covered by a termination option if the lessee is reasonably certain not to exercise that option. The lease liability is initially measured at the present value of the lease payments, discounted by using the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use its incremental borrowing rate.
After initial recognition, right-of-use assets are depreciated principally by the straight-line method over the shorter period of the lease term and the useful life of the underlying asset. For lease liabilities, interest expenses and the repayment amount of lease liabilities are reflected in the carrying amount of lease liabilities based on the effective interest rate method. If there are changes in the lease term determined at the commencement date of the lease or other time, or revisions to lease payments or other modifications, the lease liability is revised to reflect the changes in the lease payments, and the amount of the revision of the lease liability is recognized as a revision of the carrying amount of the right-of-use asset. In addition, impairment of right-of-use assets is as described in “(14) Impairment of non-financial assets.”
The Company applies an exemption for short-term leases with a lease term of 12 months or less. Lease payments for such short-term leases are accounted for as an expense on a straight-line basis over the lease term, without recognizing a right-of-use asset and lease liability. In addition, the Company applies a practical expedient for treating the components of a contract. Specifically, the Company elects, by class of underlying asset of real estate and vessels, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(10) Oil and gas exploration and development
Oil and gas exploration and evaluation activity includes:
- Acquisition of rights to explore;
- Gathering exploration data through topographical, geological, geochemical, and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation expenditures such as geological and geophysical cost are expensed as incurred. Exploration and evaluation expenditures such as costs of acquiring properties, drilling, and equipping exploratory wells and related plant and equipment are capitalized as property, plant and equipment or intangible assets.
The capitalized exploration and evaluation expenditures are not depreciated until production commences. Capitalized exploration and evaluation expenditures are monitored for indications of impairment. If the capitalized expenditure is determined to be impaired, an impairment loss is recognized based on the fair value.
When capitalized exploration and evaluation expenditures have been established as commercially viable by a final feasibility study, subsequent development expenditures are capitalized and amortized using the unit-of-production method.

(11) Mining operations
Mining exploration costs are recognized as an expense as incurred until the mining project has been established as technically feasible and commercially viable by a final feasibility study. Once established as technically feasible and commercially viable, costs are capitalized and are amortized using the unit-of-production method based on the proven and probable reserves.
The stripping costs incurred during the production phase of a mine are accounted for as variable production costs and are included in the costs of the inventory produced during the period in which the stripping costs

are incurred. To the extent that the benefit is improved access to ore, the stripping costs are recognized as a property, plant and equipment or an intangible asset.
For capitalized costs related to mining operations, impairment loss is recognized based on the fair value less cost of disposal if it is determined that commercial production cannot commence or capitalized costs are not recoverable.

(12) Non-current assets held for sale
If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Company classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets. This condition is regarded as met only when the non-current asset or the disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups, and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.
Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amounts or fair value less costs to sell, except for those items that are required to be measured based on standards other than IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations."

(13) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.
All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(14) Impairment of non-financial assets
(i) Assessment for impairment
If there are any events or changes in circumstances indicating that the carrying amount of the Company's non-financial assets, excluding inventories and deferred tax assets, may not be recoverable, the recoverable amount of such assets are estimated by assuming that there are indications of impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, or more frequently if indicators of impairment are present. Goodwill that constitutes part of the carrying amount of investments accounted for using the equity method is not recognized separately and is not tested for impairment on an individual basis. However, the total amounts of investments accounted for using the equity method is assessed for indications of impairment and tested for impairment by treating it as a single asset. Non-financial assets other than goodwill that constitutes part of the carrying amount of investments accounted for using the equity method are tested for impairment with respect to each asset, cash-generating unit, or group of cash-generating units at investees, reflecting adjustments to fair value associated with the application of the equity method.
Assessment for impairment is performed with respect to each asset, cash-generating unit, or group of cash-generating units. If the carrying amount of the asset, cash-generating unit, or group of cash-generating units exceeds its recoverable amount, an impairment loss is recognized in profit or loss.
The recoverable amount of the asset, cash-generating unit, or group of cash-generating units is the higher of the value in use or the fair value less costs to sell. Value in use is calculated by discounting the estimated future cash flows to the present value using the pre-tax discount rate reflecting the risks specific to the asset or the cash-generating unit.

(ii) Cash-generating units
In cases where cash inflows are generated by multiple assets, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets is referred to as a cash-generating unit.
A cash-generating unit, including goodwill, is set as the smallest unit at which the goodwill is monitored for internal management purposes and is a smaller unit than the operating segment. If impairment loss is recognized in relation to a cash-generating unit, the carrying amount of any goodwill allocated to the cash-generating unit is reduced first, and if there is any residual amount, other assets of the unit are reduced pro rata on the basis of the carrying amount of each asset in the unit, in principle.

(iii) Reversal of impairment loss
Impairment recognized in the past is reversed if there are indications of reversal of impairment and changes

in the estimates used to determine the asset's recoverable amount. However, impairment loss recognized for goodwill is not reversed. Reversal of impairment loss is recognized up to the carrying amount, which is calculated on the basis that no impairment loss for the asset had been recorded in prior years.

(15) Post-employment benefits

The Company has adopted defined benefit plans and defined contribution plans.

(i) Defined benefit plans

Obligations related to defined benefit plans are recognized in the Consolidated Statement of Financial Position as the net amount of benefit obligations under such plans and the fair value of pension assets. Any surplus resulting from this calculation is limited to the present value of any economic benefit available in the form of refunds from the plans or reductions in future contributions to the plans. Benefit obligations are calculated at the discounted present value of the amount of estimated future benefits corresponding to the consideration for services already provided by employees with respect to each plan. The Company re-measures benefit obligations using information provided by qualified actuaries and pension assets in each period.

Increases or decreases in benefit obligations for employees' past services due to the revision of the pension plan are recognized in profit or loss.

The Company recognizes the increases or decreases in obligations due to the remeasurement of benefit obligations and pension assets of defined benefit plans in other comprehensive income, and such increases or decreases are recorded in "Other components of equity." which are immediately reclassified into "Retained earnings."

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans in which the employer makes a certain amount of contributions to fund post-employment benefits and does not bear more obligations than the amount contributed. Obligations to make contributions under defined contribution plans are recognized in profit or loss as expenses in the period during which services were provided by employees.

(16) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations, and is discounted when the time value of money is material.

Provision for decommissioning and restoration

The provision for decommissioning and restoration is reviewed each period and adjusted to reflect developments that could include changes in closure dates, legislation, discount rate, or estimated future costs. The amount recognized as a liability for decommissioning and restoration is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of "Property, plant and equipment," "Investment property" and “Right-of-use assets” and is depreciated over the estimated life of the corresponding asset. The impact of unwinding of the discount applied in establishing the net present value of the provision is recognized in "Finance costs." The applicable discount rate is a pre-tax rate that reflects the current market assessment of the time value of money.

(17) Stock-based compensation

Stock-based compensation cost is measured at the grant date based on the estimated fair value of stock-based awards, and is recognized on a straight-line basis over the period in which services are received as consideration, with a corresponding increase in equity. The fair values of stock options are estimated by using a Monte Carlo Simulation, while the fair values for the Employee Stock Ownership Plan (ESOP) are estimated based on observable market prices.

(18) Revenues

(i) Revenue recognition criteria (five-step approach)

In line with the application of IFRS 15, the Company recognizes revenue based on the five-step approach outlined below:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company identifies distinct goods or services included in contracts with customers and identifies performance obligations by such transaction units.

In identifying performance obligations, the Company performs an analysis on principal versus agent. If the nature of the promise is a performance obligation to provide the specified goods or services itself, the Company is a principal and the total amount of consideration is presented as revenue in its Consolidated Statement of Income. If its nature is a performance obligation to arrange for those goods or services to be provided by other parties, the Company is an agent and the commission or fee amount or the net amount of consideration is presented as revenue in its Consolidated Statement of Income. In deciding whether the Company is a principal, the Company takes into consideration the following three indicators:

・ The Company is primarily responsible for fulfilling the promise to provide the specified good or service;
・ The Company has inventory risk before the specified good or service is transferred to a customer, or after the transfer of control to the customer; and,
・ The Company has discretion in establishing the price for the specified good or service.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to customers. If the amount of consideration is undetermined at the point of revenue recognition, the consideration is estimated by a reliable manner based on formulas provided in the contract. If uncertainty is high or the transaction price cannot be reliably estimated, the consideration is not included in the transaction price. The transaction price is revised once a reliable estimation becomes probable". When the Company expects, at contract inception, that the period between the Company transferring a good or service and the customer paying for it will be one year or less, the Company applies the practical expedient and does not adjust the consideration for the effects of a financing component.

Within the incremental costs of obtaining a contract with a customer and the costs of fulfilling a contract that relate directly to the contract, the Company recognizes as an asset the portion of those costs that it expects to recover. However, if the amortization period of the asset resulting from the incremental costs to obtain a contract would be one year or less, the Company uses the practical expedient to expense those costs when incurred.

(ii) Revenue recognition in major transactions

<u>Revenue recognition at single point in time (all segments)</u>

The Company trades a wide variety of products and commodities, including metals, machinery, chemicals, and consumer goods. In the sale of products and commodities, the Company recognizes revenue when the terms of delivery have been satisfied, as it is considered that the customer has obtained control of the products or commodities and therefore the identified performance obligations have been satisfied at the point of delivery.

When the Company acts as an agent, in the sale of products and commodities, the Company also recognizes revenue when the terms of delivery have been satisfied, as it is considered that the customer has obtained control of the products or commodities and therefore the identified performance obligations have been satisfied at the point of delivery.

The Company also performs service-related activities. In service-related activities, the Company provides a variety of services including logistics, telecommunications, and technical support services. Revenue for service-related activities is recognized when the performance obligations for services are satisfied.

Revenue recognition over time (mainly Consumer Industry and Industrial Infrastructure segments)
The Company enters into contracts for service activities and construction services, including services based on franchise contracts. When transferring control of a good or service to a customer over a contract period for franchise contracts, revenue is recognized in conjunction with each franchise stores revenue recognition. For other service activities, the Company measures progress using a method that faithfully depicts the Company's performance, applying either output methods or input methods, which are ways to measure the degree of progress towards complete satisfaction of the performance obligations.

In the aforementioned sale of products and commodities and performance of service-related activities, if the Company's performance obligation is to arrange for the provision of goods or services by another party, the Company acts as a contractual agent of the seller or buyer. When acting as an agent, the Company recognizes revenue on a net basis either at a point in time when fulfilling the performance obligation or over time according to progress towards the complete satisfaction of the performance obligation.

(19) Service concession arrangements
A service concession arrangement is an arrangement between the "grantor" (a public sector entity) and the "operator" (a private sector entity) to provide services that give the public access to major economic and social facilities utilizing private-sector funds and expertise.
With respect to service concession arrangements, revenue and costs are allocated between those relating to construction services and those relating to operation services, and are accounted for separately. Consideration received or receivable is allocated based on to the relative fair value of services delivered when the amounts are separately identifiable.
When the amount of the arrangement consideration (including minimum revenue guarantee) for the provision of public services is substantially fixed by a contract, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration as a financial asset. The Company accounts for such financial assets in accordance with IFRS 9, "Financial Instruments," and calculates interest income based on the effective interest method and recognizes it in profit or loss.

(20) Government grants
Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to the grants and that the grants will be received.
Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are mainly conditional upon the Company acquiring non-current assets by purchase, construction, or other method are recognized by deducting the grants from the carrying amount of the assets in the consolidated statement of financial position and are reclassified into profit or loss on a systematic basis based on reasonable criteria over their useful lives.

(21) Income taxes
Income tax expenses consist of current and deferred taxes. They are recognized in profit or loss, excluding those related to business combinations and items recognized directly in equity or other comprehensive income.
Deferred taxes are recognized for temporary differences between the financial statement and income tax bases of assets and liabilities.
For taxable temporary differences concerning subsidiaries, associates, and joint arrangements, deferred tax liabilities are recognized. However, deferred tax liabilities are not recognized in cases where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred tax assets arising from deductible temporary differences concerning subsidiaries, associates, and joint arrangements are recognized only to the extent that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized only with respect to unused tax losses, unused tax credits, and deductible temporary differences where it is probable that future taxable income will be reduced. The recoverability of deferred tax assets is reviewed at the end of each period, and the Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

The Company recognizes an asset or liability for the effect of uncertainty in income taxes, and the asset or liability is measured at the amount of the reasonable estimate for uncertain tax positions when it is probable, based on the Company's interpretation of tax laws, that the tax positions will be sustained.

The Parent and its wholly owned domestic subsidiaries file a consolidated corporate income tax return as a consolidation group.

(22) Fair value measurements

Certain assets and liabilities are required to be recognized at fair value. The estimated fair values of those assets and liabilities have been determined using market information such as quoted market price and valuation methodologies such as market approach, income approach, and cost approach. There are three levels of inputs that may be used to measure fair value.

(i) Level 1

Quoted prices (unadjusted) in active markets (markets in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis) for identical assets or liabilities that the Company can access at the measurement date.

(ii) Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(iii) Level 3

Unobservable inputs for the asset or liability. The Company develops unobservable inputs using the best information available in the circumstances, which might include the Company's own data.

The valuation methods for the fair value measurements of all the financial instruments are determined based on the valuation policies and procedures which include the valuation methods approved by the proper accounting personnel. The business plans and development plans which provide a basis for cash flows are decided through internal verification procedures and discussing with or hearing to business partners or specialized agencies of the third party, after due actual vs. budget variance analysis during internal verification procedures. The discount rates properly reflect the risk premium, the risk free rate and the unlevered rate, considering the external environment such as geopolitical risks. Resource price forecast is a significant unobservable input for the fair value measurements of resource-related investments and calculated comprehensively considering the present price, the future forecast for supply and demand, the price forecast by the independent third party, etc. Short-term price trend is more likely to be significantly affected by the present price and the mid-to-long-term price trend is more likely to be significantly affected by the future forecast for supply and demand and the price forecast by the independent third party than other factors. The changes in unobservable inputs are analyzed in comparison with these inputs in the previous fiscal year and the report issued by the independent third party. All the valuations and the analysis of the changes in unobservable inputs are reviewed quarterly by the accounting personnel and approved by the authorized management of the administration departments of the Company. The valuation policies and procedures including the valuation methods for the fair value measurements are decided and periodically reviewed by the corporate accounting department of the Parent, based on its accounting manual.

6. Change in Presentation Method

Changes based on Ministerial Order “Partial Revision on Regulation on Corporate Accounting”

In accordance with the Ministerial Order “Partial Revision on Regulation on Corporate Accounting” (Ministry of Justice Ordinance No. 45, August 12, 2020), notes on “Accounting Estimates” has been disclosed from the year ended March 31, 2021.

7. Accounting Estimates

(1) Fair value of financial instruments

For assumptions and methods used to calculate the fair value of each class of financial instruments, refer to Notes Concerning Financial Instruments, Note 5 Significant Accounting Policies (3) Financial instruments (iii) Financial assets measured at fair value, and Note 5 Significant Accounting Policies (22) Fair value measurements.

(2) Impairment losses on financial assets

In the year ended March 31, 2021, the Company recorded loss allowance of 63,167 million yen, included under "Trade and other receivables" 4,032,514 million yen in the consolidated statement of financial position. For methods used to calculate the allowance, refer to Note 5 Significant Accounting Policies (3) Financial instruments (iv) Impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income.

(3) Impairment losses on non-financial assets

In the year ended March 31, 2021, the Company recognized 204,047 million yen of loss on non-financial assets under "Impairment losses on property, plant and equipment, intangible assets, goodwill and others" on the Consolidated Income Statement. The carrying value after the impairment losses for Property, plant and equipment, Investment property, Intangible assets and goodwill, and Right-of-use assets were 2,510,238 million yen, 95,419 million yen, 1,248,462 million yen, and 1,469,700 yen, respectively. For methods used to calculate the losses, refer to Note 5 Significant Accounting Policies (14) Impairment of non-financial assets. Regarding impairment losses on non-financial assets, refer to Note 1 Basis of Preparing Consolidated Financial Statements (3) Significant accounting judgments, estimates, and assumptions.

(4) Measurement of defined benefit plan obligations

In the year ended March 31, 2021, the Company recorded 129,126 million yen related to measurement of defined benefit plan obligation on the consolidated statement of financial position. For methods used to calculate the estimate, refer to Note 5 Significant Accounting Policies (15) Post-employment benefits.

(5) Provisions

In the year ended March 31, 2021, the Company recorded 285,265 million yen under provision on the consolidated statement of financial position. For methods used to calculate the estimate, refer to Note 5 Significant Accounting Policies (16) Provisions.

(6) Recoverable deferred tax assets

In the year ended March 31, 2021, the Company recorded 42,233 million yen under deferred tax assets on the consolidated statement of financial position. For methods used to calculate the estimate, refer to Note 5 Significant Accounting Policies (21) Income taxes.

(7) Medium- to long-term outlook for copper and crude oil prices

The Company holds shares in entities that are engaged in copper exploration business and the exploration and production of natural gas and natural gas liquefaction projects in the Mineral Resources Group and Natural Gas Group, respectively. These shares are included in Short-term investments, Other investments and Investments accounted for using the equity method in the consolidated statement of financial position.

The fair value of these financial assets measured at FVTOCI is determined using the discounted cash flow model. Investments accounted for using the equity method are tested for impairment. If there are indications of impairment or reversal of impairment, the carrying amount of investment is adjusted to the recoverable amount, which is the higher of the value in use or the fair value less costs of disposal. The Company uses the discounted cash flow model to estimate value in use. The long-term copper and crude oil price forecast is the most significant unobservable input used when measuring the fair value of FVTOCI financial assets and recoverable amounts in use of investments accounted for using the equity method; assessing any indication of impairment as well as reversal of impairment.

The FVOCI financial assets principally included Minera Escondida and Compania Minera Antamina for copper and also included Sakhalin Energy Investment Company and Malaysia LNG Dua for LNG.

The long-term copper price assumptions are determined based on forecasts of future global demand, production volume and cost assumption. Following the Company's examination of the consistency between the Company's price assumption and the information published by several third-party institutions, the person responsible for determining the price assumption authorizes this estimate. The Company estimates that the potential impact of the COVID-19 pandemic on the long-term price assumption of copper is limited given the circumstances that global demands for copper for the year ended March 31, 2021 has been largely unchanged in comparison to the prior year and mining operations have gradually returned to normal. This is primarily due to the economic recovery in China, which represents half of the global demands for copper. The Company's estimate for the long-term price assumption for copper, which is reviewed every year, is similar to price forecasts disclosed by third parties after 2026, excluding inflationary effects (approximately US$2.9/lb., the mean of the price forecasts as of March 2021 disclosed by analysts in financial institutions).

The long-term crude oil price assumptions are determined based on forecasts of future global demand, production volume, and cost assumption. Upon the Company's examination of the consistency between the Company's price assumption and the information published by several third-party institutions, the person responsible for determining the price assumption authorizes this estimate. The Company estimates that the crude oil price will gradually recover and increase over the medium to long term perspective due to the production adjustments by crude oil producing countries and the recovery of economic activities whereas it is expected to take certain time for full recovery of global economics stemming from COVID-19. For the longer-term perspective, global climate change risk and energy transition will have an impact on the long-term crude oil price assumptions. To determine the future supply-demand forecasts, the Company refers mainly to the Stated Policies Scenario published by the International Energy Agency ("IEA") which is based on each country's publicized reduction targets and climate change mitigation measures. The long-term price assumption for Dubai crude oil, which is reviewed every year, will reach about US$70/BBL on 2025, excluding inflationary effects, as of March 2021.

Notes Concerning Consolidated Statement of Financial Position

1. Assets pledged as collateral

(1) Pledged assets

Trade and other receivables (current and non-current)	127,374 million yen
Other investments (current and non-current)	510,247 million yen
Property, plant, and equipment (less accumulated depreciation and accumulated impairment losses)	193,694 million yen
Investment property (less accumulated depreciation and accumulated impairment losses)	45,129 million yen
Others	2,806 million yen
Total	879,250 million yen

(2) Liabilities with the pledged assets listed above

Short-term debt	7,789 million yen
Long-term debt	261,744 million yen
Guarantees of contracts and others	609,717 million yen
Total	879,250 million yen

Transfer transactions that do not involve the derecognition of non-financial assets and financial assets can be viewed as an effective pledge of collateral. However, these transactions differ in nature from the ordinary pledge of collateral, in which legal ownership of the pledged assets is retained. Accordingly, such transfer transactions are not included in the amounts above.

As of March 31, 2021, as an example of transfer transactions for such assets that do not involve derecognition, the Company has repurchase agreements for bonds and precious metals. The balance of assets for such transactions was 119,737 million yen as of March 31, 2021.

2. Accumulated depreciation and impairment losses on property, plant, and equipment	1,845,040 million yen
3. Accumulated depreciation and impairment losses on investment properties	43,968 million yen
4. Accumulated amortization and impairment losses on intangible assets	338,753 million yen

6. Guarantees

Financial guarantees	420,454 million yen
Performance guarantees	415,215 million yen
Total	835,669 million yen

These guarantees are credit enhancements in the form of standby letters of credit and performance guarantees in order to enable the Company's customers, suppliers, and associates to execute transactions or obtain desired financing arrangements with third parties.

Notes Concerning Consolidated Statement of Changes in Equity

1. Number of shares issued at the end of the fiscal year Common stock 1,485,723,351 shares

2. Matters concerning dividends

(1) Matters concerning dividends paid during the year ended March 31, 2021

Resolution	Class of Shares	Total Dividend	Dividend per Share	Record Date	Effective Date
June 19, 2020 Ordinary General Meeting of Shareholders	Common stock	101,182 million yen	68 yen	March 31, 2020	June 22, 2020
November 5, 2020 Board of Directors Meeting	Common stock	99,116 million yen	67 yen	September 30, 2020	December 1, 2020

(2) Matters concerning dividends to be paid after the end of the year ended March 31, 2021

The Parent plans to submit the following proposal for approval at the Ordinary General Meeting of Shareholders on June 25, 2021.

Total dividend:	99,127,707,742 yen
Dividend per share of common stock:	67 yen
Effective date:	June 28, 2021
Source of funds for dividend:	Retained earnings
Record date:	March 31, 2021

3. Number of shares resulting from the potential exercise of stock acquisition rights at the end of the fiscal year

1,422,200 shares of common stock (excluding shares for which the exercise period has not commenced)

Notes Concerning Financial Instruments

1. Matters concerning financial instruments

The Company, in the normal course of its business, deals with various financial instruments. The Company engages in business transactions with a significant number of customers in a wide variety of industries all over the world, and its receivables from, and guarantees to, such parties are broadly diversified. Consequently, in management's opinion, there is no significant concentration of credit risk in any particular region or to any specific customer. The Company manages credit risk of these financial instruments by setting and approving credit limits and by periodically monitoring the credit standing of counterparties based on the Company's credit risk management policies. The Company requires collateral to the extent considered necessary.

As for derivative transactions, the Company enters into various derivative contracts in accordance with its risk management policy to mitigate specific risks.

2. Matters concerning fair value of financial instruments

The fair value of financial instruments has been determined using available market information, such as quoted market prices, or valuation methodologies, such as the market, income, or cost approaches.

The following assumptions and methods were used to calculate the fair value of each class of financial instrument:

The fair values of investments in marketable securities included in "Short-term investments" and "Other investments" are estimated using quoted market prices in active markets or quoted prices for identical or similar assets in markets that are not active. The fair values of non-marketable investments are estimated primarily using the discounted present value of future cash flows, comparison with similar transactions, the value of net assets per share, and third-party valuations.

For trade and other receivables that have relatively short maturities, the carrying amounts approximate fair value. The fair values of trade and other receivables that do not have short-term maturities are determined using a discounted cash flow based on estimated future cash flows, which incorporate the characteristics of the receivables, including principal and contractual interest rates, and discount rates reflecting the Company's assumptions related to credit spread.

For trade and other payables that have relatively short maturities, the carrying amounts approximate fair value. The fair values of trade and other payables that do not have short-term maturities are determined using estimated future cash flows discounted by the interest rate applied to new debt the Company incurred with similar remaining maturities and conditions.

The fair values of borrowings are estimated based on the present value of estimated future cash flows using interest rates that are currently available to the Company for debt with similar terms and remaining maturities.

The fair values of derivative assets and derivative liabilities are estimated by a market approach using observable market inputs, such as quoted prices, interest rates, and foreign exchange rates, and unobservable inputs such as forward contracts. Derivative assets are included under "Other financial assets" and derivative liabilities are included under "Other financial liabilities."

The breakdown of carrying amounts and fair values of financial instruments as of March 31, 2021 is as follows:

(Millions of Yen)

	As of March 31, 2021	
	Carrying Amount	Fair Value
Financial assets:		
Short-term investments and other investments	1,831,230	1,830,105
Trade and other receivables	3,443,716	3,469,835
Derivative assets	302,504	302,504
Financial liabilities:		
Trade and other payables	2,716,549	2,716,418

Bonds and borrowings	5,644,315	5,638,314
Derivative liabilities	312,474	312,474

(Figures less than one million yen are rounded to the nearest million.)

Notes Concerning Investment Property

1. Matters concerning investment property

The Company holds investment property, including office buildings, commercial facilities, and other property for rent in Tokyo and other regions.

2. Matters concerning fair value of investment property

As of March 31, 2021, the carrying amount of investment property was 95,419 million yen and the fair value was 122,298 million yen.

The carrying amount is calculated as the acquisition cost, net of accumulated depreciation and accumulated impairment losses.

The fair value is determined based on evaluations obtained from independent appraisers with recent appraisal experience in relation to the location and real estate type and with publicly certified qualifications suited to a specialist, such as a real estate appraiser. These evaluations are based on an income approach utilizing input information, such as anticipated rental fees and discount rates.

Notes Concerning Per-Share Information

Total equity attributable to owners of the Parent per share	3,803.01 yen
Basic profit for the year attributable to owners of the Parent per share	116.86 yen
Diluted profit for the year attributable to owners of the Parent per share	116.57 yen

Notes Concerning Significant Subsequent Events

Mitsubishi HC Capital Inc.

As of March 31, 2021, the Company held shares of Mitsubishi UFJ Lease & Finance Company Ltd. (a 25.12% stake) and shares of Hitachi Capital Corporation (an approximately 3% stake). These two companies integrated their operations through an absorption-type merger that took effect on April 1, 2021, with Mitsubishi UFJ Lease & Finance Company Ltd. as the surviving company and Hitachi Capital Corporation as the merged company, forming Mitsubishi HC Capital Inc. As of April 1, 2021, the Company holds approximately 17% of the shares of Mitsubishi HC Capital Inc. and plans to increase its holdings in said company to 18% and continue to collaborate on its future growth and development. Although the Company holds less than 20% of the voting rights to Mitsubishi HC Capital Inc., said company's shareholder composition, excluding Mitsubishi UFJ Financial Group and the Company, is widely distributed, and the Company's voting rights have a relatively high significance. Furthermore, the Company has significant influence (power to participate in financial and operating policy decisions) over Mitsubishi HC Capital Inc. through directors and senior vice presidents of asset finance and other important business domains dispatched by the Company. As such, the Company will continue to account for its investment in Mitsubishi HC Capital Inc. using the equity method. The impact of this merger on the Company's profit or loss as of April 1, 2021 cannot be estimated as of the date of submission of these Consolidated Financial Statements, because Mitsubishi HC Capital Inc. has not completed its initial measurements of assets acquired and liabilities assumed.

Non-consolidated Balance Sheet

(Millions of Yen)

Item	As of March 31, 2020 (Reference only)	As of March 31, 2021
ASSETS		
Current assets	¥1,879,485	¥2,061,270
Cash and time deposits	477,835	511,794
Trade notes receivable	55,891	34,297
Trade accounts receivable	627,716	614,578
Short-term investments	33,005	1,303
Inventories	72,607	64,033
Advance payments to suppliers	24,837	28,126
Accounts receivable – Other	128,264	114,891
Short-term loans	351,006	624,662
Other current assets	110,592	70,595
Allowance for doubtful receivables	(2,270)	(3,012)
Fixed Assets	5,640,522	5,625,816
Net property, plant, and equipment	125,283	124,630
Buildings and structures	32,705	31,666
Land	85,678	85,678
Construction in progress	184	122
Other property, plant, and equipment	6,716	7,163
Intangible assets	43,671	42,776
Software	33,637	38,521
Software in progress	8,859	3,573
Other intangible assets	1,174	682
Total investments and other assets	5,471,566	5,458,409
Investment securities	545,108	615,849
Investments in affiliates – stock	3,975,911	3,954,357
Other investments in affiliates	31,206	31,740
Investments into capital	14,639	14,213
Investments in affiliates into capital	166,429	313,258
Long-term loans receivable	486,141	339,389
Noncurrent trade receivables	21,767	24,773
Long-term prepaid expenses	82,330	70,067
Deferred tax assets	144,612	91,714
Other investments	24,169	23,427
Allowance for doubtful receivables	(20,749)	(20,380)

Item	As of March 31, 2020 (Reference only)	As of March 31, 2021
LIABILITIES AND EQUITY		
Current liabilities	¥1,953,080	¥1,853,203
Trade notes payable	21,093	19,158
Trade accounts payable	468,079	468,845
Short-term borrowings	795,315	881,215
Commercial paper	400,999	200,007
Bonds due for redemption within one year	49,353	80,000
Accounts payable – other	93,939	87,542
Accrued expenses	46,198	36,802
Advances received	22,186	29,642
Deposit liabilities	26,419	16,567
Provision for directors' bonuses	612	223
Other current liabilities	28,880	33,197
Noncurrent liabilities	3,001,487	3,039,276
Long-term borrowings	2,119,349	2,400,815
Bonds	792,751	555,699
Accrued pension and severance liabilities	36,016	37,227
Retirement provision for directors and executive officers	1,467	1,133
Provision for loss on guarantees of obligations	17,391	12,805
Provision for special repairs	795	745
Provision for environmental measures	6,247	746
Provision for share-based compensation	1,469	3,101
Asset retirement obligations	4,539	4,559
Other noncurrent liabilities	21,460	22,443
Total liabilities	4,954,567	4,892,479
EQUITY		
Shareholders' equity	2,396,956	2,571,398
Common stock	204,446	204,446
Capital surplus	214,161	214,161
Additional paid-in capital appropriated for legal reserve	214,161	214,161
Retained earnings	2,272,513	2,179,126
Retained earnings appropriated for legal reserve	31,652	31,652
Other retained earnings	2,240,861	2,147,473
Reserve for deferred gain on sales of property	11,543	11,543
General reserve	1,865,760	2,028,760
Unappropriated retained earnings	363,557	107,170
Treasury stock	(294,164)	(26,335)
Valuation and translation adjustments	164,907	218,664

Deferred assets	1,431	922	Unrealized gains and losses on other securities	195,038	253,306
Bond issuance cost	1,431	922	Deferred hedging gains and losses	(30,131)	(34,642)
			Stock acquisition rights	5,006	5,466
			Total equity	2,566,871	2,795,529
Total assets	¥7,521,438	¥7,688,009	Total liabilities and equity	¥7,521,438	¥7,688,009

(Figures less than one million yen are rounded down.)

Non-consolidated Statement of Income

(Millions of Yen)

Item	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020) (Reference only)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Revenues	¥1,737,893	¥1,437,004
Cost of revenues	(1,637,279)	(1,352,373)
Gross profit	100,613	84,631
Selling, general, and administrative expenses	(233,895)	(211,506)
Operating loss	(133,281)	(126,874)
Non-operating income	726,716	612,384
Interest income	50,573	18,891
Dividend income	590,283	484,006
Gains on sales of property, plant, and equipment	60	21
Gains on sales of investment securities	73,225	94,687
Gain on reversal of provision for doubtful receivables from affiliates	—	2,133
Other income	12,573	12,643
Non-operating expenses	(293,230)	(67,638)
Interest expense	(34,473)	(18,187)
Foreign exchange losses	(22,905)	(5,496)
Loss on sales and disposals of property, plant and equipment	(373)	(387)
Impairment losses	(847)	—
Loss on sales of investment securities	(10,163)	(5,150)
Loss on write-down of investment securities	(216,846)	(33,980)
Provision for doubtful receivables from affiliates	(411)	—
Other expenses	(7,209)	(4,435)
Ordinary income	300,203	417,871
Income before income taxes	300,203	417,871
Income taxes – current	6,867	4,922
Income taxes – deferred	57,592	(29,441)
Net income	¥364,663	¥393,351

(Figures less than one million yen are rounded down.)

Non-consolidated Statement of Changes in Equity

(Millions of Yen)

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

	Shareholders' equity									Valuation and translation adjustments			Stock acquisition Rights	Total Equity
	Common stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity	Unrealized gains (losses) on other securities	Deferred hedging gains (losses)	Total valuation and translation adjustments		
		Additional paid-in capital appropriated for legal reserve	Other capital surplus	Retained earnings appropriated for legal reserve	Other retained earnings									
					Reserve for deferred gain on sales of property	General reserve	Unappropriated retained earnings							
Balance as of April 1, 2019	204,446	214,161	−	31,652	11,543	1,673,760	390,267	(8,137)	2,517,693	339,472	(34,017)	305,454	5,454	2,828,602
Changes during the fiscal year														
Dividends							(197,916)		(197,916)					(197,916)
Transfer to general reserve						192,000	(192,000)		−					−
Net income							364,663		364,663					364,663
Purchase of treasury stock								(289,733)	(289,733)					(289,733)
Sales of treasury stock							(1,456)	3,706	2,249					2,249
Net changes in items other than shareholders' equity during the fiscal year									−					−
Total changes during the fiscal year									−	(144,433)	3,886	(140,546)	(447)	(140,994)
Total changes during the fiscal year	−	−	−	−	−	192,000	(26,709	(286,027	(120,736	(144,433)	3,886	(140,546)	(447)	(261,731)
Balance as of March 31, 2020	204,446	214,161	−	31,652	11,543	1,865,760	363,557	(294,164)	2,396,956	195,038	(30,131)	164,907	5,006	2,566,871

(Figures less than one million yen are rounded down.)

(Millions of Yen)

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

	Shareholders' equity									Valuation and translation adjustments			Stock acquisition Rights	Total Equity
	Common stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity	Unrealized gains on other securities	Deferred hedging gains (losses)	Total valuation and translation adjustments		
		Additional paid-in capital appropriated for legal reserve	Other capital surplus	Retained earnings appropriated for legal reserve	Other retained earnings									
					Reserve for deferred gain on sales of property	General reserve	Unappropriated retained earnings							
Balance as of April 1, 2020	204,446	214,161	−	31,652	11,543	1,865,760	363,557	(294,164)	2,396,956	195,038	(30,131)	164,907	5,006	2,566,871
Changes during the fiscal year														
Dividends							(200,297)		(200,297)					(200,297)
Transfer to general reserve						163,000	(163,000)		−					−
Net income							393,351		393,351					393,351
Purchase of treasury stock								(19,784)	(19,784)					(19,784)
Sales of treasury stock							(479)	1,652	1,172					1,172
Cancellation of treasury stock							(285,961)	285,961	−					−
Net changes in items other than shareholders' equity during the fiscal year									−	58,268	(4,511)	53,756	459	54,216
Total changes during the fiscal year	−	−	−	−	−	163,000	(256,387)	267,829	174,442	58,268	(4,511)	53,756	459	228,658
Balance as of March 31, 2021	204,446	214,161	−	31,652	11,543	2,028,760	107,170	(26,335)	2,571,398	253,306	(34,642)	218,664	5,466	2,795,529

(Figures less than one million yen are rounded down.)

Notes to Non-consolidated Financial Statements

Notes Concerning Significant Accounting Policies (Non-consolidated Financial Statements for the Year Ended March 31, 2021)

1. Measurement and Valuation Method of Inventories

Inventories held for ordinary sale are measured at the lower of cost or net realizable value. Cost is determined by the average cost method or specific identification method.

2. Measurement and Valuation Method of Marketable Securities

Bonds held to maturity are valued using the amortized cost method. Shares held in subsidiaries and affiliates are valued using the moving average method. Other securities with quoted market prices are valued based on their market value, referring to market prices on the account closing date (valuation differences are reported as a component of shareholders' equity, and cost of sales is calculated using the moving average method). Other securities without quoted market prices are valued using the moving average method.

For investments that are difficult to determine the market value, when the investment value deteriorates significantly due to consecutive loss by the investee, unless there is a viable and rational business plan as well as sufficient evidence that supports the investee to recover, the Company must recognize the difference as a loss in the current year. Determining whether impairment is required for investments in the Natural Gas and Mineral-Resource segment is significantly impacted by the long-term price assumptions of coppers and crude oil used by the management. For methods used to calculate this assumption, please refer to "Note 5 Significant Accounting Policies: (22) Fair value measurement"

3. Derivatives

Derivatives are measured at fair value.

For those derivative financial instruments used to manage exposures to fluctuations in foreign exchange rates, interest rates, and commodity prices, hedge accounting is applied when the hedge effectiveness requirements are met.

4. Depreciation Method of Property, Plant and Equipment

Depreciation of property, plant and equipment (excluding leased assets) is calculated using the declining-balance method. However, depreciation of buildings (excluding fixtures) acquired after March 31, 1998, as well as facilities attached to buildings and other structures acquired after March 31, 2016, is calculated using the straight-line method.

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method, based on an estimated useful life of no more than 15 years.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on the lease term as the useful life, and residual value of zero.

5. Amortization Method of Deferred Assets

Bond issuance expenses are amortized by the interest method over the bond term.

6. Foreign Currency Translation of Assets and Liabilities

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at year-end exchange rates with the resulting exchange gains or losses recognized in the nonconsolidated statement of income.

7. Accounting for Allowance for Doubtful Receivables

The allowance for doubtful receivables is established, as to general allowance, based on the Parent's past credit loss experience, and as to individual doubtful receivables, based on evaluation of potential losses in the receivables outstanding.

8. Accounting for Provision for Directors' Bonuses

The provision for directors' bonuses represents the amount deemed to have been incurred in the fiscal year based on projected payments at the end of the fiscal year.

9. Accounting for Accrued Pension and Severance Liabilities

Accrued pension and severance liabilities are accounted for based on the projected benefit obligations and the plan assets at the balance sheet date.
The unrecognized net actuarial loss is amortized using the straight-line method over the average remaining service period of active employees in service from the following fiscal year. Prior service costs are amortized using the straight-line method over the average remaining service period of employees.

10. Accounting for Retirement Provision for Directors and Executive Officers

Retirement provisions for Directors and Executive Officers are provided at the amount of estimated retirement benefits to be paid at the end of the fiscal year based on calculation formulas in the by-laws.
The retirement plan for Directors and Executive Officers was abolished in the fiscal year ended March 31, 2008. The provision balance as of March 31, 2021 relates to the previous plan.

11. Accounting for Provision for Loss on Guarantees of Obligations

The Parent provides for contingent losses on guarantees of obligations of subsidiaries and other parties in the amount deemed necessary in consideration of financial conditions and other factors.

12. Accounting for Provision for Special Repairs

The provision for special repairs is provided at the amount allocated to the period based on the estimated total amount of expenses required for mandated regular open inspections of oil storage tanks.

13. Accounting for Provision for Environmental Measures

The provision for environmental measures is provided in the amount deemed necessary to cover expenditures for the cost of transport, treatment, and other processing of waste materials for which treatment is mandated by laws and regulations.

14. Accounting for Provision for Share-based Compensation

The provision for share-based compensation is provided in the amount of estimated share-based compensation based on points awarded to employees according to the Share-Based Compensation Plan Rules under the share-based compensation plan. Thus, the Company sets aside funds for the Employee Stock Ownership Plan (ESOP) Trust to grant the Company's shares to employees.

15. Accounting for Consumption Tax and Local Consumption Taxes

Accounting for Consumption Tax and local consumption taxes are excluded from income and expenses.

16. Income Taxes

The Parent applies the consolidated tax return filing system.
On March 27, 2020, the National Diet of Japan passed the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8, 2020). The amounts of deferred tax assets and deferred tax liabilities are calculated based on the provisions of the Income Tax Act before the amendment, without applying the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (Accounting Standards Board of Japan Guidance No. 28, February 16, 2018) pursuant to the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force (PITF) No. 39, March 31, 2020).

Note Concerning Change in Presentation Method

Changes based on the ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates".

In accordance with the ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates" (March 31, 2020), Note Concerning Accounting Estimates has been disclosed from the year ended March 31, 2021.

Notes Concerning Accounting Estimates

1. Accounting Method for Loss Allowances

In the year ended March 31, 2021, the Company recorded 23,392 million yen of Allowance for doubtful receivables on the balance sheet. For methods used to calculate the estimate, refer to Notes Concerning Significant Accounting Policies Note 7 Accounting for Allowance for Doubtful Receivables.

2. Accounting Method for Provisions for Retirement Benefits

In the year ended March 31, 2021, the Company recorded 37,227 million yen of Accrued Pension and Severance Liabilities under Retirement benefit obligations on the balance sheet. For methods used to calculate the estimate, refer to Notes Concerning Significant Accounting Policies Note 9 Accounting for Accrued Pension and Severance Liabilities.

3. Provisions

In the year ended March 31, 2021, the Company recorded the following provisions: Provision for Directors' Bonuses 223 million yen, Retirement Provision for Directors and Executive officers 1,133 million yen, Provision for Loss on Guarantees of Obligation 12,805 million yen, Provision for Special Repairs 842 million yen, Provision for Environmental Measures 5,570 million yen, and Provision for Share-based Compensation 3,101 million yen. For methods used to calculate the estimate, refer to Notes Concerning Significant Accounting Policies Note 8 Accounting for Provision for Directors' Bonuses, Note 10 Accounting for Retirement Provision for Directors and Executive Officers, Note 11 Accounting for Provision for Loss on Guarantees of Obligations, Note 12 Accounting for Provision for Special Repairs, Note 13 Accounting for Provision for Environmental Measures, and Note 14 Accounting for Provision for Share-based Compensation.

4. Recoverability of Deferred Tax Assets

For deferred tax assets recognized in the year ended March 31, 2021, refer to Notes Concerning Income Tax Effect.

5. Valuation of Shares Held in Affiliates

In the year ended March 31, 2021, the Company recorded 33,980 million yen as a Loss on write-down of investment securities on the statement of income. The Company also recorded 3,954,357 million yen for shares held in affiliates on the balance sheet. For methods used to calculate the estimate, refer to Notes Concerning Significant Accounting Policies Note 2 Measurement and Valuation Method of Securities, and Notes to Consolidated Financial Statements Concerning Significant Accounting Policies Note 7 Accounting Estimates (7) Medium to long-term outlook for copper and crude oil prices.

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral and significant liabilities with collateral

(1) Assets pledged as collateral

Short-term loans	3	million yen
Investment securities	1,654	million yen
Investments in affiliates – stock	78,640	million yen
Investments in affiliates into capital	2,448	million yen
Buildings and structures	5,387	million yen
Land	6,695	million yen
Long-term loans receivable	35	million yen
Other*	20,935	million yen
Total	115,800	million yen

(Note)

"Other" consists primarily of lease deposits and guarantees related to operating transactions and derivative transactions.

(2) Significant liabilities with collateral

Deposit liabilities	282	million yen
Other	10,046	million yen
Total	10,328	million yen

Transfer transactions that do not involve the derecognition of non-financial assets and financial assets can be viewed as an effective pledge of collateral. However, these transactions differ in nature from the ordinary pledge of collateral, in which legal ownership of the pledged assets is retained. Accordingly, such transfer transactions are not included in the amounts above.

As of March 31, 2021, as an example of transfer transactions for such assets that do not involve derecognition, the Company has bond repurchase agreements. The balance of financial assets for such transactions stood at 34,992 million yen as of March 31, 2021.

2. Accumulated depreciation for property, plant, and equipment 90,247 million yen

3. Credit guarantee of indebtedness

Guarantees for borrowings from banks and others by customers and suppliers

(Affiliate) MITSUBISHI CORPORATION FINANCE PLC	246,605	million yen
(Affiliate) Mitsubishi Corporation RtM Japan Ltd.	201,256	million yen
(Affiliate) TRI PETCH ISUZU LEASING CO., LTD.	175,767	million yen
(Affiliate) PE WHEATSTONE PTY LTD.	151,346	million yen
(Affiliate) PT. DIPO STAR FINANCE	118,447	million yen
(Affiliate) Lawson Bank, Inc.	110,000	million yen
(Affiliate) Mitsubishi International Corporation	107,336	million yen
(Affiliate) MITSUBISHI CORPORATION RTM INTERNATIONAL PTE. LTD.	94,866	million yen
(Affiliate) MCE BANK GMBH	83,273	million yen
(Affiliate) DIAMOND GAS INTERNATIONAL PTE. LTD.	82,566	million yen
Others (160 companies)	1,288,139	million yen
Total	2,659,607	million yen

The table above includes quasi-guarantees on bank loans and other liabilities.

In addition to the above, the Parent has a Keep Well Agreement with affiliates, including Mitsubishi International Corporation in connection with the issuance of foreign currency commitment lines and other financial obligations. Although the agreement does not present a guarantee by the Parent to service the debt obligations of this affiliate, it promises the Parent will provide funds for pledging to financial and other institutions in the event that the affiliate experiences either a decline in net assets below a predetermined amount or a shortage in current assets required for paying its debt obligations.

However, as of the end of the fiscal year, none of the affiliates recorded any guarantees or borrowings, as well as maintained net assets above the predetermined amount and had experienced no shortage in current assets.

In addition to the above-mentioned credit guarantees for borrowings from banks and others by customers and suppliers, the Parent provides performance guarantees for Liquefied Natural Gas ("LNG") projects. These performance guarantees include guarantees for the future funding commitment and payment of usage fees in accordance with the joint venture agreement for natural gas liquefaction facilities.

These guarantees amounted to 1,109,696 million yen as of March 31, 2021. The main projects included in the preceding are those in North America.

4. Trade notes discounted 50,229 million yen

5. Due from/to affiliates:

Short-term receivables	859,756	million yen
Long-term receivables	344,076	million yen
Short-term payables	224,443	million yen
Long-term payables	14,051	million yen

Notes to Non-consolidated Statement of Income

1. Transactions with affiliates

Operating transactions		
Sales[1]	1,032,754	million yen
Purchases	848,413	million yen
Transactions other than operating transactions	445,257	million yen

Note1: Revenue in the Non-consolidated Statement of Income includes certain transactions presented on a net basis.

2. Gain on reversal of provision for doubtful receivables from affiliates

Gain on reversal of provision for doubtful receivables from affiliates includes reversals of affiliates' loss allowance and provision for loss on guarantees of obligations (net of provisions).

Notes to Non-consolidated Statement of Changes in Equity

Number of shares of treasury stock at the end of the fiscal year[1]	Common stock	9,468,458 shares

(Note)

1. The above figure for treasury stock includes 3,263,133 shares held in the trust account for the benefit share ESOP.

Notes Concerning Income Tax Effects

1. Breakdown of the significant components of deferred tax assets and liabilities

Deferred tax assets		
Provisions (allowance for doubtful receivables and provision for loss on guarantees of obligations)	11,012	million yen
Accrued expenses	9,484	million yen
Loss on write-down of investment securities	216,877	million yen
Deferred hedging gains and losses	15,011	million yen
Expenses related to accrued pension and severance liabilities	17,926	million yen
Tax loss carry forwards	62,721	million yen
Other	24,345	million yen
Subtotal	357,379	million yen
Valuation allowance for tax loss carry forwards	(21,601)	million yen
Valuation allowance for the total amount of deductible temporary differences, etc.	(116,957)	million yen
Less valuation allowance	(138,558)	million yen
Total deferred tax assets	218,820	million yen
Deferred tax liabilities		
Unrealized gain on other securities	(107,319)	million yen
Gain on write-up of investment securities	(9,366)	million yen
Other	(10,421)	million yen
Total deferred tax liabilities	(127,106)	million yen
Net deferred tax assets (liabilities)	91,714	million yen

2. Reconciliation of the combined statutory income tax rate to the effective income tax rate after giving effect to income tax allocation

Statutory effective tax rate	30.6%
(Adjustments)	
Expenses not deductible for income tax purposes	0.3%
Dividends	(31.0%)
Foreign tax	2.4%
Combined income of special foreign subsidiaries.	3.5%
Change in valuation allowance	(0.1%)
Other	0.2%
Burden ratio, such as corporation tax after application of tax-effect accounting	5.9%

Notes Concerning Transactions with Related Parties

Category	Name of Company	Ownership Interest of Voting Rights	Relationship with Related Party	Transactions	Transaction Amount (Million yen)	Financial Line Items	Year-End Balance (Million yen)
Subsidiary	MC FINANCE & CONSULTING ASIA PTE. LTD.	Directly held 100%	Advance of funds	Advance of funds (Notes 1 and 2) Interest received (Note 1)	181,947 1,494	Short-term loans Long-term loans receivable Others (current assets)	111,222 76,896 20
Subsidiary	Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	Directly held 100%	Advance of funds	Advance of funds (Notes 1 and 2) Interest received (Note 1)	171,209 387	Short-term loans Long-term loans receivable Others (current assets)	201,932 24,196 21
Subsidiary	Mitsubishi International Corporation	Indirectly held 100%	Advance of funds	Advance of funds (Notes 1 and 2) Interest received (Note 1)	100,488 262	Short-term loans Others (current assets)	199,278 3
			Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	107,336 4	—	—
Affiliated company	ANGLO AMERICAN QUELLAVECO S.A.	Indirectly held 40%	Advance of funds	Advance of funds (Notes 1 and 2) Interest received (Note 1)	90,415 3,680	Long-term loans receivable	120,644
Subsidiary	MITSUBISHI DEVELOPMENT PTY LTD	Directly held 100%	Borrowing of funds	Borrowing of funds (Notes 1 and 2) Interest expenses (Note 1)	109,140 791	Short-term borrowings Others (current liabilities)	91,868 40
Subsidiary	MITSUBISHI CORPORATION FINANCE PLC	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	246,605 28	—	—
Subsidiary	Mitsubishi Corporation RtM Japan Ltd.	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	201,256 1	—	—
Subsidiary	TRI PETCH ISUZU LEASING CO., LTD.	Directly held 43.50% Indirectly held 50%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	175,767 17	—	—
Affiliated company	PE WHEATSTONE PTY LTD	Indirectly held 39.66%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	151,346 1,198	—	—
Subsidiary	PT. DIPO STAR FINANCE	Indirectly held 95%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	118,447 1,200	—	—
Subsidiary	Lawson Bank, Inc.	Indirectly held 95%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	110,000 7	—	—
Subsidiary	MITSUBISHI CORPORATION RTM INTERNATIONAL PTE. LTD.	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	94,866 8	—	—
Subsidiary	MCE BANK GMBH	Indirectly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	83,273 8	—	—
Subsidiary	DIAMOND GAS INTERNATIONAL PTE.LTD.	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fees (Note 3)	82,566 30	—	—
Subsidiary	M.C.INVERSIONES LIMITADA	Directly held 100%	Underwriting of capital increase	Underwriting of capital increase (Note 4)	153,088	—	—

Transaction terms and policies
(Notes)

1. The Parent determines conditions of advances and borrowings reasonably based on market interest rates.
2. Transaction amount of the advances and borrowings are determined based on their average balance during the period.
3. The Parent provides guarantees for bank loans and receives a guarantee fee based on market interest rates.
4. The Company underwrote a capital increase through a private placement of shares to shareholders by M.C. INVERSIONES LIMITADA at a price of 105 yen per share.
5. In addition to the above, in connection with LNG projects in North America discussed under "3. Credit guarantee of indebtedness" in "Notes to Non-consolidated Balance Sheet," Mitsubishi Corporation provides performance guarantees for its subsidiaries.

Notes Concerning Per Share Information

Net assets per share	1,889.96 yen
Basic net income per share	266.37 yen
Diluted net income per share	265.70 yen

Notes Concerning Significant Subsequent Events

Not applicable

Notes Concerning Revenue Recognition

For details on performance obligations and the timing for the complete satisfaction of those obligations, refer to Notes Concerning Significant Accounting Policies Note 5 Significant Accounting Policies (18) Revenues accompanying the consolidated financial statements.

Consolidated Statement of Comprehensive Income (Reference only) (Prepared based on IFRS)

(Millions of Yen)

Item	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Profit for the year	¥592,151	¥132,241
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss for the year		
Gains (losses) on other investments designated as FVTOCI	(165,620)	129,453
Remeasurement of defined benefit pension plans	(30,861)	29,813
Share of other comprehensive income of equity method investees	(3,506)	10,719
Total	(199,987)	169,985
Items that may be reclassified to profit or loss for the year		
Cash flow hedges	(5,374)	(13,882)
Exchange differences on translating foreign operations	(281,332)	306,277
Share of other comprehensive income of equity method investees	(43,032)	(11,796)
Total	(329,738)	280,599
Total other comprehensive income (loss), net of tax	(529,725)	450,584
Total comprehensive income	¥62,426	¥582,825
Comprehensive income attributable to:		
Owners of the Parent	¥25,839	¥604,354
Non-controlling interests	36,587	(21,529)
	¥62,426	¥582,825

(Figures less than one million yen are rounded to the nearest million.)

Consolidated Statement of Cash Flows (Reference only) (Prepared based on IFRS)

(Millions of Yen)

Item	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Operating activities		
Profit for the year	¥592,151	¥132,241
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation and amortization	448,413	523,830
Gains on investments	(66,929)	(62,082)
Losses on property, plant, and equipment	32,924	202,517
Finance income – net of finance costs	(103,240)	(71,526)
Share of profit of investments accounted for using the equity method	(179,325)	(97,086)
Income taxes	56,713	121,286
Changes in trade receivables	547,654	26,210
Changes in inventories	(73,356)	41,709
Changes in trade payables	(487,713)	74,680
Other – net	(77,819)	(43,217)
Dividends received	316,386	271,204
Interest received	123,957	80,350
Interest paid	(94,833)	(67,731)
Income taxes paid	(185,255)	(114,835)
Net cash provided by operating activities	849,728	1,017,550

(Figures less than one million yen are rounded to the nearest million.)

Item	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Investing activities		
Payments for property, plant, and equipment	(326,014)	(388,981)
Proceeds from sales of property, plant, and equipment	40,645	47,753
Payments for investment property	(229)	(425)
Proceeds from disposal of investment property	4,091	1,344
Purchases of investments accounted for using the equity method	(201,731)	(253,316)
Proceeds from disposal of investments accounted for using the equity method	111,637	129,938
Acquisitions of businesses – net of cash acquired	(319,364)	502
Proceeds from disposal of businesses – net of cash divested	89,333	28,407
Purchases of other investments	(39,517)	(43,009)
Proceeds from disposal of other investments	129,293	187,756
Increase in loans receivable	(164,739)	(80,355)
Collection of loans receivable	67,838	50,948
Net increase in time deposits	108,030	(37,859)
Net cash used in investing activities	(500,727)	(357,297)
Financing activities		
Net increase in short-term debts	396,603	(183,322)
Proceeds from long-term debts	699,633	795,173
Repayment of long-term debts	(529,415)	(759,624)
Repayments of lease liabilities	(276,175)	(277,531)
Payment of dividends	(197,704)	(199,853)
Payment of dividends to non-controlling interests	(41,540)	(40,866)
Payment for the acquisition of subsidiaries interests from non-controlling interests	(31,558)	(18,325)
Proceeds from the sales of subsidiaries interests to non-controlling interests	113,226	12,948
Net increase in treasury stock	(289,699)	(19,784)
Net cash used in financing activities	(156,629)	(691,184)
Effect of exchange rate changes on cash and cash equivalents	(30,142)	25,943
Net increase (decrease) in cash and cash equivalents	162,230	(4,988)
Cash and cash equivalents, beginning of year	1,160,582	1,322,812
Cash and cash equivalents, end of year	¥1,322,812	¥1,317,824

(Figures less than one million yen are rounded to the nearest million.)

Segment Information (Reference only) (Prepared based on IFRS)

Fiscal year ended March 31, 2020

(Millions of Yen)

	Natural Gas	Industrial Materials	Petroleum & Chemicals	Mineral Resources	Industrial Infrastructure	Automotive & Mobility	Food Industry
Gross profit (loss)	20,878	140,079	60,563	238,575	94,432	129,535	254,952
Share of profit (loss) of investments accounted for using the equity method	32,420	7,582	8,086	15,251	29,117	(10,911)	18,632
Profit (loss) for the year attributable to owners of the Parent	70,261	26,067	(11,997)	212,290	41,439	19,579	53,240
Total assets	1,519,774	1,274,002	892,800	3,005,674	1,184,594	1,511,112	1,599,163

(Millions of Yen)

	Consumer Industry	Power Solution	Urban Development	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit (loss)	763,071	41,112	38,202	1,781,399	7,517	215	1,789,131
Share of profit (loss) of investments accounted for using the equity method	12,366	29,439	37,610	179,592	148	(415)	179,325
Profit (loss) for the year attributable to owners of the Parent	22,705	51,482	34,307	519,373	16,640	(660)	535,353
Total assets	4,130,898	1,622,558	901,004	17,641,579	2,435,833	(2,043,988)	18,033,424

Note: As of the end of the previous fiscal year, balance recorded in “Total assets” under “Power Solution”, “Total”, and “Consolidated” were retroactively adjusted to reflect the confirmation of provisional values related to corporate integration.

Fiscal year ended March 31, 2021

(Millions of Yen)

	Natural Gas	Industrial Materials	Petroleum & Chemicals	Mineral Resources	Industrial Infrastructure	Automotive & Mobility	Food Industry
Gross profit	25,016	105,027	95,524	78,592	88,197	137,067	231,313
Share of profit (loss) of investments accounted for using the equity method	29,509	2,970	4,859	36,435	14,084	(61,406)	17,003
Profit (loss) for the year attributable to owners of the Parent	21,202	4,655	26,232	78,130	21,238	(28,104)	39,429
Total assets	1,579,876	1,128,501	947,528	3,425,026	1,090,182	1,461,360	1,730,763

(Millions of Yen)

	Consumer Industry	Power Solution	Urban Development	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	683,892	112,914	38,595	1,596,137	7,231	1,738	1,605,106
Share of profit (loss) of investments accounted for using the equity method	7,091	19,243	27,580	97,368	(346)	64	97,086
Profit (loss) for the year attributable to owners of the Parent	(73,249)	42,257	25,419	157,209	17,899	(2,558)	172,550
Total assets	3,876,324	1,814,988	996,154	18,050,702	2,710,802	(2,126,533)	18,634,971

(Figures less than one million yen are rounded to the nearest million.)

(Notes)

1. "Other" represents the corporate departments that primarily provide services and operational support to the Company and affiliated companies.
   This column also includes certain revenues and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments.

Unallocated corporate assets categorized in "Other" consist primarily of cash, time deposits, and securities for financial and investment activities.

2. "Adjustments and Eliminations" include certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 18, 2021

To the Board of Directors of
Mitsubishi Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yoshiaki Kitamura

Designated Engagement Partner,
Certified Public Accountant:

Yuki Higashikawa

Designated Engagement Partner,
Certified Public Accountant:

Noriaki Kobayashi

Designated Engagement Partner,
Certified Public Accountant:

Sogo Ito

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Mitsubishi Corporation and its subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income and changes in equity for the fiscal year from April 1, 2020 to March 31, 2021, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance for the year then ended in accordance with International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

・Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

・Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 18, 2021

To the Board of Directors of
Mitsubishi Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yoshiaki Kitamura

Designated Engagement Partner,
Certified Public Accountant:

Yuki Higashikawa

Designated Engagement Partner,
Certified Public Accountant:

Noriaki Kobayashi

Designated Engagement Partner,
Certified Public Accountant:

Sogo Ito

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Mitsubishi Corporation (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2021, and the nonconsolidated statement of income and changes in equity for the fiscal year from April 1, 2020 to March 31, 2021, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

(TRANSLATION)

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents

(TRANSLATION)

AUDIT REPORT OF THE AUDIT & SUPERVISORY BOARD (COPY)

This audit report was prepared following discussions based on the audit reports of each Audit & Supervisory Board Member concerning the conduct of the Directors in the execution of their duties during the Company's fiscal year from April 1, 2020 to March 31, 2021. The Audit & Supervisory Board submits its report as follows.

1. Methods and Details of Audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board determines auditing policies, the division of duties and other matters, and receives reports from each Audit & Supervisory Board Member on the status and results of audits. In addition, the Audit & Supervisory Board received reports from Directors, and the independent auditors, and others concerning the execution of their duties, and requested explanations when deemed necessary.

(2) In accordance with the auditing policies and division of duties and in conformity with standards for audits by Audit & Supervisory Board Members, as determined by the Audit & Supervisory Board, each Audit & Supervisory Board Member worked to gather information and create an effective audit environment through telephone lines and the Internet, etc., by keeping channels of communication open with Directors, the Internal Audit Department, employees and others. At the same time, the Audit & Supervisory Board Members conducted audits through the following approach.

(a) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important management meetings, requested reports from Directors, employees and others concerning the execution of their duties as well as explanations when deemed necessary, and examined important documents supporting decisions and other records and surveyed the status of operations and assets related to the Head Office and main offices. In addition, the Audit & Supervisory Board kept channels of communication open and exchanged information with Directors, Audit & Supervisory Board Members and other employees of subsidiaries, and received business reports from subsidiaries when deemed necessary.

(b) The Audit & Supervisory Board regularly received reports from Directors, employees and others about the operation of the internal control system, which was designed based on the Board of Directors resolutions, pursuant to Article 100, Paragraphs 1 and 3 of the Companies Act enforcement regulations as essential for ensuring the execution of duties by Directors described in the business report conforms with laws and the Company's Articles of Incorporation and for otherwise ensuring proper business conduct by the conglomerate consisting of the Company and its subsidiaries. The Audit & Supervisory Board requested explanations when deemed necessary and Audit & Supervisory Board Members expressed their opinions.

(c) Moreover, each Audit & Supervisory Board Member monitored and verified whether the independent auditors, Deloitte Touche Tohmatsu LLC, maintained independence and conducted proper audits. At the same time, reports were received from the independent auditor regarding the status of the execution of its duties, and explanations were requested where deemed necessary. The Audit & Supervisory Board also received notification from the independent auditors that it had established a system for ensuring that duties are performed properly, as prescribed by items in Article 131 of the Accounting Ordinance of the Companies Act, in accordance with the Standards for Quality Control of Audit, as issued by the Business Accounting Council on October 28, 2005. Explanations were requested where deemed necessary.

Based on the above approach, the Audit & Supervisory Board examined the accompanying supplemental schedules of the company as well as the business reports and the accompanying, consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, and consolidated statement of change in equity and a summary of significant accounting policies and other explanatory information) and non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated statement of changes in equity, and a summary of significant accounting policies and other explanatory information) for the fiscal year under review.

(TRANSLATION)

2. Audit Results

(1) Results of Audit of Business Reports, etc.

As a result of these activities, we certify that:

(a) the business report and the accompanying supplemental schedules present the Company's situation correctly in accordance with laws and ordinances and the Articles of Incorporation of the Company;

(b) there was no improper behavior detected on the part of Directors in the conduct of their duties and no grave instances of violations of either applicable laws or ordinances or the Articles of Incorporation of the Company; and

(c) the details of the Board of Directors' resolutions concerning the internal control system were appropriate and adequate. Furthermore, there was nothing we must point out regarding the contents of the business report or the performance of duties by Directors in connection with said internal control system.

(2) Results of Audit of Consolidated Financial Statements

We confirm that the auditing method and results of the independent auditors, Deloitte Touche Tohmatsu LLC, are appropriate and adequate.

(3) Results of Audit of Non-consolidated Financial Statements and the Accompanying Supplemental Schedules

We confirm that the auditing method and results of the independent auditors, Deloitte Touche Tohmatsu LLC, are appropriate and adequate.

May 19, 2021

Mitsubishi Corporation Audit & Supervisory Board

Shuma Uchino
Audit & Supervisory Board Member (full-time)

Hajime Hirano
Audit & Supervisory Board Member (full-time)

Yasuko Takayama
Audit & Supervisory Board Member

Rieko Sato
Audit & Supervisory Board Member

Takeshi Nakao
Audit & Supervisory Board Member

(Note)

Audit & Supervisory Board Members Yasuko Takayama, Rieko Sato and Takeshi Nakao fulfill the conditions for Outside Audit & Supervisory Board Members as provided for in Article 2-16 and Article 335, Paragraph 3 of the Companies Act.

<Reference>

Corporate Philanthropy Activities

In keeping with the belief that MC's sustainable growth cannot be achieved without realizing a sustainable society, MC addresses its key sustainability issues (Materiality) through both business and philanthropy activities. MC focuses on philanthropic activities that are in line with three overarching themes: "Realizing an Inclusive Society," "Empowering the Next Generation" and "Conserving the Environment." In addition, MC also provides support for regions affected by natural disasters, which includes recovery efforts for the Great East Japan Earthquake. MC's philanthropic activities are conducted with a focus on employee participation and continuity.

1. Realizing an Inclusive Society
MC aims to help realize a society where everyone can play an active role. MC is continuing its activities to contribute toward a world where everyone can respect each other and coexist regardless of background, physical condition or way of life.
In the fiscal year ended March 31, 2021, MC commenced initiatives to offer an online parasports experience and to support for economically disadvantaged children in Japan.

2. Empowering the Next Generation
MC will actively support education, research and capacity development in order to contribute to the growth and self-reliance of the next generation who will be responsible for tomorrow's society.
In the fiscal year ended March 31, 2021, MC implemented initiatives to revise the Mitsubishi Corporation Art Gate Program that supports student artists. From the fiscal year ending March 31, 2022, the revamped program will support the development of a wider range of artists, including those in the early and middle stages of their careers.

3. Conserving the Environment
MC is committed to environmental conservation efforts in order to pass on our irreplaceable Earth to future generations and to realize a prosperous society where people live in harmony with nature.
In the fiscal year ended March 31, 2021, MC conducted conservation activities without the participation of volunteers due to the impact of the COVID-19 pandemic.

Support for Natural Disasters
As a member of the communities in which we live and work, MC provides emergency support in the event of natural disasters and engages in recovery efforts in the affected areas.
In the fiscal year ended March 31, 2021, MC continued supporting recovery from the Great East Japan Earthquake and provided support related to the COVID-19 pandemic and torrential rains in July 2020, especially in Kyushu.

(TRANSLATION)

Information on Exercising Voting Right

Please refer to the Notice of 2021 Ordinary General Meeting of Shareholders (page 1) and exercise your voting right using one of the following methods.

- **Mail**

  Please indicate your approval or disapproval of the proposals on the voting form and return it by mail.

  Voting forms must arrive no later than 5:30 p.m. on Thursday, June 24, 2021 (Japan Time).

- **Internet**

  Please access the Internet voting website (https://evote.tr.mufg.jp/) and enter your approval or disapproval of the proposals.

  Deadline for exercising voting right is 5:30 p.m. on Thursday, June 24, 2021 (Japan Time).

  ‣‣‣Please see the following page for details.

- **Attend the general meeting of shareholders**

  Please submit your voting form to the receptionist at the venue.

  Time and date of the general meeting of shareholders is 10:00 a.m. on Friday, June 25, 2021 (Japan Time).

(TRANSLATION)

Procedures for Exercising Voting Right via the Internet

If you exercise your voting right via the Internet, please refer to the following. Access the Internet voting website via a computer, smartphone, tablet, or mobile phone and follow the directions on the screen to exercise your voting right.

Procedures to vote by scanning the QR code via a smartphone or tablet

(1) Scan the QR code shown on the bottom right of the voting form.
(2) Please cast your vote by following the directions on the screen.

You may exercise your voting right via the QR code only once. If you wish to re-exercise your voting right, please follow the instructions below on "Procedures to vote by entering your login ID and password."

Procedures to vote by entering your login ID and password

(1) Access the Internet voting website: https://evote.tr.mufg.jp/
(2) Once you have accessed the Internet voting website, please enter your login ID and temporary password shown on the bottom right of the voting form. Please cast your vote by following the directions on the screen.
(3) To avoid unauthorized access and tampering, the website will ask you to set a new password once you log on to the website.

Notes

- The site cannot be accessed between 2 a.m. and 5 a.m. daily in Japan Time.
- How We Process Multiple Votes
  (1) If you exercise your voting right by both mail and via the Internet, the vote you enter via the Internet will be counted as valid.
  (2) If you exercise your voting right multiple times via the Internet, the last vote you enter will be counted as valid.
- The shareholder will pay all fees arising from accessing the Internet voting website (Internet connection fees, communications fees, etc.)

<Institutional Investors>

Please exercise your voting right using the voting platform operated by ICJ if you have applied to use it in advance.