

Integrated Report 2018

For the year ended March 31, 2018

Breakthrough Value Creator

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Corporate Vision

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

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Breakthrough Value Creator

MC Group Corporate Vision

Mission & Corporate Philosophy

- The Three Corporate Principles serve as the MC Group's core philosophy and underpin its commitment to fair, responsible, and global business practices.
- By pooling its collective capabilities, the MC Group strives to fulfill societal needs and meet stakeholder expectations by simultaneously generating economic, societal, and environmental value.

Adaptability

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

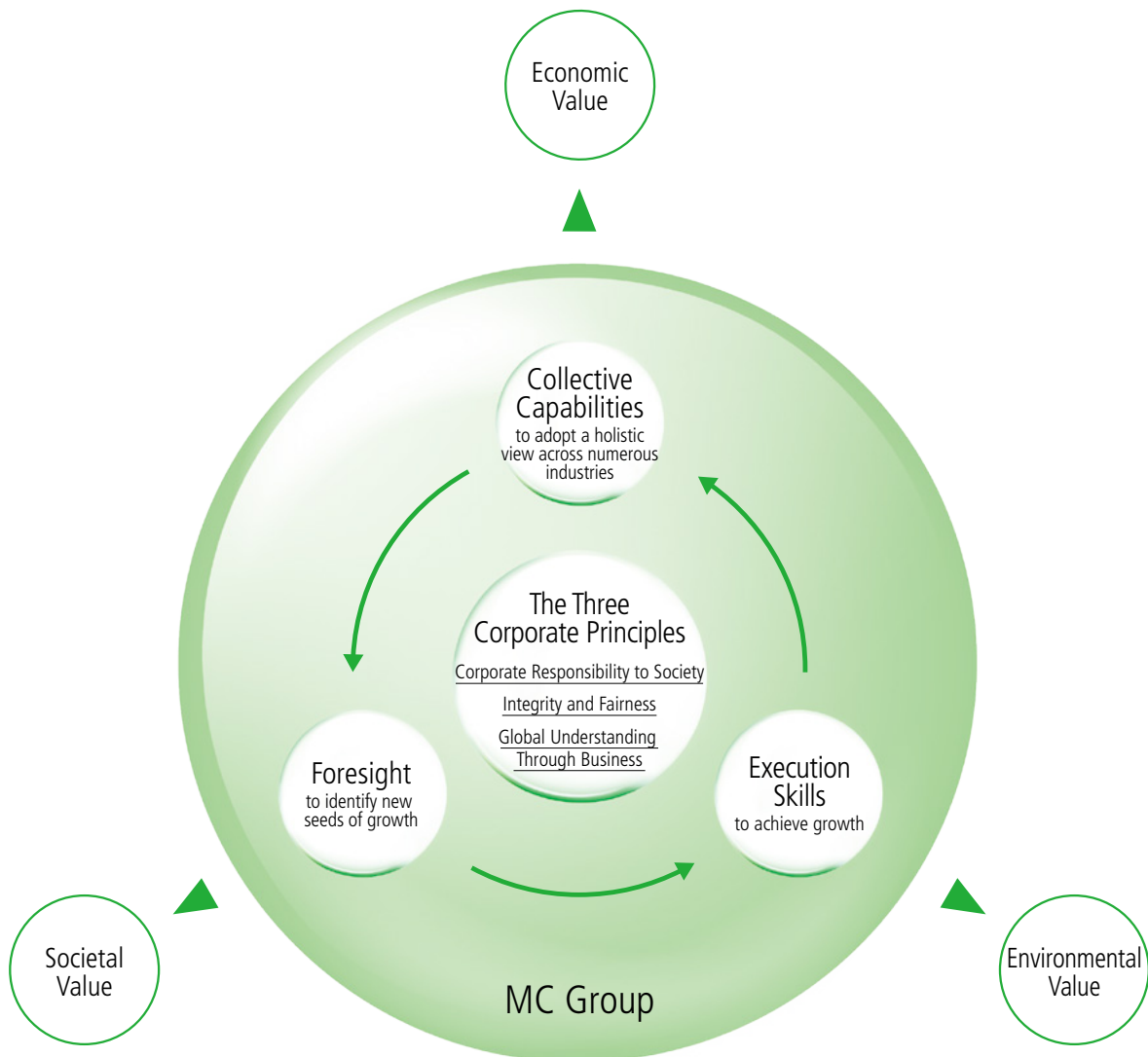
Consolidated Growth Strategy

- The MC Group includes approximately 1,400 enterprises, and as the MC Group works to raise their consolidated earnings, it remains equally committed to growing their individual corporate value, while simultaneously generating three values.
- By leveraging the diverse expertise found throughout its network of group companies and more than 150 Business Units, MC shall continue to innovate and inspire global industries.
- MC shall optimize its portfolio by dynamically allocating management resources based on its level of engagement in each business. Sizeable growth investments are companywide commitments to develop next-generation earnings drivers.
- The MC Group is dedicated to rearing the highest quality of management professionals, ethically grounded leaders with the foresight to identify new seeds of growth and the execution skills to germinate them.
- Regardless of how our world evolves, there will always be opportunities to deliver goods and services that meet societal needs and improve our quality of life. This recognition is the very foundation of MC's consolidated growth strategy.

The MC Group Will Deliver Sustainable Growth by Fulfilling Societal Needs

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

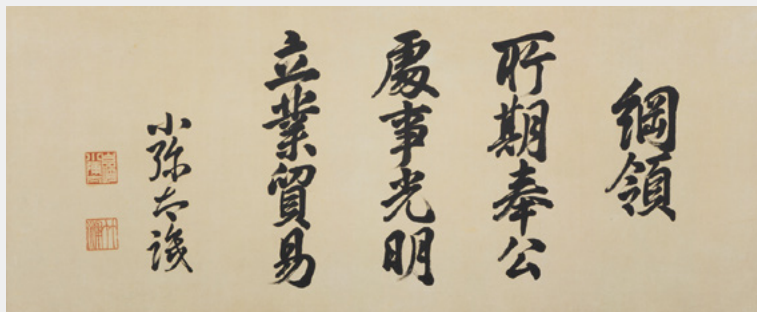
Simultaneously generating economic value, environmental value and societal value through our businesses



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

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

Corporate Philosophy—The Three Corporate Principles



Corporate Responsibility to Society

"Shoki Hoko"

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

Integrity and Fairness

"Shoji Komei"

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

Global Understanding Through Business

"Ritsugyo Boeki"

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

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

Corporate Standards of Conduct

1 Aim of Corporate Business Activities

Through its business activities, Mitsubishi Corporation will endeavor to increase its value. At the same time, the company will strive to enrich society in all ways, developing and offering its customers the best services and products, with the highest regard for safety.

2 Fairness and Integrity in Corporate Business Activities

Mitsubishi Corporation will continue to develop its business activities in compliance with all relevant laws, international regulations and internal rules. The company will act responsibly and will respect the highest social standards.

3 Respect for Human Rights and Employees

Mitsubishi Corporation will respect human rights and will not engage in any discrimination. The company will preserve and improve its corporate strengths through the development of its employees, all the while respecting the character and individuality of each employee.

4 Information Security and Disclosure

While Mitsubishi Corporation will continue to develop, implement and improve the effectiveness of its information security management system, at the same time the company will disclose information accurately and in a timely fashion, so as to maintain transparency and be correctly understood by both its stakeholders and the general public.

5 Consideration for Environmental Issues

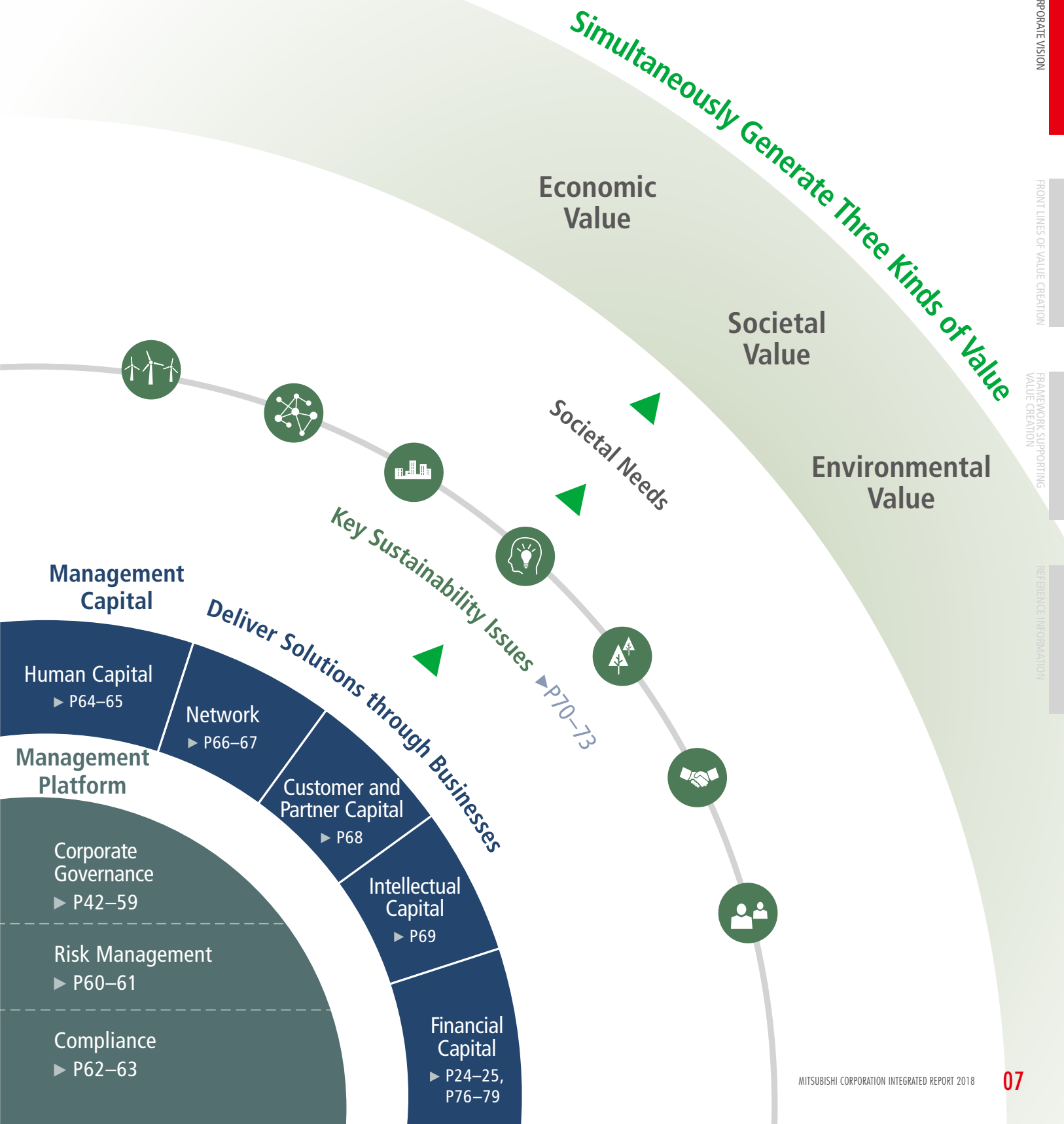
Mitsubishi Corporation understands that an enterprise cannot continue to prosper without consideration for its environmental performance, and will strive to protect and improve the global environment and pursue sustainable development through all aspects of its business activities.

6 Contribution to Society

As a responsible member of society, Mitsubishi Corporation will actively carry out philanthropic programs in an effort to promote the enrichment of society. Moreover, the company will support efforts of its employees to contribute to society.

MC's Value Creation Process

By harnessing management capital backed by a robust management platform, MC will strive to deliver sustainable growth by simultaneously generating economic, societal and environmental value through initiatives focused on the seven Key Sustainability Issues—management priorities we must address and tackle.



Our Path to Value Creation

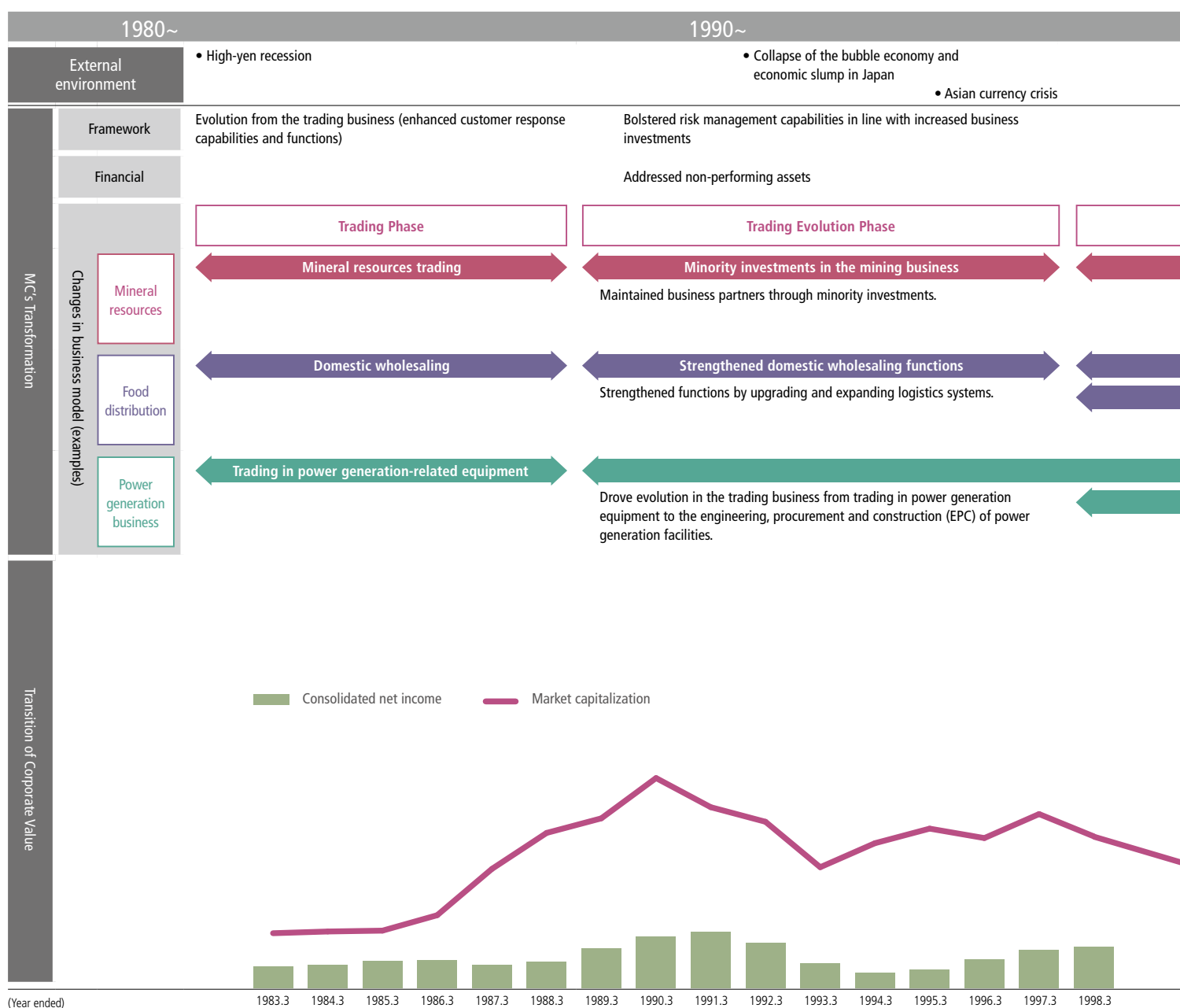
MC has pursued the creation of value by flexibly transforming its business models in accordance

Trading Phase

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

Trading Evolution Phase

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



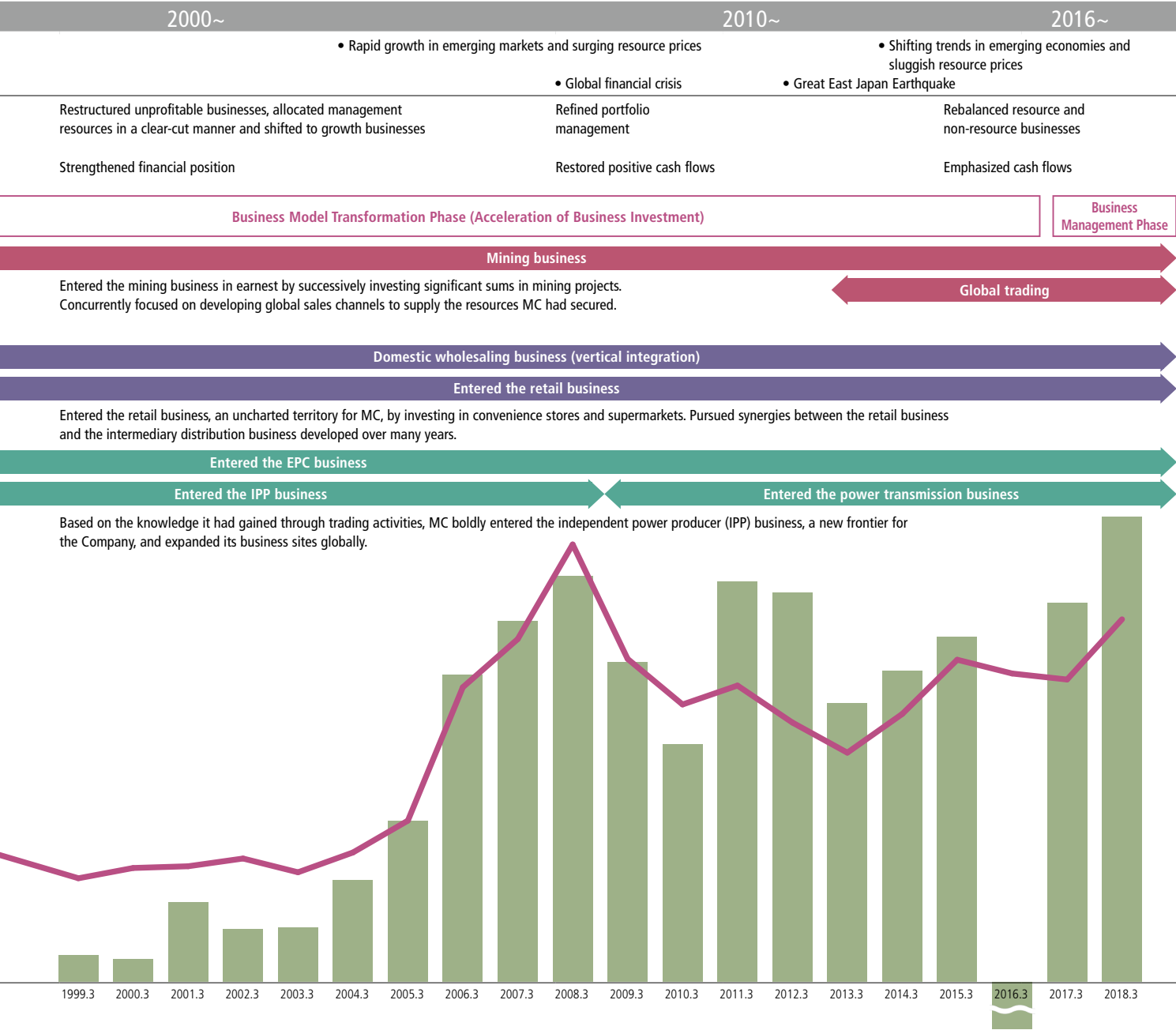
with changes in the external business environment.

Business Model Transformation Phase
(Acceleration of Business Investment)

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

Business Management Phase

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



Leadership

Breakthrough Value Creator

In November 2018, MC announced its new management strategy for the coming three years, *Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model*—inspired by a tide of business model transformation.

Here, I will explain our new strategy in detail.

A stylized, handwritten signature in white ink, consisting of a large, sweeping 'T' followed by a smaller 'K'.

Takehiko Kakiuchi
Member of the Board, President and CEO





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

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

1	Business Portfolio Strategy	<ul style="list-style-type: none"> • Portfolio-Based Decision Making • Strategy Creation through Multi-Dimensional Portfolio Analyses
2	Growth Mechanisms	<ul style="list-style-type: none"> • Value-Added Cyclical Growth Model & Improved ROE • Enhancement of New Business Concepts & Digital Strategies
3	HR System Reforms	<ul style="list-style-type: none"> • Continuous Development of Highly Skilled Management Professionals • Redesigned Evaluation and Compensation Systems to Ensure Reciprocal Growth Between the Company and Employees
4	Financial Targets & Capital Policy	<ul style="list-style-type: none"> • Financial Target for the Fiscal Year Ending March 31, 2022: ¥900 billion • Financial Discipline and Extension of Progressive Dividend Scheme

Assessing Changes in the Business Environment

— Awareness of the External Environment Shaping Our Strategy —

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

First, I will explain the external environment that has shaped *Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model*.

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

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

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

Proactively Adapting Our Business Portfolio to the Changing Times

— Business Portfolio Strategy —

The Twelve Sectors Comprising Our Business Portfolio Structure

As mentioned before, we have a responsibility to stay on top of the changing times and proactively adapt our portfolio to find the optimal structure for each period.

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

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

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

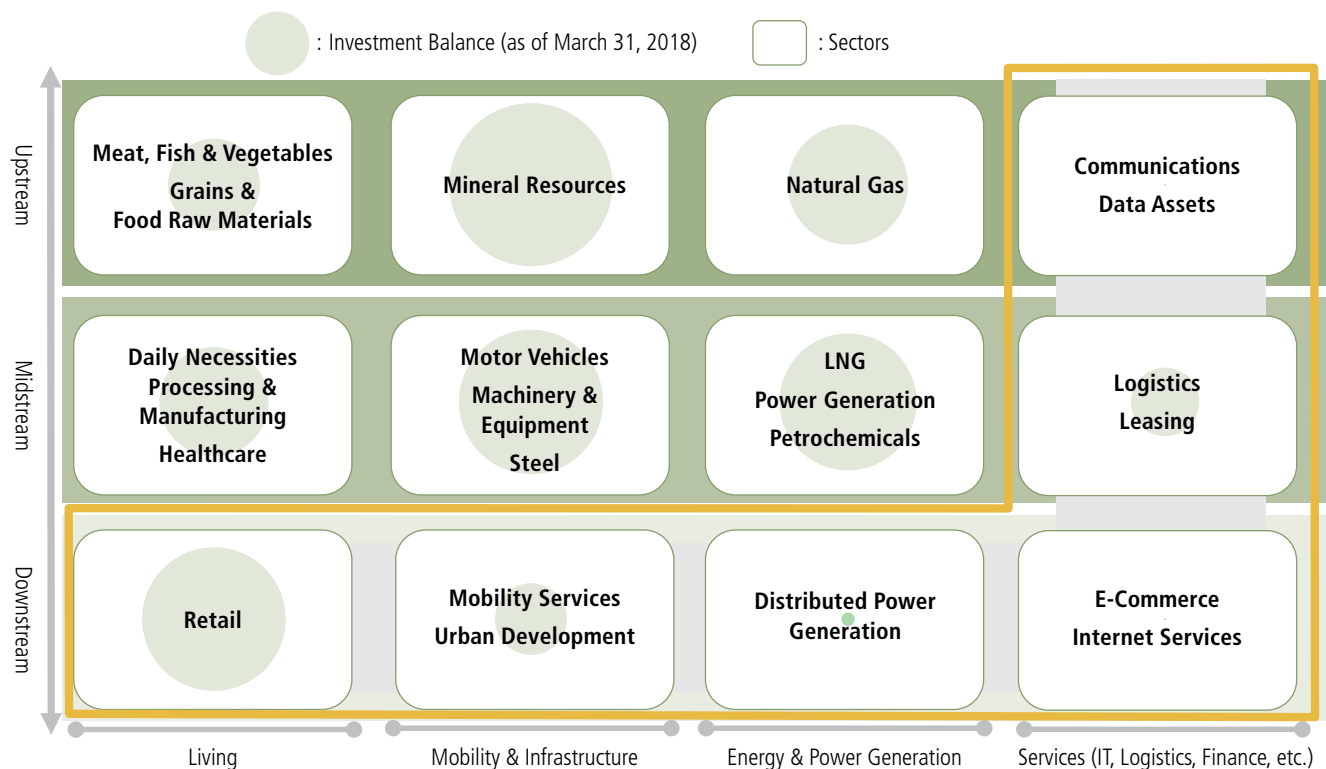
MC is strong in the Living, Mobility & Infrastructure, and Energy & Power Generation categories, but from here on, developing businesses in the downstream areas where MC has yet to firmly establish itself will be a matter of urgency.

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

We will optimize our business portfolio by applying MC's unique multi-dimensional matrix. By considering not only quantitative aspects, but also vantage points such as region, industry presence and management engagement, we will develop a structure for constantly considering the best form for our portfolio.



Business Portfolio Strategy

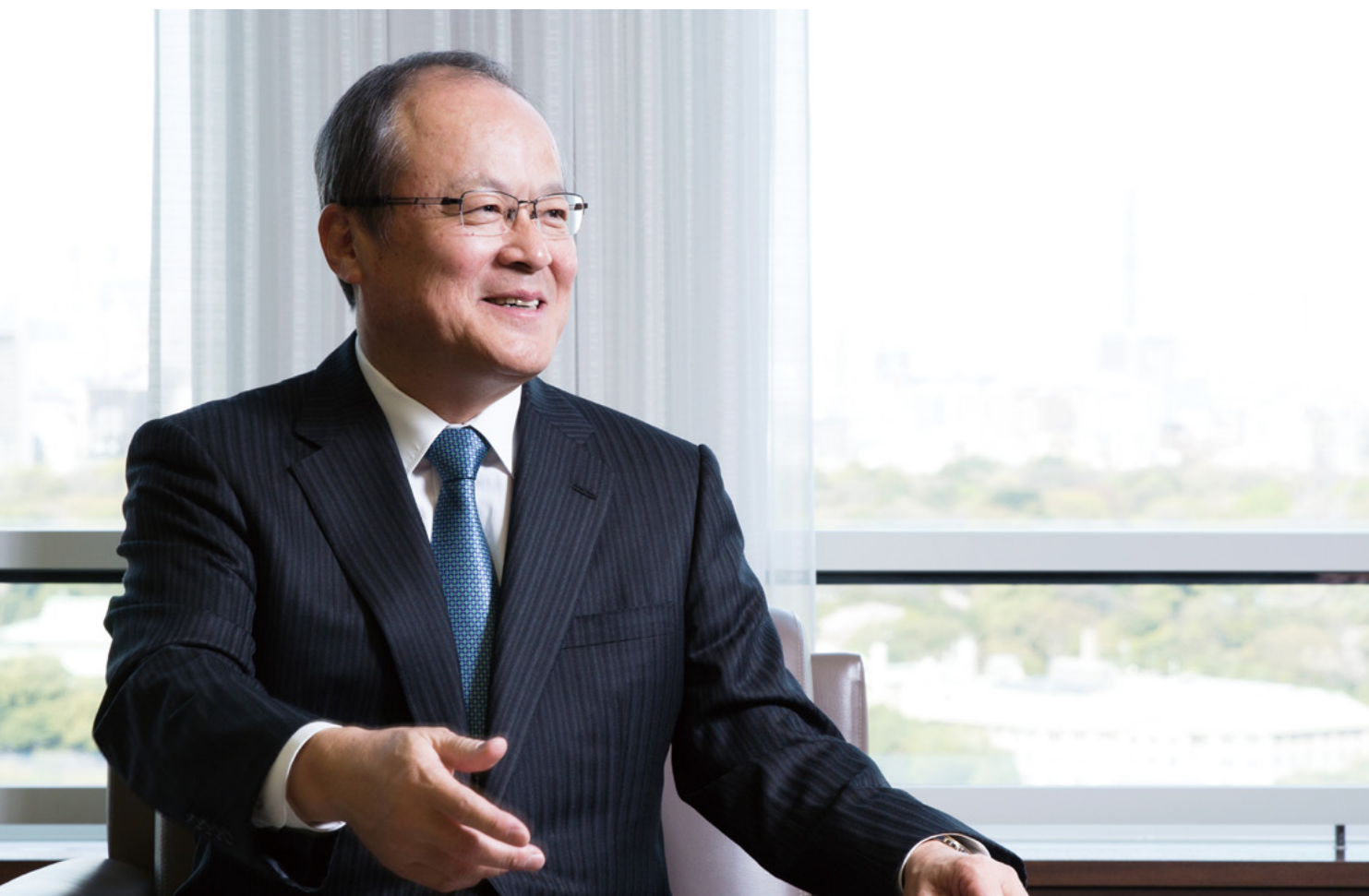


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Aiming for Sustained Improvement in ROE through a Value-Added Cyclical Growth Model

— Growth Mechanism —

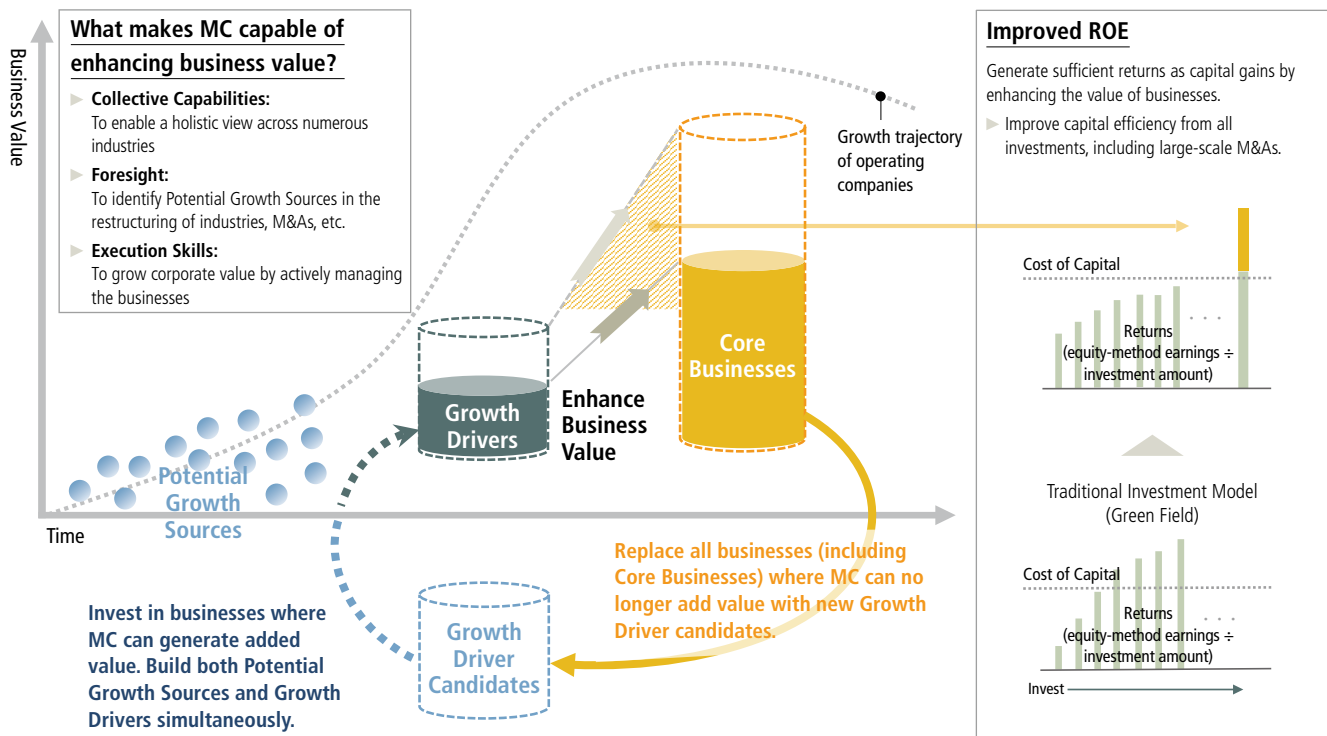
Potential Growth Sources ➡ Growth Drivers ➡ Core Businesses
Our new growth model will enhance business value through
this divestment-to-reinvestment cycle



MC's objective is to identify Potential Growth Sources, nurture them into Growth Drivers, and increase their value to create next-generation Core Businesses. When we are no longer able to add value to a particular business, we will redirect capital to other businesses where we can add value. This virtuous growth cycle has long defined MC's approach.

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

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



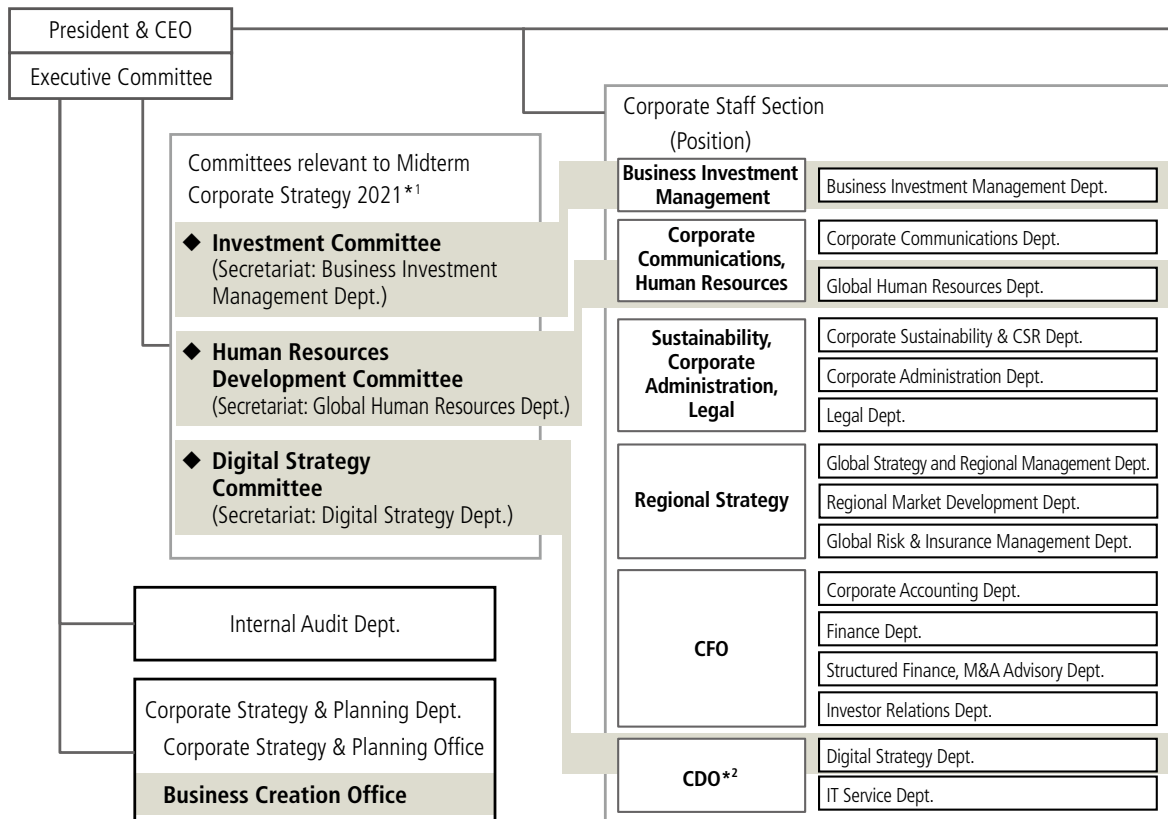
Ten-Group Structure Underpinning the Business Portfolio Strategy

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

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

Six of the new Business Groups will represent Core Businesses: Natural Gas, Mineral Resources, Automotive & Mobility, Food Industry, Consumer Industry and Power Solution. MC's near-term policies in all six of those Groups have been clarified, and the Company's primary mission will be to build on its existing strengths. The mission in the other four Groups (Industrial Materials, Petroleum & Chemicals, Industrial Infrastructure and Urban Development) will be three-pronged and much more challenging. Firstly, these Groups will seek to identify Potential Growth Sources emerging from MC's redefined

New Structure from April 2019



position in each industry. Secondly, they will generate growth by integrating businesses from fresh perspectives. Thirdly, they will rearrange or restructure businesses in which additional growth is unlikely. MC's history has shown us that the more complex the operating environments, the greater the opportunity for professional development, so naturally my expectations are high for our people working in these four Groups. I will be looking to them to produce MC's next generation of Growth Drivers and Core Businesses. Each of these missions was formulated based on MC's guiding philosophy, the Three Corporate Principles, and on its pledge to simultaneously generate economic, societal and environmental value. I would like us to continue to reflect upon these principles whenever we consider specific strategies going forward.

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

Business Groups* ³		Divisions	
	Natural Gas	• Natural Gas (Asia Pacific)	• Natural Gas (Americas, Europe and ME)
	Industrial Materials	• Carbon	• Steel Business • Performance Materials
	Petroleum & Chemicals	• Petroleum	• Petrochemicals • Basic Chemicals
	Mineral Resources	• Mineral Resources Investment	• Mineral Resources Trading
	Industrial Infrastructure	• Plant Engineering	• Industrial Machinery • Ship & Aerospace
	Automotive & Mobility	• Automotive Business	• Isuzu Business
	Food Industry	• Food Sciences	• Food Resources • Fresh Food Products • Consumer Products
	Consumer Industry	• Retail	• Apparel & S.P.A. • Healthcare & Distribution • Logistics Business
	Power Solution	• Environmental Business	• New Energy & Power Generation
	Urban Development	• Urban Infrastructure	• Urban Development • Asset Finance

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

*2 Chief Digital Officer

*3 The number of Business Group administration departments is to be increased from seven to eight.

Missions of the New Business Groups

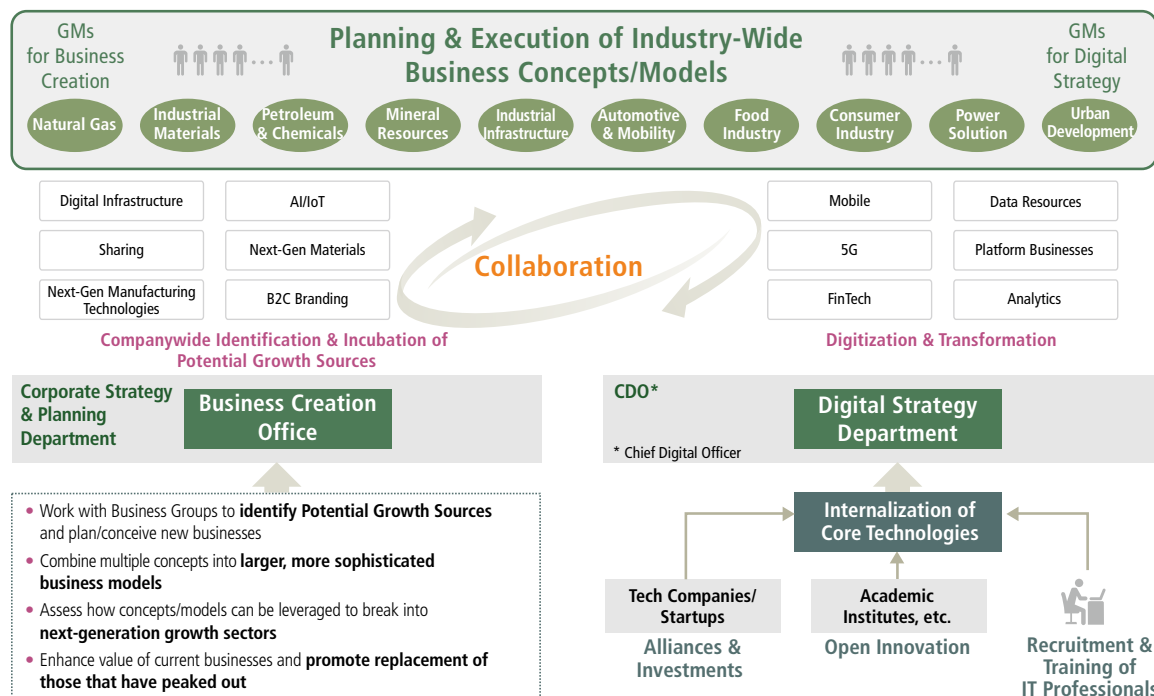
Natural Gas	The demand for liquid natural gas (LNG), a principal source for both power generation and industrial applications, is growing. However, energy mix diversification driven by changes to the industrial structure, including the liberalization of the Japanese gas and power market, is increasing demand for the role of LNG supply/demand matching and adjustment. Our mission is to improve our value by meeting the needs of this new era.
Industrial Materials	Against a backdrop of an increasingly competitive environment, diversifying materials needs are likely to present new business opportunities. Our mission is to redefine the role MC can play in providing solutions to the industries in which it operates and focus resources in areas where the Company can leverage its strengths and capabilities.
Petroleum & Chemicals	The transition to a low-carbon society and increasing importance of environmental action continue to have an impact on the petroleum and chemicals industries. Our mission is to find solutions to global issues by concentrating on Core Businesses in these industries where MC can demonstrate its strengths and functions.
Mineral Resources	With metallurgical coal and copper as our main pillars, our mission is to further enhance the cost competitiveness and the quality of our world-class assets, while delivering long-term sustainability for our business in terms of both the environment and supply stability.
Industrial Infrastructure	More and more market players are looking to go digital and reduce their environmental footprints. Our mission is to redefine MC's position in each industry by leveraging its existing machinery, ship and plant and engineering sales businesses and transitioning to high-value-added business models providing solutions for those industries.
Automotive & Mobility	Our mission is to capture demand and leverage MC's formidable business foundations in the evolving automotive and mobility industries, which are embracing digital technologies and services encapsulated by CASE (Connected, Autonomous, Sharing and Electric). The Group will endeavor to build business models aimed at solving people- and goods-related mobility issues.
Food Industry	Our mission is to help solve the societal challenges surrounding supply chains and build a stable and sustainable business model. The Group also contributes to Japanese companies by expanding their high-quality products and services into overseas markets, thereby creating new growth opportunities.
Consumer Industry	Our mission is to spearhead solutions to societal challenges in the retail and distribution industries and maximize the value of MC's physical assets as social infrastructure, including its network of retail stores. The Group will also effectively combine its physical assets with digital technologies to build consumer-oriented retail and distribution platform businesses.
Power Solution	Our mission is not only to contribute to stable power supplies, but also to create new added value for power customers by combining renewables and other environmentally friendly energy sources with digital technologies.
Urban Development	Our mission is to establish highly-value-added and large-scale businesses, through combining MC's expertise in areas including urban development, infrastructure development and asset finance to meet societal and environmental needs such as urbanization and reduced carbon footprints.

Enhancement of New Business Concepts & Digital Strategies

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

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

Establishment of the Business Creation Office and Digital Strategy Department



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

* Please refer to the Business Portfolio Strategy matrix on page 15.

3

Overhaul the HR System

— HR System Reforms —

Continuously Produce Highly Skilled Management Professionals
Capable of Excelling in Different Fields

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

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

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

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

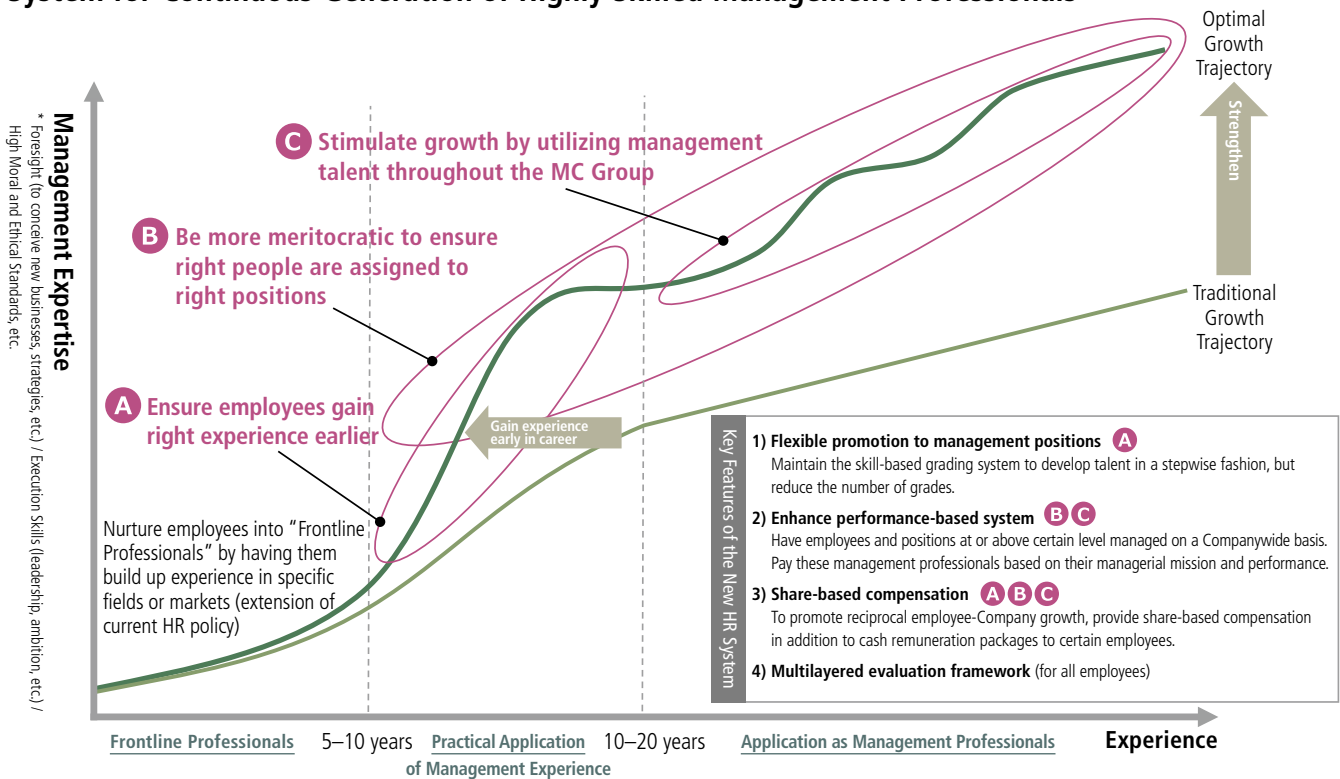
Under its new strategy, MC will also be more meritocratic, and employee remuneration will be based on the job level difficulty and performance. Furthermore, MC will be providing share-based compensation in addition to cash remuneration packages for certain employees in order to foster reciprocal employee-Company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

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

These reforms will ensure that employees share an ambition to grow as management professionals, and MC will do its utmost to help that happen. As a result, MC as a whole, including its Group companies, should grow as well.



System for Continuous Generation of Highly Skilled Management Professionals



Aim for Further Growth by Developing New Core Businesses

— Financial Targets & Capital Policy —

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

MC's earnings targets for the fiscal year ending March 2022, the final year of its new midterm strategy, will be 650 billion yen in business-related segments and 250 billion yen in market-related segments, for a total of 900 billion yen.

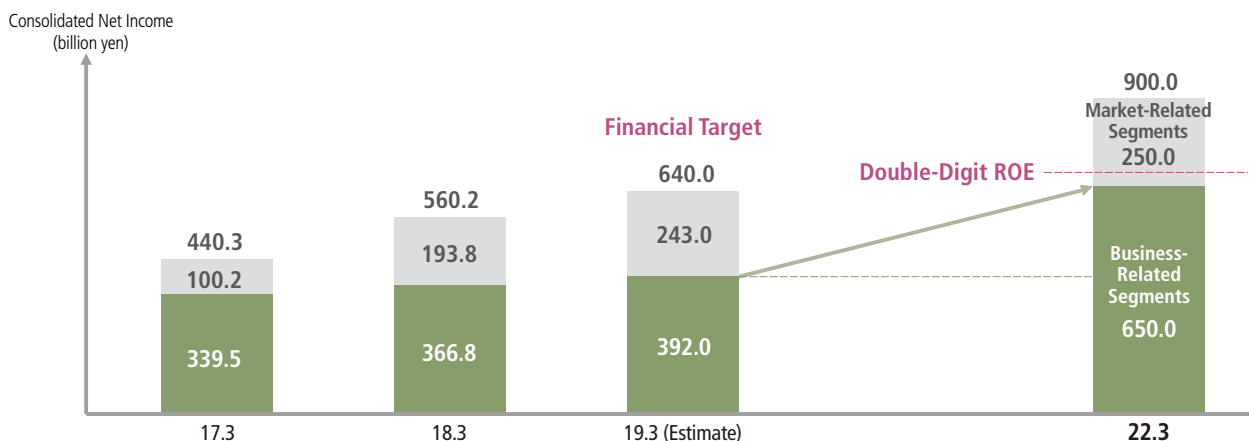
With respect to the sectors in the upper-left quadrant of its 12-sector portfolio matrix*¹, namely the upstream and midstream Living, Mobility & Infrastructure and Energy & Power Generation categories together with the downstream Living category, where MC already has a strong presence, the Company will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

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

*1 Please see the Business Portfolio Strategy matrix on page 15.

*2 Please refer to the areas outlines in orange in the Business Portfolio Strategy matrix on page 15.

Financial Target





Progressive Dividends

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

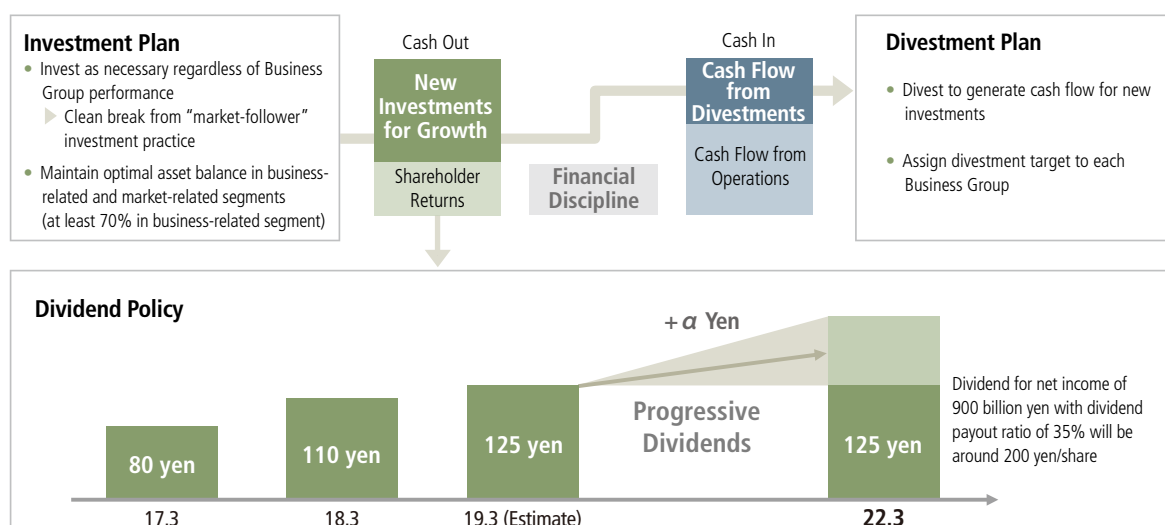
For the fiscal year ending March 2019, we have announced an annual dividend of ¥125 per share, up ¥10 from our forecast of ¥115 per share made at the announcement of our second quarter results. Future dividend increases will be determined by taking into account a comprehensive range of factors, including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

* Please see Establishment of the Investment Leverage Ratio on page 79.

Kazuyuki Masu

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

Capital Policy



We will increase MC's shareholder returns by flexibly buying back the Company's shares in a financially disciplined manner (e.g. paying due consideration to our optimal investment leverage ratio range).



Feature: Front Lines of Value Creation

Mitsubishi Corporation (MC) has always moved ahead of the trends and changes in the times to create new value. This feature focuses on three of the workplaces where we apply bold ideas and execution ability to create value that exceeds our customers' expectations.

Breakthrough Innovation 1

Clean Energy for a Low-Carbon Society 28

Breakthrough Innovation 2

The Challenge of Development and Innovation in the Automotive Industry 32

Breakthrough Innovation 3

Putting Consumers First in the Food Business 36





Breakthrough Value Creator

Breakthrough Innovation 1

Clean Energy for a Low-Carbon Society

Stable Supply of Environmentally Friendly LNG

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

Natural Gas and LNG Business

Upstream gas development



Liquefaction and sales



Transport



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

Natural Gas

Providing clean energy

Breakthrough Point 1

Management Personnel Supporting the Provision of Clean Energy

Refer to MC's training policy on pages 64–65

Donggi Senoro LNG Project in Indonesia

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

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

Tomomasa Nishimura
President and Director



of team unity in order to become a world-class LNG operator.

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

* An annual award presented by the Indonesian government to companies and initiatives that contribute to development in fields corresponding with the SDGs proposed under the United Nations Development Programme (UNDP).

MC is making a determined effort to supply clean energy. Our extensive portfolio ranges from a 50-year track record in natural gas operations to the distributed power generation and energy storage businesses, which are expected to grow rapidly going forward. We are promoting businesses at every stage in the energy value chain, from upstream all the way to the consumer, as we respond to demand from local communities and markets.

Renewable Power Generation Business

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

Providing
clean energy

Electricity

Offshore Wind Power Generation and Offshore Power Transmission Businesses



MC was one of the first companies to participate in offshore wind power generation projects in Europe, where progress in the use of offshore wind energy is well advanced. Since 2011, we have also been involved in the offshore power transmission business, delivering power generated by offshore wind farms to power grids onshore. MC participates from the planning and construction stages in the offshore wind power sector, which is able to supply clean electricity at scale. We aim to use our accumulated project management capabilities to roll out this business in other areas.

Distributed Power Generation Business

In the power industry, distributed power generation is expanding as it gains competitiveness with traditional large-scale power generation. This trend is partly because of falling costs for solar power generation and technological innovations in energy storage. Nexamp is steadily expanding its business as a major player in the distributed solar power generation business in the US.



Diamond Generating Europe (DGE/UK)

MC's wholly owned subsidiary DGE was established in 2012 to participate in the European power generation business. Since then, DGE accumulated knowledge through solar power generation businesses in Spain and Italy, before steadily expanding into the offshore wind power generation business and other initiatives. I have been involved since our initial entry into the market. At that time, we had no knowledge of the power generation business in Europe, therefore we began by making investments to acquire existing assets. In recent years, DGE has dispatched management teams into the project companies to take hands-on control of every aspect for each project, from business development to financing, construction, and operations. We have been able to develop our management capabilities to match Europe's leading companies by sharing our knowledge and effort, and we now work together with those leading companies in the fast-growing field of offshore wind power generation. Over the past few years, we have made huge progress particularly in winning series of new projects, and I have felt DGE growing day by day. Going forward, we will continue sending our management personnel to the front lines of our project

Keiichi Suzuki
CEO



At Luchterduinen Offshore Wind Farm in the Netherlands

companies with the goal of building a more robust portfolio. We also expect to see offshore wind power generation make inroads in other regions, such as Asia, the US, and Japan. This will provide an opportunity for MC to expand its corporate value through the power business in Europe, which is at the forefront of the renewable energy field. We will also utilize the knowledge acquired through our European operations in other areas to propel our worldwide power business.

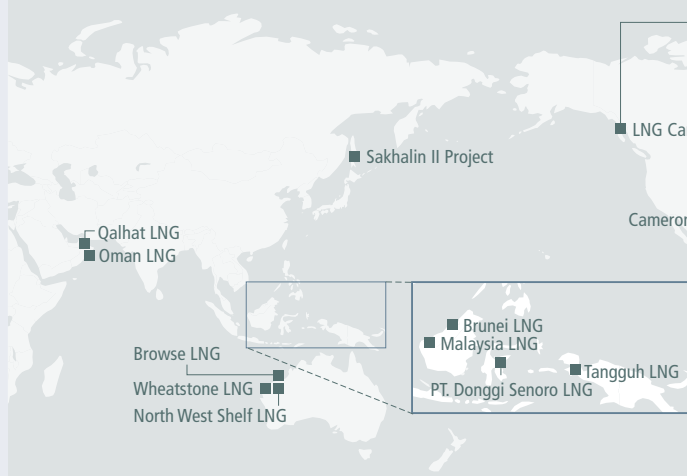
Breakthrough Innovation 1

Breakthrough Point 2

Portfolio of Effective Assets

Securing LNG Supplies and Strengthening Our Bases in the Pacific

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



Decision to Invest in LNG Canada

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

Start of Production at Cameron LNG

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

Breakthrough Point 3

New Business Anticipating Market Changes

Strengthening Demand and Supply Adjustment Functions Incorporating Emerging Market Needs

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



Participation in an LNG Receiving Terminal Project in Bangladesh

MC acquired 25% of the shares in Summit LNG Terminal Co. (Pvt) Limited (SLNG) to participate in an LNG receiving terminal project that uses a Floating Storage and Regasification Unit (FSRU) in Bangladesh. Under the project, SLNG will install an FSRU 6 km off the coast of the island of Maheshkhali in the Cox's Bazar District of the Chittagong

Division in Bangladesh, where it will receive and regasify approximately 3.5 million tons of LNG per annum procured by Petrobangla, the national oil and energy company. The project is expected to start operations around March 2019.

Aiming to Build a Sustainable Portfolio

With sites in the US, Asia, Europe, and Japan, MC has been expanding its power generation business, which promotes local production for local consumption, in accordance with the energy policies and industry trends in each country. In Europe, the leading area for the offshore wind power generation business, we are also engaged in the offshore power transmission business, delivering power generated offshore to consumer locations. We will continue to build a solid

portfolio centered on clean, gas-fired power generation and renewable energy. In tandem, we aim to have at least 20% of our power generation come from renewables by 2030.

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

Development of Power Business around the World



Creating New Business Models

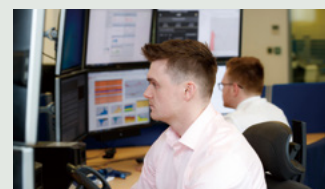
Distributed Solar Power Generation Business (Nexamp)

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



Power Trading Business ElectroRoute

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



Global Hydrogen Supply Chain Demonstration Project

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



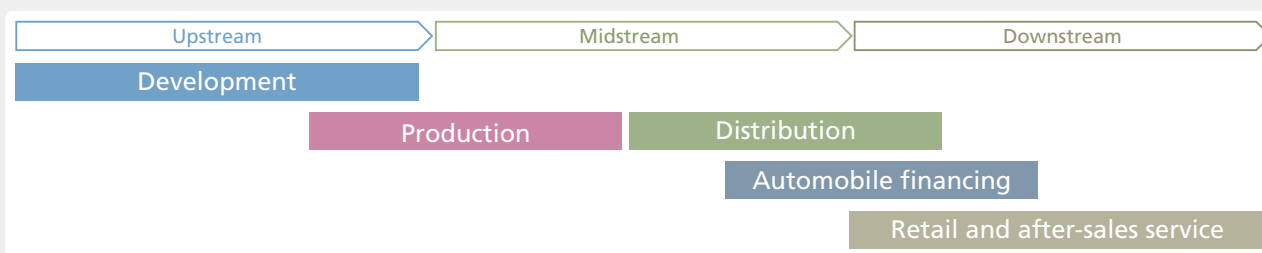
Breakthrough Innovation 2

The Challenge of Development and Innovation in the Automotive Industry

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

Breakthrough Point 1

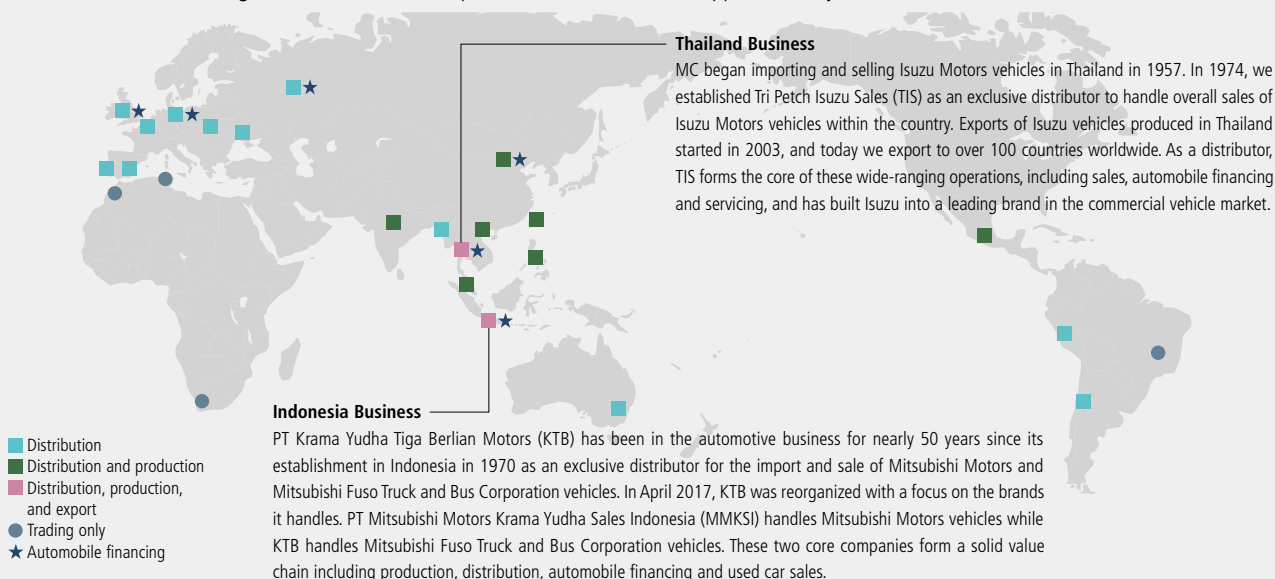
The Value Chain from Upstream to Downstream



In Indonesia, MC handles Mitsubishi Motors and Mitsubishi Fuso Truck and Bus Corporation vehicles, while in Thailand, we handle Isuzu Motors vehicles, both of which are key markets where future growth is anticipated. In both countries, we are deeply involved in the entire value chain (upstream–midstream–downstream) including automobile production, distribution, financing and after-sales service. MC has years of experience in sales and marketing activities, which make up the central core

of the value chain. This has given us a firm grasp of customer needs in each region, and we bolster our product and branding capabilities by incorporating that feedback in our products and services.

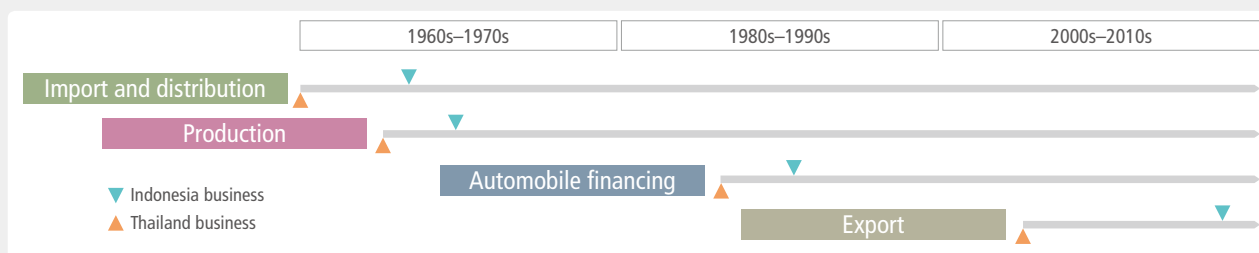
Looking ahead, we will strengthen our business infrastructure in Indonesia and Thailand, while aiming to expand the value chain even further into emerging markets such as China, Russia, India, the Philippines, Malaysia and Vietnam.





Breakthrough Point 2

Market Entry, Distribution and Service Network



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

providing high quality services to customers all over these countries through our extensive nationwide networks.

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

Contributing to the Community by Supplying Water

Isuzu Gives Water for Life (Thailand)

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

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



Breakthrough Innovation 2

Breakthrough Point 3

Management Personnel Striving to Transform the Automotive Industry

Refer to MC's training policy on pages 64–65



Atsushi Kurita

President Director
Krama Yudha Tiga Berlian Motors
(Indonesia)

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

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

Mobility Initiatives in a Wide Range of Business Fields

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

A Generational Shift from Ownership to Sharing

Capturing Needs around Vehicle Sharing

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

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

 Mitsubishi Auto Leasing Corporation



Growth in Demand for Battery Services with Electrification of Mobility

Battery Services for EV Buses

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



Courtesy of Navya

Donating Trucks to Support Development of Mechanics

FUSO Vocational Education Program (Indonesia)

KTB donated Mitsubishi Fuso trucks to 11 vocational schools in Indonesia and taught FUSO standard technologies to teachers and students.

From July to August 2018, 550 students took part in our skills contest, which aims to further improve student's automotive skills

and knowledge.

By providing real trucks as educational materials, we are contributing to the development of future mechanics by enabling their practical learning.



Spread of EVs

Capturing Lithium Battery Demand

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



Capturing Copper Demand

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



Capturing Demand for Lightweight Materials

A key to encouraging the spread of EVs is increasing their travel range. Reducing vehicle body weight is essential for achieving this, and development of chemical materials such as resins offering both lightness and strength is accelerating. Increased use of plastic is expected to follow the spread of automated driving, which will reduce the rate of accidents. Using the integrated value chain of our petrochemical business as a basis, we will promote new materials businesses, while monitoring the mobility field for changes such as the development of new highly functional materials.

Breakthrough Innovation 3

Putting Consumers First in the Food Business

Breakthrough Point 1

A Retail Business for Enriching Consumer Lifestyles

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

Product Development Based on Consumer Needs

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



Data-Based Consumer Value Creation

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

It is also developing services overseas in Indonesia, Malaysia, and South Korea. Leveraging a membership base of 100 million in Asia, Loyalty Marketing links information from various points in the supply chain organically to streamline overall distribution and maximize consumer value.



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

Breakthrough Point 2

A Sustainable, Traceable Food Business

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

Food Materials Business

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



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



Lawson-brand chocolate-coated almonds made using materials supplied by Olam



Lawson's
MACHI café coffee

US Food Business

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



Development of sesame with capsules that do not shatter has enabled efficient harvesting

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

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



TH Foods rice crackers made with Sesaco sesame

Breakthrough Innovation 3

Breakthrough Point 3

Management Resources Supporting Food Material Production at the Ground Level

Refer to MC's training policy on pages 64–65

Sesame is recognized as an environmentally friendly crop in the US, since it is resistant to low moisture conditions and requires less agricultural inputs than other crops. Sesaco's business has a strong sense



of mission on two fronts: winning trust from consumers through the stable supply of a healthy ingredient and contributing to farmers' production programs by providing whole-crop contracts for a valuable rotation crop that improves the soil and extends resources.

Sesaco comes across various issues every day in its operations, which cover everything from production to processing. For example, I will always remember the time when the silo bags used for storing bulk sesame were damaged by large hailstones that caused over 10,000 punctures. In preparation for a major rainstorm forecasted to occur a few days later, we worked together with plant employees out in the open to repair the damaged bags, sharing a communal sense of satisfaction at having ensured a safe supply to our customers.

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

Business Development in Emerging Consumer Markets

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

Indonesia

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

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



Myanmar

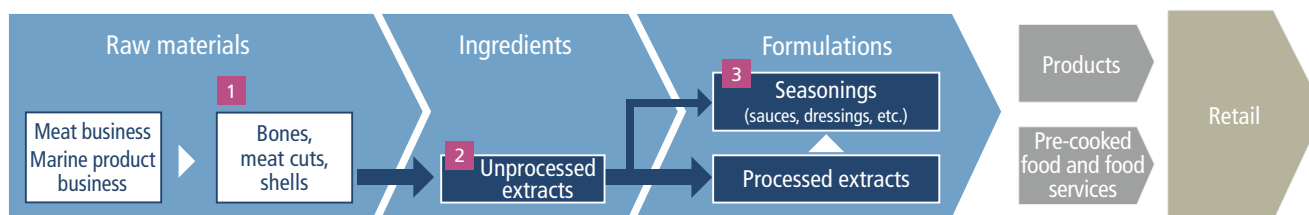
In 2015, MC invested in Lluvia Limited, a joint venture with Capital Diamond Star Group in Myanmar. Lluvia operates food-related businesses including a wheat flour business that has Myanmar's top share and a coffee business enjoying strong recognition under the PREMIER brand. The company is also engaging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



Aiming for an Even More Sustainable Supply of Food

Effective Use of Limited Resources

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



Meeting Future Growth in Demand for Protein with Spirulina

MC's joint bio-venture investment, Tavelmout Corporation, is developing and selling products made using production and food processing technologies for a type of algae called spirulina.

Spirulina is a cutting-edge food with high nutritional value. It has exceptional protein content of 65% (by dry weight) and is rich in vitamins, minerals, dietary fiber and more.

Amid expectations for growth in global demand for protein, spirulina is drawing attention as a new protein source because algae can grow using only photosynthesis and production per unit area is extremely high.

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

Through investment in Tavelmout, which aims to mass produce and globally promote spirulina, MC will contribute to diversifying sustainable sources of protein.



Spirulina



Tavelmout has developed an economical and scalable closed flat panel photobioreactor (PBR, an apparatus to cultivate photosynthetic organisms including microalgae)



Breakthrough Value Creator

Framework Supporting Value Creation

We introduce our framework for continuously supporting corporate value creation with a solid management platform and developing it even further, focusing on the perspectives of our management platform, management capital, and initiatives to ensure sustainable growth.

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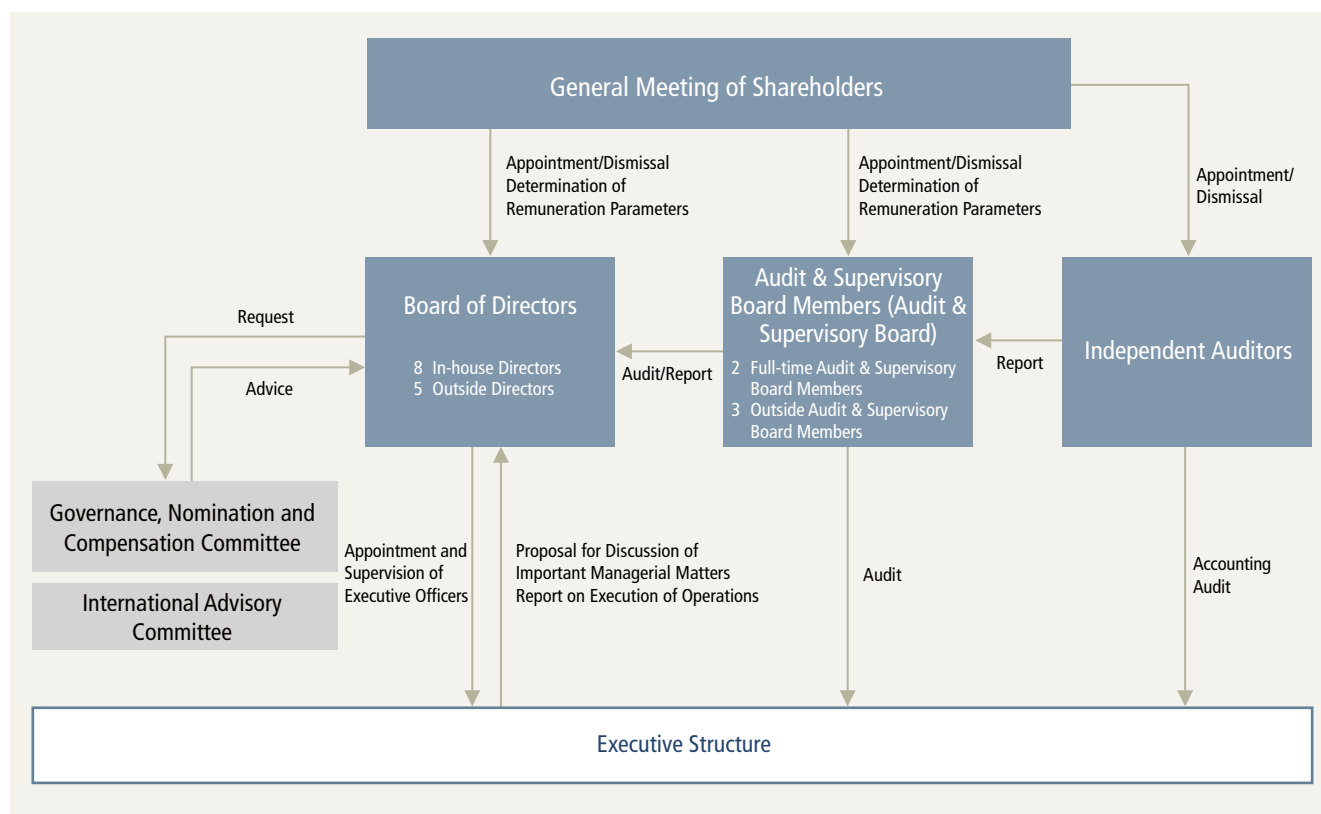
Corporate Governance

MC's Basic Policy on Corporate Governance

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

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

Corporate Governance Framework (As of July 1, 2018)



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

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

(For details of the "Revision of Board of Directors Regulations and Operation" implemented in May 2018, please see pages 54–55.)

Board of Directors

The Board of Directors is responsible for making decisions concerning important management issues and overseeing business execution. In-house Directors utilize their rich experience of working within MC and Outside Directors utilize their practical, objective and professional perspectives to ensure appropriate decision-making and management oversight.

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

To ensure MC's decision-making and management oversight are appropriate for a company involved in diverse businesses and industries in a wide range of fields, several Directors are appointed from both within and outside MC with the depth of experience and high levels of knowledge and expertise needed for fulfilling their duties.

More specifically, in addition to the Chairman of the Board and President and CEO, MC's In-house Directors are appointed from executive persons responsible for Company-wide management, Corporate

Staff Section operations, and other areas. Outside Directors are appointed from those who possess a practical perspective of highly experienced officers and those who possess an objective and professional perspective with a deep insight into global developments and socio-economic trends.

In principle, the Board of Directors is an appropriate size for conducting deliberations, with one-third or more being made up of Outside Directors.

Number of Independent Outside Directors/ Directors*



5/13

Number of Female Directors/Directors*



1/13

* Based on the status as of July 1, 2018

Matters Deliberated by the Board of Directors

In order to lead MC's sustainable growth and increase mid- and long-term corporate value, the Board of Directors deliberates on important management issues, such as management strategies, and will supervise business execution through report by directors of the status of their duties. In addition, matters requiring a resolution by the Board of Directors in accordance with laws and regulations and the Articles of Incorporation are deliberated and resolved based not only on the economic aspects, but also with an emphasis on perspectives of ESG (Environment, Social, and Governance). In particular, for investments and loans, the Board of Directors sets out monetary threshold standards for each type of risk, such as credit risk, market risk and business investment risk (amounts do not exceed 1% of total assets and are set individually depending on the nature of the risk) in accordance with MC's scale of assets and investments. Investments and loans that exceed this monetary

threshold are deliberated and resolved by the Board of Directors.

Business execution other than these matters for resolution by the Board of Directors is entrusted to Executive Officers in accordance with the allocation of duties decided by the Board of Directors for prompt and efficient business execution. Business is executed through the President, as the Chief Executive Officer, and the Executive Committee (meets twice monthly), as a management decision-making body to take responsibility for business execution.

Further, the Board of Directors strives to construct an internal control system for increasing corporate value by conducting appropriate, valid and efficient business execution in conformity with laws, regulations and the Articles of Incorporation. Each year, the board checks on the implementation of the internal control system and makes ongoing improvements and enhancements.

Board of Directors' Advisory Bodies

Governance, Nomination and Compensation Committee

The Governance, Nomination and Compensation Committee has met around twice a year since its establishment in 2001. A majority of the members of the committee are Outside Directors, Outside Audit & Supervisory Board Members, and Outside Members. It conducts continuous reviews of corporate governance-related issues and discusses requirements for President and CEO and basic policies concerning its appointment and dismissal as well as selection of individual candidates. The

committee also discusses matters regarding the basic policy for selecting Directors and Audit & Supervisory Board Members when nominating them and the selection of individual candidates and so forth. The committee also deliberates on the remuneration system for Executive Officers, including the policy for setting remuneration and appropriateness of remuneration levels, and monitors operation of this system.

Select Topics Discussed by the Governance, Nomination and Compensation Committee in the Fiscal Year Ended March 2018



Revision of Rules and Operations for the Board of Directors

- Discussion regarding the proposal to revise rules and operations for the Board of Directors based on the evaluation results of the effectiveness of the Board of Directors

Revising System for the Appointment of Retired Executive to Advisory Positions

- Discussing system for the appointment of retired executive to advisory positions

Policies for Selecting Directors and Audit & Supervisory Board Members

- Discussing the requirements and selection process for candidates of Directors and Audit & Supervisory Board Members

Remuneration System/Operating Policy for the President's Performance Evaluation Committee

- Discussing review of remuneration levels for Directors, Audit & Supervisory Board Members and Executive Officers, the proposed policy for payment of Company-wide performance-linked bonuses, and operating policy proposal for the president's performance evaluation and other matters

Composition of the Committee (*Committee Chairman) (as of July 1, 2018)

Outside Members (5):

Akihiko Nishiyama
Outside Director

Toshiko Oka
Outside Director

Akitaka Saiki
Outside Director

Tsuneyoshi Tatsuoka
Outside Director

Tadashi Kunihiro
Outside Audit & Supervisory
Board Member

In-house Members (3):

Ken Kobayashi*
Chairman of the Board

Takehiko Kakiuchi
President and CEO

Shuma Uchino
Senior Audit & Supervisory
Board Member

President's Performance Evaluation Committee

The President's Performance Evaluation Committee has been established as a subcommittee to the Governance, Nomination and Compensation Committee, comprising the same Chairman and Outside Members as







the parent committee to deliberate the assessment on the President's performance.

International Advisory Committee

The International Advisory Committee has met annually since its establishment in 2001. The committee comprises experts with a wide range of backgrounds in government, finance, administration and academia. Members of the committee offer proposals and advice from an international standpoint according to MC's management and corporate

strategies as it develops its business globally. Further, the committee reports on the political and economic conditions of various regions and exchanges opinions on these matters. The International Advisory Committee fulfills a highly crucial role in deepening discussions in meetings of the Board of Directors.

Overseas Members (As of July 1, 2018)

Member	Nationality	Title	Years served	Principal area of specialization and background
Ambassador Richard Armitage	 U.S.A.	Former United States Deputy Secretary of State	2 years	Ambassador Armitage previously served as Special Emissary to Jordan and United States Deputy Secretary of State. He is widely experienced in foreign diplomacy, is a leading expert on Asia and Japan within the U.S. and is acknowledged as an authority on the Middle East.
Professor Joseph S. Nye	 U.S.A.	Harvard University Distinguished Service Professor	10 years	Professor Nye is a globally renowned scholar in the field of geopolitics. He has extensive networks not only in academia, but also in political and economic circles. Within the International Advisory Committee, he provides an annual overview of the international situation and makes valuable suggestions regarding industry trends.
Mr. Ratan N. Tata	 India	Chairman, Tata Trusts	18 years	Mr. Tata has expanded his business presence to over 100 countries worldwide and has particularly deep knowledge of industrial as well as political and economic developments in India.
Mr. George Yeo	 Singapore	Chairman, Kerry Logistics Network	5 years	Mr. Yeo has previously served as Singapore's Minister for Information and the Arts, Minister for Health, Minister for Trade and Industry, and Minister for Foreign Affairs. His background brings a wealth of knowledge in the geopolitical situation in ASEAN and China to the committee.
Mr. Niall FitzGerald, KBE	 Ireland	Former CEO and Chairman, Unilever	5 years	Mr. FitzGerald, KBE has served as Chairman of several major companies such as Reuters and Unilever, as well as the British Museum. He has an outstanding knowledge of both geopolitics and industry, and his consideration of the impacts of geopolitical changes on business provides valuable advice for the International Advisory Committee.
Mr. Jaime Augusto Zobel de Ayala II	 The Philippines	Chairman and CEO, Ayala Corporation	18 years	Mr. Zobel has experience in growing a global business launched from the ASEAN region, and therefore has a thorough knowledge of various geopolitical and industry trends in Asia, particularly in the ASEAN region.

Japanese Members (As of July 1, 2018)

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

IAC Agenda and Keynote Speakers for the Fiscal Year Ending March 31, 2019

■ Future of free trade	Ambassador Armitage
■ Threats to global growth	Professor Nye
■ Potential of emerging markets	Mr. FitzGerald, KBE

Committee members carried out robust discussions regarding the various topics introduced by keynote speakers, with Group executives actively participating in sessions relevant to their businesses.



Audit & Supervisory Board Members/Audit & Supervisory Board

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

Number of Independent Outside Audit & Supervisory Board Members/Number of Audit & Supervisory Board Members*



Number of Female Audit & Supervisory Board Members/Number of Audit & Supervisory Board Members*



* Based on the status as of July 1, 2018

Audit Plans

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

Policies related to Midterm Corporate Strategy 2018	Monitoring the execution of initiatives discussed and confirmed by the Business Strategy Committee and at the Management Strategy Meeting and other forums
Group management	Monitoring the development and enhancement of systems that will reinforce Group management and crisis management and response capabilities at the consolidated level
Corporate governance	Monitoring the development of MC's governance system and internal control systems at MC Group companies

Audit Implementation Guidelines

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

1. Implementation of systematic audits	<p>All Audit & Supervisory Board Members cooperate closely with one another, in principle. The In-house Audit & Supervisory Board Members strive to gather information primarily by attending a wide range of key internal meetings, while the Outside Audit & Supervisory Board Members express impartial and objective opinions based on information they receive. The Outside Audit & Supervisory Board Members also proactively participate in various audit activities in an effort to monitor the status of management and business execution. (Please see "4. Audits of management performance")</p> <p>In order to ensure that systematic audits are performed effectively, MC has set up the Audit & Supervisory Board Members Office as an independent organization to assist the Audit & Supervisory Board Members. Five full-time staff members with backgrounds in corporate finance and accounting, as well as legal and compliance affairs, are ready to provide timely support.</p>
2. Cooperation with the Independent Auditors	<p>The Audit & Supervisory Board has strengthened cooperation with the Independent Auditors. Key measures include the Independent Auditors attending briefings on the outline of audit plans at the beginning of the year, quarterly reviews prepared by the Independent Auditors, and holding regular monthly meetings of the Audit & Supervisory Board Members and Independent Auditors. In another key measure, the Audit & Supervisory Board Members accompany the President and Group CEOs in dialogues with the Independent Auditors.</p>

Proposals on the appointment, dismissal and non-reappointment of the Independent Auditors are determined following a process at the fiscal year-end that includes meetings to review performance. This process is based on data accumulated on the performance of the Independent Auditors during the fiscal year through discussions in quarterly reviews, regular meetings and other forums.

3. Cooperation with the Internal Audit Department

MC emphasizes cooperation between the Audit & Supervisory Board (Members) and Internal Audit Department. Every month, the In-house Audit & Supervisory Board Members hold regular meetings and exchange opinions with the General Managers of the Internal Audit Department and Legal Department. In these meetings, the General Manager of the Internal Audit Department explains the results of audits, while the General Manager of the Legal Department discusses litigation and compliance matters. Every quarter, the General Manager of the Internal Audit Department reports on audit results to the President in addition to the Audit & Supervisory Board.

4. Audits of management performance

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

		In-house Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members
Dialogue with CEOs and other members of senior management	The Audit & Supervisory Board Members conduct dialogues with all members of senior management, such as the Chairman, President, Corporate Functional Officers, Group CEOs, Division COOs, and General Manager of the Corporate Staff Section*1. In addition, the Company has arranged a forum for dialogue between the Outside Audit & Supervisory Board Members and mid-level employees, in order to ensure an opportunity to gather information from the front lines. The Company also provides the opportunity for Outside Directors to participate in the dialogues with Group CEOs, Division COOs and others.	All members	Chairman President Corporate Functional Officers Group CEOs Division COOs
Attendance at important meetings	The Audit & Supervisory Board Members attend meetings of 20 important internal management structures such as the Board of Directors, Governance, Nomination and Compensation Committee, Executive Committee, Business Strategy Committee, and Management Strategy Meeting. Moreover, the staff of the Audit & Supervisory Board Members Office attend meetings held by all business groups to review loan and investment proposals, and report matters discussed to the Audit & Supervisory Board Members. Based on this, the Audit & Supervisory Board Members discuss loan and investment proposals prior to deliberation at the relevant Board of Directors meetings.	All members	Board of Directors Governance, Nomination and Compensation Committee*2
On-site audits and tours	Through on-site audits and tours, the Audit & Supervisory Board Members meet with the CEOs of 54 overseas and 16 domestic MC Group companies, as well as the regional chiefs of all 59 overseas and 5 domestic sites. The Audit & Supervisory Board Members report on the results of their on-site audits to the Chairman and the President.	All members	Includes participation in several on-site audits and tours*3
Training	MC has appointed one lawyer as an advisory member of the Audit & Supervisory Board, and has held three regular meetings with the lawyer. The Audit & Supervisory Board has received helpful recommendations from the lawyer, and has put these recommendations to good use in its audit activities. In addition, the Audit & Supervisory Board has conducted training through programs such as seminars offered by the Japan Audit & Supervisory Board Members Association and the Japan Foundation for Accounting Education and Learning.	All members	All members

*1 Dialogue was held 66 times in total in the fiscal year ended March 31, 2018.

*2 Attended by Audit & Supervisory Board Member Tadashi Kunihiro.

*3 Dialogues were held with regional chiefs of 15 overseas sites and CEOs of 1 domestic and 13 overseas MC Group companies during on-site audits and tours in the fiscal year ended March 31, 2018.

Left: Kyusyu MM Center, NIKKEN CORPORATION (December 2018)
Right: Tour of the Qatar Doha Metro Project (September 2017)



5. Operational audits of Group companies

Every quarter, the Audit & Supervisory Board conducts information sharing meetings with the Audit & Supervisory Board Members of 37 major MC Group companies, particularly large companies, in addition to holding dialogues with the CEOs of those companies. At these meetings, the Audit & Supervisory Board Members strive to share information on audit activities and develop a common understanding of MC's management policies. These activities are designed to gauge the development and status of internal control systems throughout the organization.

Raising the Bar for Audits by Audit & Supervisory Board Members

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

Shuma Uchino
Senior Audit & Supervisory Board Member








Outside Directors and Outside Audit & Supervisory Board Members

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

(Please refer to pages 98–99 for more information on In-house Directors and In-house Audit & Supervisory Board Members.)

Outside Directors

Name	Age	Independent Director	Main career	Principal area of specialization and background			
				Corporate management	Global developments	Socio-economic trends	
Akihiko Nishiyama	 65	●	Professor, Ritsumeikan University				
Hideaki Omiya	 71	●	Chairman of the Board, Mitsubishi Heavy Industries, Ltd.				
Toshiko Oka	 54	●	CEO, Oka & Company Ltd. Business consultant				
Akitaka Saiki	 65	●	Former Vice-Minister of Foreign Affairs, Ministry of Foreign Affairs of Japan				
Tsuneyoshi Tatsuoka	 60	●	Former Vice-Minister of Economy, Trade and Industry, Ministry of Economy, Trade and Industry				

Outside Audit & Supervisory Board Members

Name	Age	Independent Audit & Supervisory Board Member	Main career	Principal area of specialization and background			
				Socio-economic trends	Legal affairs	Finance and accounting	
Tadashi Kunihiro	 62	●	Attorney at T. Kunihiro & Co., Attorneys-at-Law				
Ikuo Nishikawa	 67	●	Former Professor, Faculty of Business & Commerce of Keio University Certified Public Accountant				
Yasuko Takayama	 60	●	Former Audit & Supervisory Board Member, Shiseido Company, Limited				

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, Mitsubishi Corporation 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 a majority of Outside Directors, Outside Audit & Supervisory Board Members and Outside Members. Each of the 5 Outside Directors and 3 Outside Audit & Supervisory Board Members satisfy the requirements for independent Directors and Audit & Supervisory Board Members as stipulated by Japanese stock exchanges, such as the Tokyo Stock Exchange, and Mitsubishi Corporation's Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members.

[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^(Note); individuals incapable of preserving this independency in effect will not be selected to serve as Outside Directors.

3. Mitsubishi Corporation's operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms home to a corporate Executive Officer appointed as Outside Directors. Mitsubishi Corporation 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 a 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^(Note); individuals incapable of preserving this independency will not be selected to serve as Outside Audit & Supervisory Board Members.

	Board of Directors	Status of membership on advisory bodies to the Board of Directors		Years served as Director
		Governance, Nomination and Compensation Committee	International Advisory Committee	
	Attendance in the fiscal year ended March 31, 2018		Attendance in the fiscal year ended March 31, 2018	
	14/14 meetings	 (3/3 meetings)	—	3 years
	12/14 meetings* ¹	—	—	2 years
	14/14 meetings	 (3/3 meetings)	—	2 years
	10/10 meetings* ²	 (3/3 meetings)	 (1/1 meeting)	1 year
	—	 (2/2 meetings* ³)	 —	Appointed in June 2018

*1 Mr. Omiya was asked to refrain from attending one of the Board of Directors meetings because of a conflict of interest in connection with a tender offer for shares in Mitsubishi Motors Corporation.

*2 Describes status since appointment as a Director on or after June 23, 2017.

*3 Describes status since appointment (then advisor) to the Governance, Nomination and Compensation Committee on or after January 1, 2018.

Attendance in the fiscal year ended March 31, 2018			Status of membership on advisory bodies to the Board of Directors		Years served as Audit & Supervisory Board Member
Board of Directors	Audit & Supervisory Board	Governance, Nomination and Compensation Committee	International Advisory Committee		
		Attendance in the fiscal year ended March 31, 2018			
	14/14 meetings	13/13 meetings	 (3/3 meetings)	—	6 years
	14/14 meetings	13/13 meetings	—	—	2 years
	14/14 meetings	13/13 meetings	—	—	2 years

(Note) Interdependency for the purpose of Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members

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

- (1) A major shareholder of Mitsubishi Corporation (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.
- (2) A member of business personnel of a creditor of Mitsubishi Corporation exceeding the threshold set by Mitsubishi Corporation*².
- (3) A member of business personnel of a supplier or a customer of Mitsubishi Corporation exceeding the threshold set by Mitsubishi Corporation*³.
- (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 Mitsubishi Corporation's independent auditor.

(6) A person belonging to an organization that has received donations exceeding a certain amount*⁴ from Mitsubishi Corporation.

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

*1 A member of business personnel refers to a managing director, corporate officer, Executive Officer, or other employee of a company.

*2 Creditors exceeding the threshold set by Mitsubishi Corporation refer to creditors to whom Mitsubishi Corporation owes an amount exceeding 2% of Mitsubishi Corporation's consolidated total assets.

*3 Suppliers or customers exceeding the threshold set by Mitsubishi Corporation refer to suppliers or customers whose transactions with Mitsubishi Corporation exceed 2% of Mitsubishi Corporation's consolidated revenues.

*4 Donations exceeding a certain amount refer to donations of more than ¥20 million per fiscal year.

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

Enhancing the Monitoring Function of the Board of Directors



MC strives to enhance the effectiveness of the Board of Directors by providing necessary information and support to Outside Directors and Outside Audit & Supervisory Board Members in an appropriate and timely manner so that they can perform their duties, and increasing opportunities for them to engage in dialogue with In-house Directors, In-house Audit & Supervisory Board Members and management executives and to participate in site visits.

Ken Kobayashi
Chairman of the Board

A stylized black ink signature of Ken Kobayashi.

To ensure that the Directors and Audit & Supervisory Board Members are able to perform their management supervision and audit functions adequately, the Board of Directors Office and the Audit & Supervisory Board Members Office have been established, and have been providing necessary information and support appropriately and in a timely manner for them to perform their duties.

For Outside Directors and Outside Audit & Supervisory Board Members, the offices provide Board of Directors meeting materials and explanations as well as hold briefing sessions about management strategies, important matters, and other topics before Board of Directors meetings to ensure that they can effectively participate in the discussion fully and to enhance the Board's monitoring function. The offices also provide an orientation to newly appointed Outside Directors and Outside Audit & Supervisory Board Members, as well as ongoing opportunities to deepen their understanding of the businesses and strategies of MC including site visits of business investees and opportunities for

dialogue with the management executives. Furthermore, to enhance the effectiveness of the Board of Directors, MC holds meetings of the Governance, Nomination and Compensation Committee and the President's Performance Evaluation Committee, which comprise a majority of Outside Directors and Outside Audit & Supervisory Board Members in their memberships. Also, MC endeavors to enhance close cooperation among Outside Directors and Outside Audit & Supervisory Board Members through such measures as holding exclusive meetings of Independent Outside Directors and Outside Audit & Supervisory Board Members approximately once every quarter to provide opportunities for discussion about a wide range of themes such as business management and the corporate governance of MC. To further enhance the effectiveness of the management supervision function, MC also holds informal meetings of the Board of Directors whenever necessary to provide a forum for free discussion among Directors and Audit & Supervisory Board Members.

Enhance Provision of Information

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

(For further details of MC's governance reforms, please see pages 54–55.)



Site Visits of Business Investees

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

★1 Norway and the North Sea

In August 2018, MC held site visits of its wholly owned subsidiary, Cermaq Group AS^{*1} in Norway, where the participants observed the salmon farming business and had a lively exchange of opinion with the subsidiary's management executives, and visited an offshore wind farm facility in the North Sea.

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



Cermaq salmon aquaculture site visit



★2 Myanmar

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



Visit and dialogue with partner companies

★3 Australia

In September 2017, MC hosted site visits in Australia which included MDP's^{*2} coking coal assets. Besides touring BMA-owned Peak Downs coal mine and Hay Point coal terminal, participants actively engaged in discussions with the top management of our Australian Group companies.

^{*2} MDP stands for Mitsubishi Development Pty Ltd. In 2001, BMA was established as a 50-50 joint venture between MDP and mineral resources major BHP. BMA is one of the world's largest seaborne coking coal suppliers. It owns seven operating coal mines with additional undeveloped reserves, in addition to a coal terminal in Queensland, Australia.



Peak Downs coal mine during site visit

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

(Approximately Once Every Quarter)

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

In the fiscal year ended March 31, 2018, MC held meetings for exchanging opinions on themes such as sustainability, social contribution and dialogue with shareholders. In the fiscal year ending March

31, 2019, MC invited institutional investors to engage in dialogue regarding recent interests and trends of institutional investors. Furthermore, before the conception of Midterm Corporate Strategy 2021, the President and CEO explained the policy and approach of its conception and exchanged opinions with Outside Directors and Outside Audit & Supervisory Board Members.



Interaction with Management Executives

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

Moreover, as noted in the section of "Enhance Provision of Information" on page 50, holding briefing session for the Board of Directors meetings at which the management executives helps Outside Directors and Outside Audit & Supervisory Board Members exchange their ideas, concerns and philosophy with management executives.



Evaluation of the Effectiveness of the Board of Directors

MC undertakes an evaluation of the Board of Directors every year in order to continually enhance the effectiveness of corporate governance. The evaluation of the fiscal year ended March 31, 2017 was undertaken by a third party. For the evaluation of the fiscal year ended March 31, 2018, MC adopted a self-evaluation process in line with the evaluation theme of "further enhancing the functions of the Board of Directors." Director Akihiko Nishiyama and Audit & Supervisory Board Member Yasuko Takayama, who serve as Independent Outside Director and Independent Outside Audit & Supervisory Board Member, respectively, took the lead in formulating questions and analyzing and evaluating the results.



1. The process and themes of the evaluation of the Board of Directors for the fiscal year ended March 2018 were deliberated in the Governance, Nomination and Compensation Committee.
2. Questionnaires and interviews involving all Directors and Audit & Supervisory Board Members were conducted.
3. The results of the interviews were compiled and deliberated together with future policies in the Governance, Nomination and Compensation Committee.
4. Based on the result of discussions in the Governance, Nomination and Compensation Committee, the Board of Directors analyzed and evaluated the findings and shared future policies.

The questions concerned the evaluation of measures undertaken in the fiscal year ended March 2018; the composition, structure, operation, oversight and audit functions of the Board of Directors; the status of individual involvement; and further enhancement of the functions of the Board of Directors, among other matters.

- MC's hybrid model of corporate governance based on the Audit & Supervisory Board Member System has been functioning effectively as a governance system. Adequate information has been provided to Outside Directors and Outside Audit & Supervisory Board Members. There has also been sufficient communication among Outside Directors and Outside Audit & Supervisory Board Members, as well as communication with personnel involved in business execution.
- The Board of Directors was evaluated to be appropriate in terms of composition, operation, deliberation and other aspects. The Board of Directors has adequate systems for the exercise of decision-making and oversight functions and these functions are being realized appropriately. Moreover, the Audit & Supervisory Board Members have been fulfilling their roles in meetings of the Board of Directors based on self-evaluations by the Audit & Supervisory Board Members.
- The evaluation highly commended measures implemented in the fiscal year ended March 2018 (observation tours of business investees, etc.) as a result of the findings of the Board of Directors evaluation undertaken in the fiscal year ended March 2017. Meanwhile, the evaluation identified the need to continue upgrading and expanding deliberation on strategies and other important matters.
- The evaluation proposed a number of measures to be undertaken going forward. From the standpoint of further enhancing the functions of the Board of Directors, a matter was continually discussed during the fiscal year ended March 2018, these measures included upgrading and enhancing Companywide and Group strategies and the monitoring of major business investees, revising agenda items, and enhancing and expanding feedback and follow-up activities to enhance discussions. Other measures included enhancing communication in forums other than the Board of Directors meetings, and considering ways to involve the Outside Directors and Outside Audit & Supervisory Board Members in the successor planning and selection process.

Based on the analysis and evaluations of the Governance, Nomination and Compensation Committee and the Board of Directors with respect to the issues highlighted by the evaluation results and the opinions and recommendations from Directors and Audit & Supervisory Board Members, MC will implement measures to further enhance the effectiveness of the Board of Directors.

Comments from the Outside Members and Outside Audit & Supervisory Board Member Responsible for Summarizing the Evaluation of Effectiveness of the Board of Directors



Akihiko Nishiyama
Independent Outside Director

In evaluating the effectiveness of the Board of Directors, MC implemented a third-party evaluation in the fiscal year ended March 31, 2017, which was quite rare among other companies at that time. In the fiscal year ended March 31, 2018, we carried out a self-evaluation led by Independent Outside Director and Outside Audit & Supervisory Board Member. By doing so, I believe we were able to establish a new model of evaluation among Japanese companies, which enabled us to grasp the current status of the Board of Directors while also ensured an external perspective and objectivity. With many years of experience in surveys, I focused on designing the questions in accordance with this theme. I also feel that we have made great progress in MC's corporate governance by aptly linking the evaluation results with the improvement plan for revising the rules and operations of the Board of Directors (See pages 54–55).*



Yasuko Takayama
Independent Outside Audit & Supervisory Board Member

In the evaluation of the effectiveness of the Board of Directors for this year, I believe that clarifying the direction as placing emphasis on essential discussions about company-wide strategy by mid- and long-term perspectives and in a well-modulated manner, and reaching consensus among In-house and Outside Directors and Audit & Supervisory Board Members was a great accomplishment. Another achievement was that based on this, MC was able to implement revisions of the rules of the Board of Directors, and we recognize that the monitoring functions of the Board of Directors was enhanced. As MC's hybrid model with the advantages of the committee system, MC's corporate governance is evolving to an even higher level among companies that adopt the Audit & Supervisory Board Member system. We will drive continuous improvements going forward.

Governance Reforms at Mitsubishi Corporation —Building a More Effective Board of Directors—

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

In response to this question raised by Outside Directors and Outside Audit & Supervisory Board Members, In-house Directors and In-house Audit & Supervisory Board Member came together with them to have had many discussions.

The discussions led to a sweeping reform of rules and operating processes of the Board of Directors.

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

October 2017

Mapping Out Reforms

The Governance & Compensation Committee, an advisory body to the Board of Directors, comprised by a majority of Outside Directors, Outside Audit & Supervisory Board Members and Outside Members, confirmed the following key direction for this reform: (1) **focus on company-wide strategy and other important matters** by narrowing down agenda items and (2) **enhance monitoring** function of Corporate Staff Section and Business Groups and business investees.



May 2017

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

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

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



Mr. Hidehiro Konno
Former Outside Director

April 2017

Launch of the Board of Directors' Informal Meeting

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



Ken Kobayashi
Chairman of the Board

April 2018

**Deliberations and Resolutions
by the Board of Directors**

Based on the discussions held to date, the Board of Directors deliberated matters in its regular meeting in April 2018, and **from May the new rules and operating processes for the Board of Directors** were set in motion. (See below of the main points of the reforms).

March 2018

Discuss Specific Solutions

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

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

Mr. Tsuneyoshi Tatsuoka
Outside Director



January to March 2018

Identify Specific Issues

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

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



Ms. Toshiko Oka
Outside Director

Review of reforms (evaluation of the effectiveness of the board)

Highlights of reforms to the Board of Directors**1) Enhance monitoring**

- The Board of Directors enhances business execution report by the Corporate Staff Section and Business Groups in the board meeting. The board also deliberates the strategies and governance of major business investees of each business group as consolidated management becomes more deepened.

2) Revisions to rules for the Board of Directors

- In principle, the board doubles the current level of monetary threshold standards for investments and loans of MC and the MC Group and delegates more decision-making authority to executive side. The board focuses more on deliberation for management strategy and important matters.

3) Improve and streamline the operating processes of the Board of Directors by enhancing briefing session for board members and others.

- With regard to management strategies, business execution report of Corporate Staff Section and Business Groups and others, management executives of the section and group provide briefing session on the strategic significance and key points.

Directors' and Audit & Supervisory Board Members' Remuneration

In line with the Basic Policy on Corporate Governance, MC has established a remuneration system for Directors and Audit & Supervisory Board Members and related systems to ensure a sustainable increase in corporate value, and to ensure that their respective roles are fulfilled properly according to business execution and management supervision functions. MC strives to operate the system with a high degree of transparency. Within this system, the policy for setting remuneration, appropriateness of remuneration levels, and operation of the remuneration system for Directors responsible for business execution are discussed and monitored by the Governance, Nomination and Compensation Committee.

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

Directors/ Audit & Supervisory Board Members	Type of Director or Audit & Supervisory Board Member (As of July 1, 2018)	Approach to Remuneration	Method for Setting Remuneration
Directors	Directors responsible for business execution (who also serve as Executive Officers) (7)	<ul style="list-style-type: none"> The remuneration of Directors who also serve as Executive Officers and are responsible for business execution are set with the aim of providing further incentive and motivation to achieve business results and creation of sustainable business value through the steady execution of the midterm corporate strategy, along with aligning the Directors' interests with those of the shareholders over the medium and long terms. The remuneration of Directors responsible for business execution consists of fixed and variable remuneration, as shown on page 57. MC has adopted variable remuneration including not only cash remuneration linked to consolidated business results and individual performance but also stock remuneration (stock-option-based remuneration) to provide further incentive to improve corporate value over the medium and long terms. 	<ul style="list-style-type: none"> Regarding remuneration for the Chairman of the Board, Outside Directors, and Directors responsible for business execution (excluding bonuses), the 2010 Ordinary General Meeting of Shareholders approved a payment limit of ¥1.6 billion per annum. Remuneration is paid within this remuneration limit subject to resolution of the Board of Directors. Meanwhile, bonuses for Directors responsible for business execution are subject to approval by the Ordinary General Meeting of Shareholders, given their strong linkage to MC's business results.
	Chairman of the Board (1) Outside Directors (5)	<ul style="list-style-type: none"> The Chairman of the Board and the Outside Directors, who do not also serve as Executive Officers, must primarily fulfill a supervisory function for management in an appropriate manner, while the Audit & Supervisory Board Members must perform audits appropriately. Accordingly, there is a need to ensure their independence. For this reason, they are paid only fixed monthly remuneration, which does not have a component linked with business results. 	
Audit & Supervisory Board Members	In-house Audit & Supervisory Board Members (2) Outside Audit & Supervisory Board Members (3)		<ul style="list-style-type: none"> The monthly remuneration of Audit & Supervisory Board Members was set at an upper limit of ¥15 million per month in total by resolution of the 2007 Ordinary General Meeting of Shareholders. Audit & Supervisory Board Members' base remuneration is paid within this remuneration limit subject to discussions by the Audit & Supervisory Board Members.

Total Amounts and Number of Eligible People in the Fiscal Year Ended March 2018

Title	Total Remuneration	Base Remuneration and Individual Performance Bonus		Bonus		Stock-option-based Remuneration		Reserved Retirement Remuneration	
		Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total
Directors (In-house)	1,198	9	667	6	270	7	188	7	73
Directors (Outside)	120	6	120	—	—	—	—	—	—

Title	Total Remuneration	Base Remuneration		Bonus		Stock-option-based Remuneration		Reserved Retirement Remuneration	
		Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total	Eligible Persons	Total
Audit & Supervisory Board Members (In-house)	136	2	136	—	—	—	—	—	—
Audit & Supervisory Board Members (Outside)	39	3	39	—	—	—	—	—	—

(Figures less than one million yen are rounded down)

Notes: 1. The above figures include 2 Directors who retired and 1 Director who resigned during the fiscal year ended March 2018.

As of March 31, 2018, there were 12 Directors (including 5 Outside Directors) and 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members).

2. The stock-option-based remuneration above shows the amount recognized as an expense in the fiscal year ended March 31, 2018 related to stock options granted to 7 In-house Directors (Chairman of the Board and Outside Directors are ineligible for payment).

3. In addition to the above, MC paid executive pensions to retired Directors and Audit & Supervisory Board Members. The amounts paid in the fiscal year ended March 31, 2018 were as follows:

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 ¥146 million to 85 Directors (Outside Directors were ineligible for payment).

MC paid ¥6 million to 7 Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members were ineligible for payment).

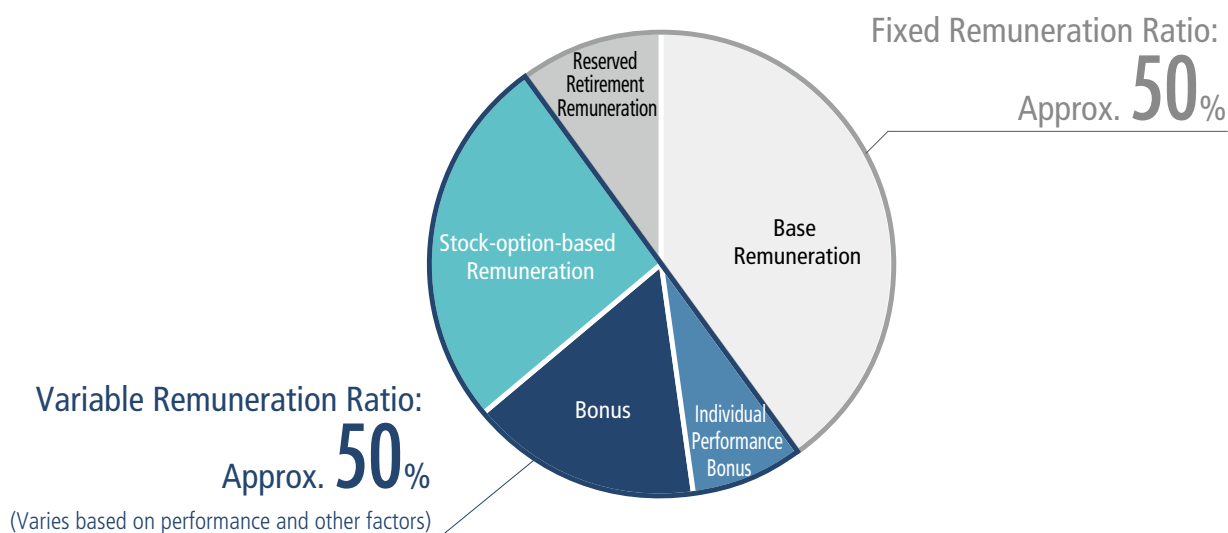
Composition of the Remuneration of Directors Responsible for Business Execution

Remuneration type	Remuneration composition	Fixed/ Variable* ¹	Form of payment	Included within remuneration limit* ²
Base Remuneration	An amount determined according to position, paid monthly	Fixed	Cash	○
Individual Performance Bonus	For Directors responsible for business execution, individual performance bonuses are determined and paid on an individual basis after the President's yearly performance assessment of each Director for the previous fiscal year. The assessment on the President's performance is deliberated by the President's Performance Evaluation Committee, a subcommittee to the Governance, Nomination and Compensation Committee. The subcommittee comprises the Chairman, who also serves as the Chairman of the Governance, Nomination and Compensation Committee, and members made up of Outside Directors and Outside Audit & Supervisory Board Members.	Variable (Single year)	Cash	○
Bonus	<ul style="list-style-type: none"> Bonuses are determined and paid on an individual basis after deciding whether or not bonuses will be paid and what the total amount will be based on the previous year's consolidated earnings and other factors. During the period of Midterm Corporate Strategy 2018 (fiscal year ended March 31, 2017 to fiscal year ending March 31, 2019), the amounts of bonuses to be paid will be determined based on the achievement of a level of earnings that leads to improved corporate value (consolidated capital cost) and initial business targets, and an upper limit is set for the total amount to be paid. If consolidated net income (attributable to owners of MC) exceeds the consolidated capital cost, the amount to be paid will be increased in line with business performance. Meanwhile, if consolidated net income is less than the consolidated capital cost or the initial business targets, no bonuses will be paid. 	Variable (Single year)	Cash	— Paid upon resolution of the Ordinary General Meeting of Shareholders
Stock-option-based Remuneration	Stock options as remuneration are grants from the perspective of aligning Directors' interests with those of shareholders and creating value over the medium and long terms. Stock options cannot be exercised for two years from the date they are granted. As a basic policy, In-house Directors cannot sell shares, including shares acquired by exercising stock options, during their terms of office until their shareholdings reach a certain level.	Variable (Medium to long term)	Shares (Stock acquisition rights)	○
Reserved Retirement Remuneration	Reserved retirement remuneration is set aside in a certain amount every year as consideration for the performance of duties, and the accumulated amount is calculated and paid in full upon retirement of a Director by resolution of the Board of Directors.	Fixed	Cash	○

*1. "Fixed" indicates a fixed payment amount and "Variable" indicates a payment amount that varies based on performance and other factors. "Single year" indicates amounts that correspond to performance or individual performance assessment of the previous fiscal year ended March 31. "Medium to long term" is used for stock options as remuneration to indicate their role as a medium- to long-term incentive.

*2. "○" indicates remuneration paid by a resolution of the Board of Directors within the ¥1.6 billion per annum limit approved by the 2010 Ordinary General Meeting of Shareholders.

Conceptual Image of the Payment Mix of Remuneration for Directors Responsible for Business Execution



Initiatives on Japan's Corporate Governance Code

Mitsubishi Corporation (MC) has long worked to implement corporate governance as the foundation of sound, transparent and efficient management. We have determined that MC is implementing all principles set forth in Japan's Corporate Governance Code.

(For more information, please see the Corporate Governance Report on MC's website.)

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

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

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

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

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

* General Investment Shares include listed and unlisted shares. All General Investment Shares are included under "Other investments" on the consolidated balance sheets.

MC's Pension Management Structure

Operation by experienced experts and appropriate monitoring

In an effort to utilize personnel with experience in markets and investment, those responsible for pension management are appointed from the Finance Department of MC and serve concurrently as employees of the Mitsubishi Corporation Pension Fund. The basic policy and management guidelines for safe and efficient management of the reserve are drafted and issued to institutions contracted to undertake management, which are then monitored constantly. Rules governing the fund prevent inappropriate administration and management of the reserve for the benefit of one's self or an independent party other than the fund. Moreover, Mitsubishi Corporation Pension Fund elects four directors to

execute the fund's operation and two auditors to audit its operations. Officers in these positions are rotated after a certain period based on their decided terms of office.

< Announcement of Acceptance of Japan's Stewardship Code in the Fiscal Year Ending March 31, 2019 >

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

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

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

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

Moreover, the policy and process for appointment and all appointment

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

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

Details of Retired Executives Currently Serving in Advisory Positions

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

MC appoints, as necessary, retired executives (presidents and chairmen of the board) to the positions of Honorary Chairman and Senior Corporate Advisor. Currently, one Honorary Chairman and two Senior Corporate Advisors are appointed. Neither the Honorary Chairman nor the Senior Corporate Advisors serve as directors. They do not participate in internal management meetings and are not involved in the Company's

decision-making process. They mainly engage in activities that carry high social significance for the Company's external affairs, as requested. With effect from July 2020, the Honorary Chairman will execute his duties on a part-time basis with no remuneration. No new Senior Corporate Advisors will be appointed with immediate effect.

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

Name	Position	Area of assignment	Work conditions (full/part-time, remunerated, etc.)	Date of retirement as President, etc.	Term end
Minoru Makihara	Senior Corporate Advisor	External affairs	Part-time, remunerated	March 31, 2004	March 2019
Mikio Sasaki	Senior Corporate Advisor	External affairs	Part-time, remunerated	June 23, 2010	June 2020
Yorihiko Kojima	Honorary Chairman	External affairs	Full-time, remunerated	March 31, 2016	June 2022

(Note) The dates of retirement as President are the respective dates of retirement from appointment as chair of the Board of Directors.

Number of retired executives currently serving in advisory positions: 3

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

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

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

Selection Criteria for Outside Directors.

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

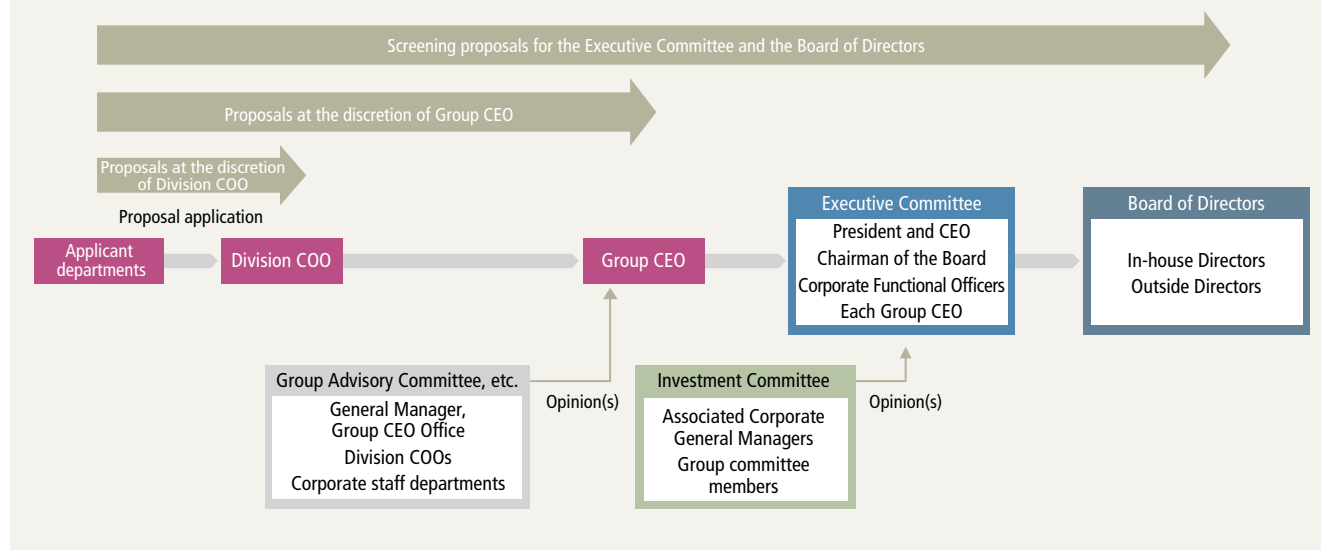
Risk Management

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

System for Management of Individual Projects

New projects	Application for policy / Application for implementation	Narrow down new investment and finance proposals by comprehensively evaluating quantitative aspects in terms of the invested capital and its return determined on the basis of the characteristics of each business, in addition to evaluation of qualitative aspects, including consistency with the business strategy of each business group, and risk locations and countermeasures
Existing projects	Business plan formulation	Once a year, monitor business investees' management issues and initiatives as well as MC's functions and business life cycle; select business investees monitored throughout the Company for follow-up on business management of each business group and report to the Executive Committee
Re-profiling projects	Review regarding continuation of investments	Conduct qualitative and quantitative evaluations of new investment and finance proposals based on the priority order of business group strategies and promote a healthy business metabolism

Screening Process for Proposals



MC delegates authority according to the financial scale of each business group, while the Investment Committee discusses all new investment and finance proposals and sales and withdrawal proposals prior to deliberation by the Executive Committee and the Board of Directors.

The Corporate Functional Officer for Business Investment Management and Corporate Sustainability serves as the chairman of

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

Compliance

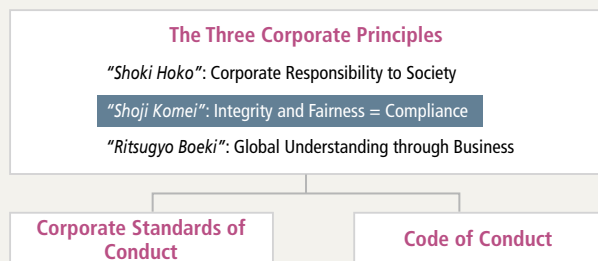
MC defines compliance as observance of laws, rules, regulations, international standards and internal regulations and respect for generally accepted standards for conducting business, and works to prevent any compliance violations.

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

We are also focused on cultivating a strong sense of ethics in our employees by continuing to carry out a range of compliance-related measures, as a part of our efforts to further enhance the integrity of our corporate group.

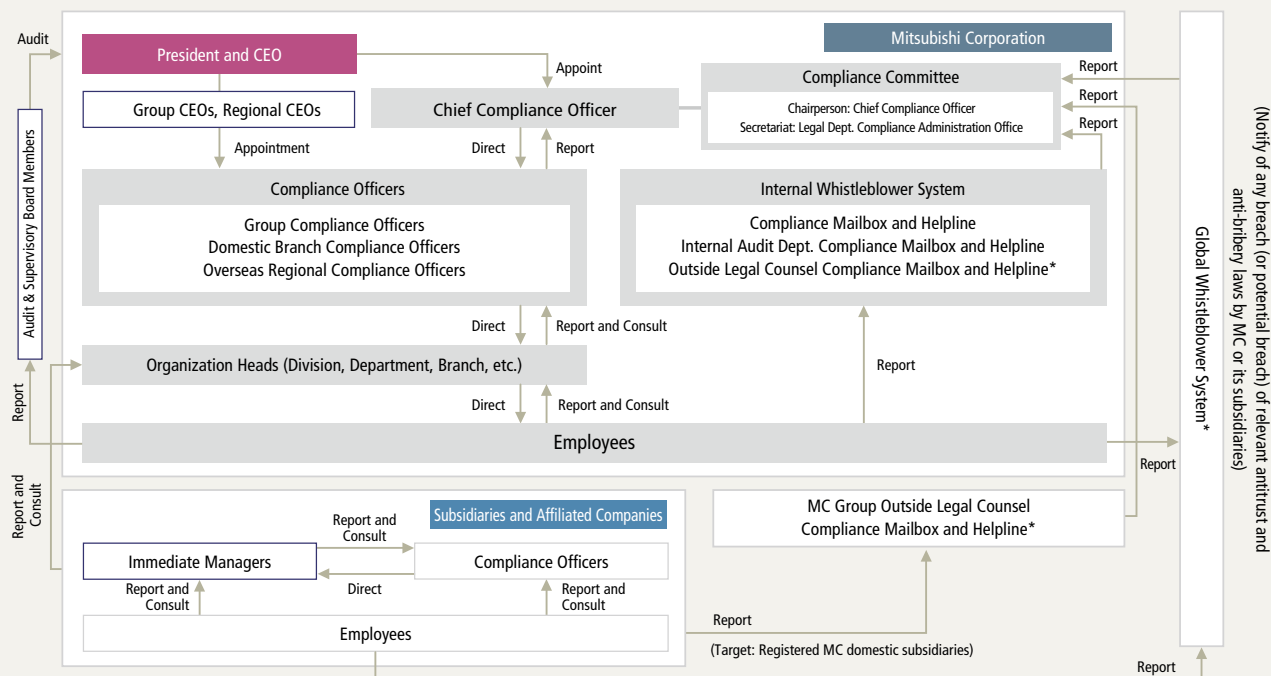
Particularly at our affiliated companies in Japan and overseas, compliance issues differ by business and region, so we and our overseas offices provide various types of support to strengthen the compliance systems at the affiliated companies and increase their level of autonomy.

MC Internal Rules and Regulations



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

Compliance Framework



* An internal whistleblower system that enables anyone to make a report anonymously.

Group Initiatives for Strengthening Compliance

Top message	Communication of MC Group compliance policies
Reinforcement of systems	Compliance-related support and coordination for subsidiaries and overseas offices
	Reinforcement of anti-bribery systems

Knowledge and awareness-raising	Compliance discussions
	Compliance e-learning
	Compliance seminars
Measurement of effectiveness	Compliance handbook distribution
	Compliance awareness survey
	Continuous monitoring

Improvement and Promotion of Internal Whistleblower Systems

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

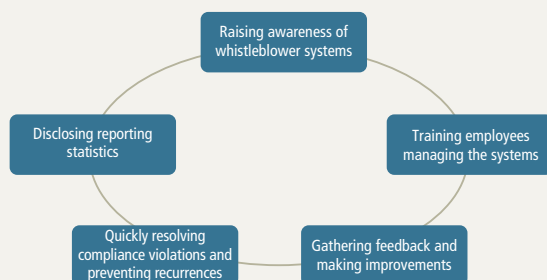
In addition to several internal contact points for whistleblowers, we have a contact point for anonymous reporting through an outside legal counsel and contact points within each overseas region. We have also provided a global internal whistleblower system at every MC Group location and subsidiary in Japan and overseas for receiving reports about violations of antitrust and anti-bribery laws.

This entails not only establishing multiple systems but also training employees managing the whistleblower systems, raising awareness of the

systems throughout the Group, gathering feedback through compliance awareness surveys to make improvements, and other means.

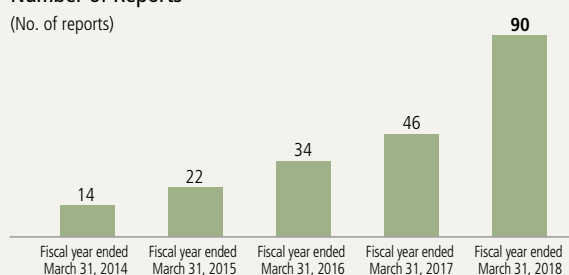
We began actively promoting efforts to raise awareness when the number of reports decreased significantly in the fiscal year ended March 31, 2014. This has resulted in a steady increase in reports each year and has led to the discovery of compliance violations.

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



Number of Reports

(No. of reports)



For more details on our compliance initiatives, please refer to Mitsubishi Corporation Compliance Report on our website.
<http://www.mitsubishicorp.com/compliance/en/pdf>

Message from the Chief Compliance Officer

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

Masakazu Sakakida
 Executive Vice President, Representative Director,
 Corporate Functional Officer, Corporate Administration,
 Legal (Concurrently) Chief Compliance Officer

M. Sakakida



Management Capital

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

Human Capital

Highly Skilled Management Professionals

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

Fostering Management Professionals

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

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

subsidiaries and Group companies worldwide.

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

Diversity Management

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

Specific Initiatives

- Reviewing workstyles with an emphasis on work-life balance
- Fostering an understanding of diverse values
- Supporting employees with family care responsibilities
- Supporting women's careers
- Providing active roles for seniors
- Maximizing the abilities of employees with disabilities
- Promoting roles for employees of all nationalities
- Promoting understanding of LGBT

New Workstyles Befitting MC

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

While respecting the initiatives of each organization and individual in diverse business environments and industries, we are encouraging the

systematic use of paid leave throughout the Company, aiming to increase the utilization rate to at least 70%. We will also plan and implement strategies for organizations that struggle with excessive overtime.

Our efforts extend to a work environment that enables diverse employees to thrive professionally while fostering an organizational culture in which performance is evaluated fairly on the basis of results.

Supporting Women's Careers at MC

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

Action Plan Period: April 1, 2016 to March 31, 2021

Target 1: Aim to recruit more women as professional staff.

Target 2: Offer further career support for women.

Target 3: Increase the percentage of women in management-level positions to 10% or more by the fiscal year ending March 31, 2021.

Target 4: Aim to achieve 100% utilization of paid childbirth leave or other similar childcare systems by men.

Target 5: Organize training programs and seminars on supporting women's careers, new workstyles, and work-life balance support systems.
Improve the content of management training programs to increase awareness.

Employee Health Management

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

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

We also support the mental health of employees, with a focus on

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

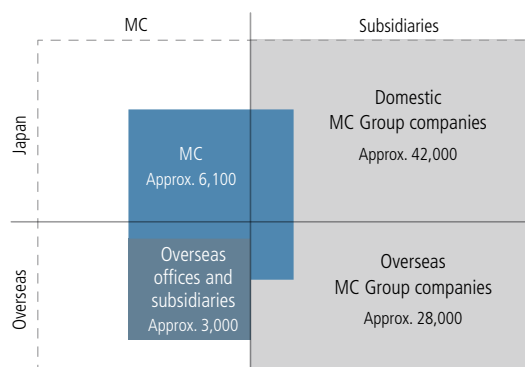
Consolidated Global Human Resources Framework

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

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

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

Total Number of Employees in the MC Group



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

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

Akira Murakoshi

Member of the Board, Executive Vice President, Corporate Functional Officer
(Corporate Communications, Human Resources)



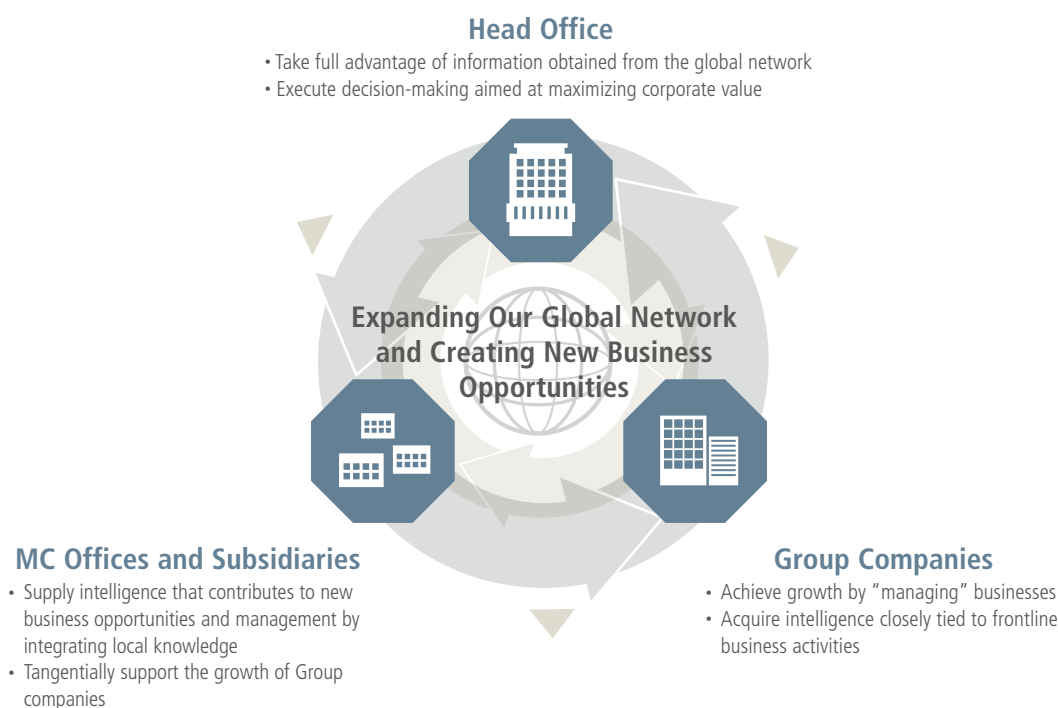

(Please refer to the ESG Data Book (<https://www.mitsubishicorp.com/jp/en/ir/library/esg/>) for further information about human capital.)

Network

MC's global network includes approximately 1,400 Group companies in some 90 countries and regions around the world.

Global Network

MC has built a network to drive its next phase of major growth by constantly enhancing its ability to respond to change in tandem with fostering collaboration through the efficient and effective roles among MC offices and subsidiaries, Group companies and the Head Office.



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

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

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

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

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



Kanji Nishiura
Executive Vice President, Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (Concurrently) Regional CEO, Asia & Oceania

Network in Japan

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

Collaboration with Local Companies

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

Automotive Business Conferences (Chubu Branch)

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



Example of overseas real estate development business:
The Manor Central Park Housing Development Project in Hanoi's Hoang Mai District (Vietnam)



Conference in September 2018, 40–50 people attend the biannual event

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

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

Furthermore, it is important to identify Potential Growth Sources and nurture them for MC's further growth. In order to achieve that, we will

leverage our networks with regional business circles and local governments and endeavor to identify Potential Growth Sources, leading to meeting regional needs.



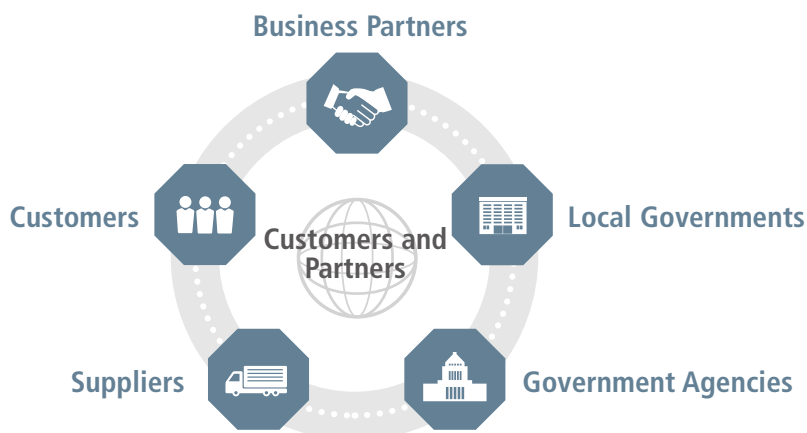
Mitsumasa Icho

Executive Vice President,
Corporate Functional Officer,
Regional Strategy for Japan
(Concurrently) General Manager,
Kansai Branch

Customer and Partner Capital

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

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



Message from Jaime Augusto Zobel de Ayala II, Chairman & CEO of Ayala Corporation

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

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

More recently, in 2015, we partnered in the wind energy space through North Luzon Renewable Energy. In real estate, Ayala Land (ALI)

and MC are part of the joint venture that operates the 118-hectare Cavite Technopark, which incorporates the strong lessons gained from our Laguna experience. Meanwhile, ALI's subsidiary, Alveo Land Corp., and MC are also partners in developing Portico—a high-rise residential development located in prominent residential and commercial location in Pasig City. Aside from these, our engagement encompasses other urban development initiatives, and ongoing explorations for new ways to serve the consumer market in the Philippines.

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

As we celebrate the 45th anniversary of our partnership next year, we are committed to further deepening our relationship. Ayala and MC will remain the strongest of friends and partners in today's dynamic times, and in all our efforts to mutually grow and meaningfully contribute to the development of our societies.



Conceptual image of the completed Portico, a high-rise for-sale housing project



Jaime Augusto
Zobel de Ayala II

Chairman & CEO of Ayala Corporation

Intellectual Capital

Intelligence and Expertise Developed through Deep Involvement in the Industries We Face

Intelligence Is the Wellspring of Our Collective Capabilities

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

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

such as the Washington Office and Silicon Valley Branch, which are described in the column below.

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

Hidemoto Mizuhara

Regional CEO, North America
(Concurrently) President, Mitsubishi
Corporation (Americas)



Initiatives in Washington and Silicon Valley

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

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

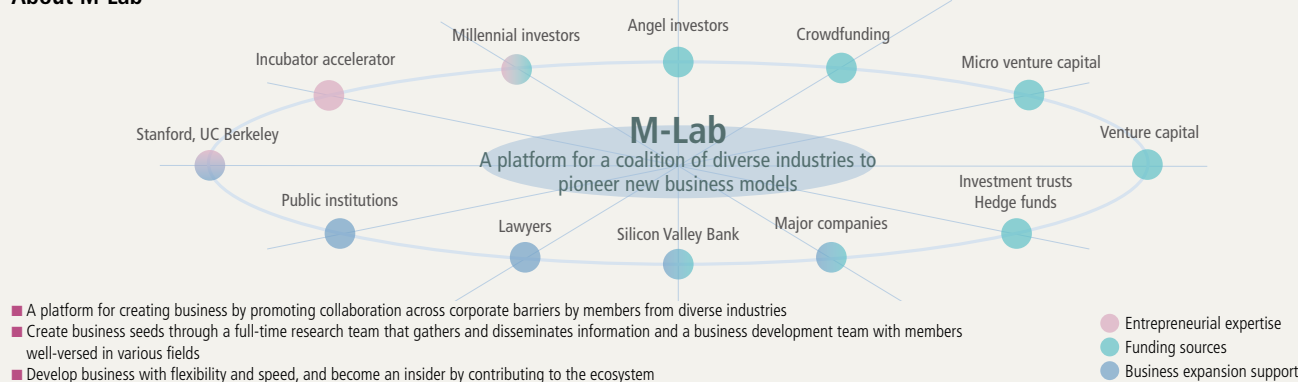
In addition, AI has brought about a structural shift in the economy known as the Fourth Industrial Revolution in the past few years. Silicon

Valley lies at the epicenter of digitalization. Accordingly, the Silicon Valley Branch is advancing an initiative called M-Lab to uncover new business opportunities and pave the way for their development and commercial success, while fostering cooperation among companies in different industries.



Fusing the specialized expertise of M-Lab members involved in diverse industries in Silicon Valley will enhance the value of intellectual capital and lead to new business development initiatives.

About M-Lab



Initiatives to Ensure Sustainable Growth

























Since its foundation, MC has followed a philosophy of contributing to the sustainable development of society through global business activities rooted in integrity and fairness based on the Three Corporate Principles.

Midterm Corporate Strategy 2021 also reemphasizes the need to simultaneously generate economic, societal, and environmental value in order to achieve growth for the MC Group through its business management model.

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

Key Sustainability Issues (Materiality)

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

Issue	SDGs	Overview
 Transitioning to a Low-Carbon Society	 	In anticipation of the impact that climate change is expected to have on the Company's business activities, MC is working to address these potential impacts, while at the same time actively pursuing businesses that facilitate the transition to a low-carbon society and reducing greenhouse gas (GHG) emissions.
 Procuring and Supplying in a Sustainable Manner	   	MC will ensure the stable, sustainable procurement and supply of resources, raw materials and other inputs in line with the needs of each country around the world. In addition, we will consider environmental and social factors throughout our supply chains.
 Tackling Evolving Regional Issues	 	MC will continue to take appropriate steps to address geopolitical risk while at the same time contributing to solutions through its business to issues faced by each country and region, thereby supporting the development of economies and societies.
 Addressing the Needs of Society through Business Innovation	 	MC will stay on the pulse of major industrial shifts brought about by technological advances, while continually creating innovative businesses that contribute to solutions for social issues.
 Conserving the Natural Environment	  	Recognizing the earth as our most important stakeholder, MC works to ensure the continuity of its business by preserving biodiversity, reducing its environmental impact and conserving the natural environment.
 Growing Together with Local Communities	 	MC will contribute to regional development through its business and corporate philanthropy initiatives, and will aim to grow together with the regions and communities where it operates.
 Fostering Our Employees' Maximum Potential	 	MC will work to develop human resources with advanced management capabilities who will become the driving force behind corporate value creation by developing career opportunities and workplaces where the members of its diverse workforce are able to grow as they share values in a spirit of mutual learning.

Identification Process for Key Sustainability Issues

1. Create a list of potential issues

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

2. Gauge the importance of each issue based on internal and external perspectives

MC gauged the importance of each theme, in terms of both opportunities and risks, and selected priority issues based on the perspectives of the Company's business groups as well as those of external stakeholders.

3. Identify the Key Sustainability Issues

MC reexamined the selected priority issues while incorporating the views of the Sustainability Advisory Committee. Following deliberations by the Executive Committee and Board of Directors, the Key Sustainability Issues were determined in July 2016.

* Referencing reporting guidelines such as those of the Global Reporting Initiative (GRI), an international NGO.

Addressing Key Sustainability Issues through Business

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

■ Initiatives for Long-Term Strategies and Individual Businesses

Formulation of Long-Term Strategies

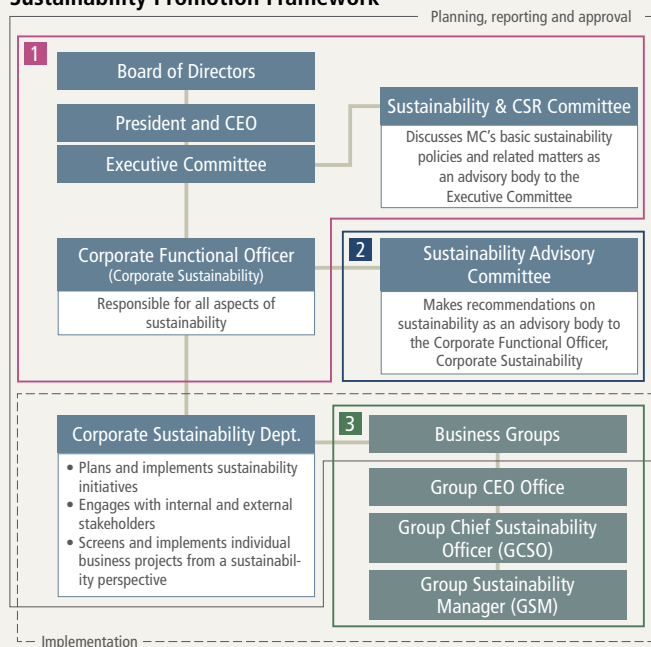
At Sustainability Dialogues attended by all business group CEOs and the Corporate Functional Officer for Corporate Sustainability, participants discuss the adoption of various long-term strategies for simultaneously realizing economic, societal, and environmental value in light of the future outlook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

Decision-Making Regarding Individual Businesses

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

■ Analyzing the Sustainability Promotion Framework from Three Perspectives

Sustainability Promotion Framework



1 High-Priority Management Framework

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

2 Framework for Embracing External Stakeholder Perspectives

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

3 Implementation Framework Led by Business Groups

MC has established the posts of Group Chief Sustainability Officer (GCSO) and Group Sustainability Manager (GSM) within each Group CEO Office. The Group CEO Offices oversee management strategies within each business group, forming a structure for unified Group management of sustainability.

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

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

* The UN Global Compact is a United Nations initiative to encourage businesses and other organizations to support 10 universal sustainability principles in the fields of human rights, labor, environment and anti-corruption. MC first declared its support for this initiative in 2010.

Iwao Toide
Member of the Board,
Executive Vice President,
Corporate Functional Officer,
Business Investment Management,
Corporate Sustainability, AI/IoT



MC is contributing to the transition to a low-carbon society.



Recognition and Policy on Climate Change

Transitioning to a low-carbon society is one of the key issues for management to address and respond to as MC strives to achieve sustainable growth. MC aims to fulfill its mandate to meet the demand for energy while contributing towards the achievement of international goals such as those expressed through the SDGs and the Paris Agreement (including keeping global temperature rise within 2°C above pre-industrial levels). Working closely together with each company in the MC Group, MC strives to achieve this goal through collaboration with a wide range

of stakeholders including governments, companies and industry associations. Furthermore, as we recognize the importance of climate-related financial disclosures, we support the TCFD^{*1}, which has proposed disclosure guidelines.

^{*1} 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 Department is a member of this task force.



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

(For details of each initiative, please refer to the ESG Data Book (<https://www.mitsubishicorp.com/jp/en/ir/library/esg/>)).

Governance

- Under the Sustainability Promotion Framework, the Executive Committee determines basic policies and other important matters and reports to the Board of Directors on an annual basis.
- The Sustainability & CSR Committee discusses matters including the evaluation of opportunities and risks related to climate change as well as their reflection into business strategies.

Basic policies:

Policy on initiatives through business, policy on TCFD response, etc.

Important points:

Scenario analysis, GHG reduction targets, etc.

Strategies

- MC considers the various opportunities and risks associated with climate change to be an important perspective in determining business strategies.
- With the goal of contributing to the transition to a low-carbon society, MC is promoting the following businesses

Renewable energy businesses

Businesses that support the proliferation of renewable energy, including energy transmission and storage-related businesses

The copper business, which supports the proliferation of electric vehicles (EVs), etc.

Low-emission natural gas businesses

Scenario Analysis

Among all of its businesses, including those mentioned above, MC has conducted an analysis of multiple scenarios in relation to its fossil fuel-related businesses. Even under a 2°C scenario^{*2}, we believe our business is highly resilient from a medium- to long-term perspective, having confirmed our competitive capabilities and initiatives towards new business opportunities.

^{*2} The International Energy Agency (IEA) Sustainable Development Scenario

Risk Management

- Key opportunities and risks are evaluated and determined by the Sustainability & CSR Committee, in which all business group CEOs participate in discussions.
- The opportunities and risks that are assessed and determined are managed under the Sustainability Promotion Framework^{*3}.

1 Survey

- Sustainability survey (of business investees)
- External trend survey

2 Assessment and Identification

- Assess key business opportunities and risks identified by the Committee through scenario analysis

3 Management

- Reflect assessment in strategic terms through the Sustainability Promotion Framework
- Manage aspects of individual businesses through investment and loan screening

^{*3} Subjects for consideration by the above process include incorporation of transition risks, physical risks and business opportunities

Indicators and Targets

By 2030 aim to reduce greenhouse gas emissions per total assets^{*4} by 25%^{*5}.

By 2030 aim to achieve at least 20% renewable energy in MC's power generation business (based on generation amount).

^{*4} The total assets used for this target represent the numerical values within the emissions reporting calculation range, which differ from the total assets reported in MC's financial reports.

^{*5} Compared to fiscal year ended March 31, 2017 levels. Greenhouse gas emissions on a consolidated basis (MC on a non-consolidated basis plus subsidiaries)



The distributed solar power generation business in the U.S. is expected to expand going forward.

In addition to enhancing disclosure regarding its initiatives, MC is utilizing the recommendations of the TCFD to seize growth opportunities resulting from climate change and to respond appropriately to risks with a view towards promoting sustainable business growth. All of MC's businesses are currently undergoing high-level assessments from both financial and non-financial perspectives. We will examine the necessary measures to be taken going forward after considering the impact on each business.

MC will procure and supply in a sustainable manner.



Policy and Management Framework for Supply Chain Management

Policy

- As a company handling a diverse range of products and services across the globe, we recognize that ensuring our supply chains operate sustainably is crucial to our business. We have organized our approach into a supply chain policy.

Policy for Sustainable Supply Chain Management

The following aspects are included in our policy, which we share with our suppliers.

Examples:

- Forced labor and child labor
- Suitable remuneration
- Consideration for the global environment

Management Framework

- The Executive Committee decides the basic policy for supply chain management and reports to the Board of Directors. The results of the supply chain management survey are reported to the Executive Committee and the Board of Directors by the Corporate Functional Officer for Corporate Sustainability.
- Policies related to supply chain management are reviewed from time to time based on dialogues with stakeholders.

Basic Policy for Supply Chain Management

Corporate Functional
Officer, Corporate
Sustainability

Decided by the
Executive Committee

Reported to the
Board of Directors

(Please refer to the ESG Data Book (<https://www.mitsubishicorp.com/jp/en/ir/library/esg/>) for further information on these initiatives.)

Supply Chain Management Initiatives

Surveys and Supplier Visits

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

1 Select target products

Target products are selected based on the following aspects

Examples:

- External trends related to the product
- Situation in the country or region of origin of the product

2 Determine target suppliers

Target suppliers are determined based on transaction history, etc.

3 Send out surveys

Send out surveys that include questions related to the following items

Examples:

- Establishment of rules and compliance with laws and regulations
- Presence of forced labor or child labor
- Environmental conservation status
- Initiatives for information disclosure

4 Determine initiatives according to supplier status

Suppliers are categorized into three degrees of risk based on their survey results, and additional surveys and site visits are conducted based on the status of each supplier

Survey Results

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

Communication with Suppliers

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

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

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

(For details, please refer to the ESG Data Book (<https://www.mitsubishicorp.com/jp/en/ir/library/esg/>)).



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Breakthrough Value Creator

Financial Highlights

Mitsubishi Corporation and Subsidiaries

Years ended March 31

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") from the fiscal year ended March 2014.

	2009.3 (U.S. GAAP)	2010.3 (U.S. GAAP)	2011.3 (U.S. GAAP)	2012.3 (U.S. GAAP)
Results of Operations:				
Revenues	¥ 6,156,365	¥ 4,540,793	¥ 5,206,873	¥ 5,565,832
Gross profit	1,465,027	1,016,597	1,149,902	1,127,860
Income from investments accounted for using the equity method	163,256	117,857	167,002	192,418
Net income (loss) attributable to owners of the parent*1	370,987	275,787	464,543	452,344
Financial Position at Year-End:				
Total assets	10,837,537	10,803,702	11,272,775	12,588,320
Working capital*2	1,613,776	1,780,008	2,012,098	1,709,310
Borrowings (less current maturities)*1	3,467,766	3,246,029	3,188,749	3,760,101
Equity attributable to owners of the parent*1	2,359,397	2,926,094	3,233,342	3,507,818
Interest-Bearing Liabilities:				
Gross interest-bearing liabilities*3	4,879,397	4,154,692	4,257,563	5,016,383
Net interest-bearing liabilities*4	3,567,633	2,968,151	2,947,308	3,647,408
Cash Flows:				
Net cash provided by operating activities	558,226	761,573	331,204	550,694
Net cash used in investing activities	(693,550)	(138,502)	(262,601)	(1,100,913)
Free cash flow	(135,324)	623,071	68,603	(550,219)
Net cash provided by (used in) financing activities	650,608	(755,347)	76,749	599,059
Net cash flows	515,284	(132,276)	145,352	48,840
Per Share Information:				
Net income (loss) attributable to owners of the parent per share:				
Basic (yen, U.S. dollars)	225.88	167.85	282.62	274.91
Diluted (yen, U.S. dollars)	225.38	167.46	281.87	274.30
Cash dividends per share (yen, U.S. dollars)	52.00	38.00	65.00	65.00
Equity per share attributable to owners of the parent (yen, U.S. dollars)	1,436.11	1,780.37	1,966.66	2,130.89
Payout ratio*5 (%)	23	23	23	24
Common Stock:				
Number of shares outstanding at year-end*6 (thousands of shares)	1,642,904	1,643,532	1,644,074	1,646,173
Financial Measures:				
ROE*7 (%)	14.3	10.4	15.1	13.4
ROA*8 (%)	3.3	2.5	4.2	3.8
Net DER*9 (times)	1.5	1.0	0.9	1.0
DOE*10 (%)	3.3	2.4	3.5	3.2
Stock Price Information:				
Stock price (annual average) (yen, U.S. dollars)	2,299	1,969	2,102	1,840
Price earnings ratio (PER)*11 (times)	10.51	12.11	7.68	6.73
Price book-value ratio (PBR)*12 (times)	1.7	1.1	1.1	0.9

Notes: The U.S. dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥106=\$1.

*1 Net income (loss) attributable to owners of the parent corresponds to net income (loss) attributable to Mitsubishi Corporation under U.S. GAAP. Borrowings (less current maturities) correspond to long-term debt, less current maturities under U.S. GAAP. Equity attributable to owners of the parent corresponds to total Mitsubishi Corporation shareholders' equity under U.S. GAAP.

*2 Working capital consists of all current assets and liabilities, including cash and short-term debt.

*3 Gross interest-bearing liabilities is defined as the total of debt and borrowings of current and fixed liabilities.

*4 Net interest-bearing liabilities is defined as gross interest-bearing liabilities minus cash and cash equivalents and time deposits.

*5 The payout ratio was calculated based on net income attributable to owners of the parent for the fiscal year before reclassification (this includes the restatement of results for the fiscal years ended March 2013 and March 2014 due to the change from U.S. GAAP to IFRS).

*6 Excluding treasury stock held by the Company.

Figures from the year ended March 2009 through the year ended March 2011 have been retrospectively adjusted to reflect a change in year-end at certain consolidated subsidiaries.

Millions of Yen							Millions of U.S. Dollars
	2013.3		2014.3	2015.3	2016.3	2017.3	2018.3
(U.S. GAAP)	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(IFRS)
¥ 5,968,774	¥ 6,009,887	¥ 7,635,168	¥ 7,669,489	¥ 6,925,582	¥ 6,425,761	¥ 7,567,394	\$ 71,391
1,029,657	1,054,933	1,186,005	1,209,894	1,098,877	1,328,638	1,886,640	17,798
164,274	167,840	168,356	203,818	(175,389)	117,450	211,432	1,995
360,028	323,457	361,359	400,574	(149,395)	440,293	560,173	5,285
14,410,665	15,064,738	15,901,125	16,774,366	14,916,256	15,753,557	16,036,989	151,292
2,098,147	2,076,570	2,417,452	2,629,705	2,123,954	1,789,423	1,861,823	17,565
4,498,683	4,498,683	4,693,855	4,835,117	4,560,258	4,135,680	3,684,860	34,763
4,179,698	4,517,107	5,067,666	5,570,477	4,592,516	4,917,247	5,332,427	50,305
5,805,238	5,889,642	6,075,835	6,348,993	6,042,606	5,383,911	4,954,395	46,740
4,335,829	4,420,068	4,601,094	4,467,714	4,315,460	3,991,475	3,714,176	35,040
403,313	453,327	381,576	798,264	700,105	583,004	742,482	7,005
(752,477)	(791,026)	(300,502)	(154,852)	(503,854)	(179,585)	(317,583)	(2,996)
(349,164)	(337,699)	81,074	643,412	196,251	403,419	424,899	4,009
401,687	388,366	(118,845)	(305,334)	(364,528)	(752,162)	(554,328)	(5,230)
52,523	50,667	(37,771)	338,078	(168,277)	(348,743)	(129,429)	(1,221)
218.66	196.45	219.30	246.39	(93.68)	277.79	353.27	3.33
218.18	196.02	218.80	245.83	(93.68)	277.16	352.44	3.32
55.00	55.00	68.00	70.00	50.00	80.00	110.00	1.03
2,537.52	2,742.36	3,074.03	3,437.75	2,898.23	3,101.43	3,362.34	31.72
25	25	25	28	—	29	31	—
1,647,158	1,647,158	1,648,541	1,620,384	1,584,595	1,585,480	1,585,929	—
9.4	7.8	7.5	7.5	(2.9)	9.3	10.9	—
2.7	2.3	2.3	2.5	(0.9)	2.9	3.5	—
1.0	1.0	0.9	0.8	0.9	0.8	0.7	—
2.4	2.2	2.3	2.1	1.6	2.7	3.4	—
1,626	1,626	1,897	2,143	2,262	2,215	2,656	25.06
7.47	8.31	8.68	8.69	(24.08)	8.00	7.54	—
0.6	0.6	0.6	0.6	0.8	0.7	0.8	—

*7 ROE is calculated by dividing net income (loss) attributable to owners of the parent by the average of equity attributable to owners of the parent at the beginning and end of the fiscal year.

*8 ROA is calculated by dividing net income (loss) attributable to owners of the parent by the average of total assets at the beginning and end of the fiscal year.

*9 Net DER is calculated by dividing net interest-bearing liabilities by equity attributable to owners of the parent at the end of the fiscal year.

*10 DOE is calculated by dividing cash dividends per share by equity per share attributable to owners of the parent at the beginning and end of the fiscal year.

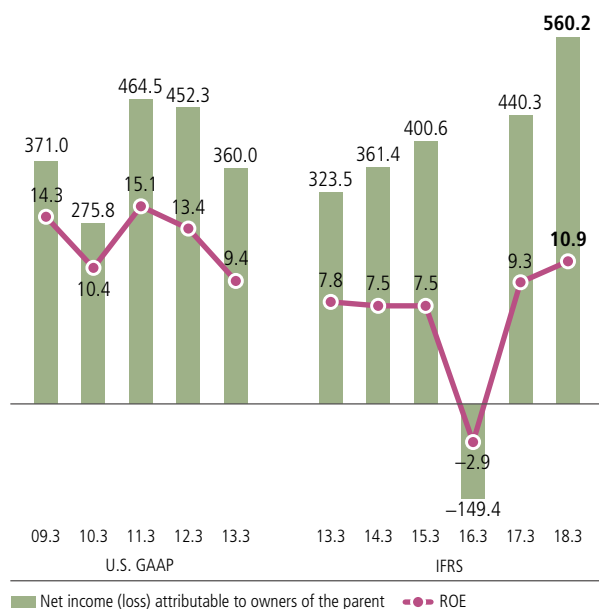
*11 PER is calculated by dividing market capitalization, as determined by multiplying the average share price during the fiscal year by the number of shares issued at the fiscal year-end (including treasury stock held by the Company), by net income (loss) attributable to owners of the parent.

*12 PBR is calculated by dividing market capitalization, as determined by multiplying the average share price during the fiscal year by the number of shares issued at the fiscal year-end (including treasury stock held by the Company), by equity attributable to owners of the parent.

Financial Measures

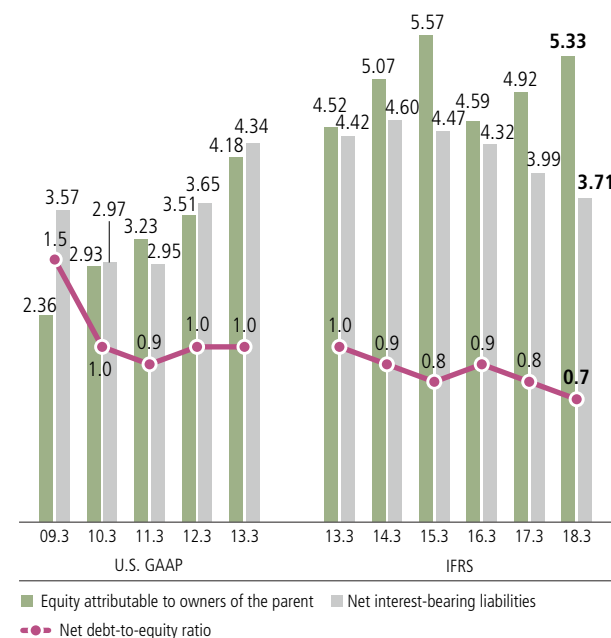
Net income (loss) attributable to owners of the parent / ROE

(¥ billion / %)



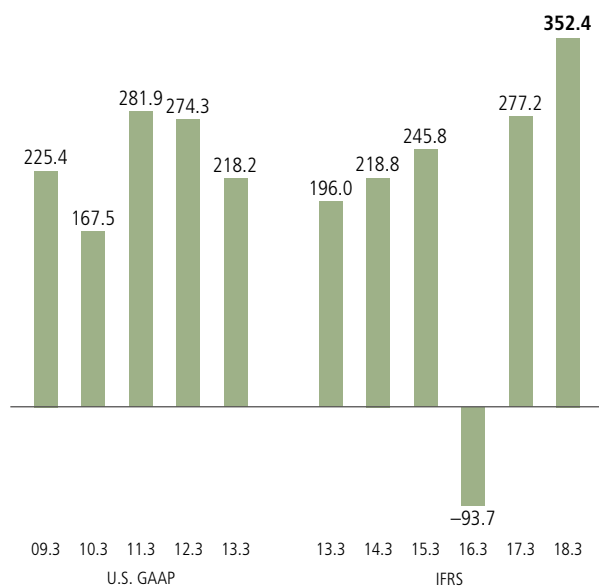
Equity attributable to owners of the parent / Net interest-bearing liabilities / Net debt-to-equity ratio

(¥ trillion / times)



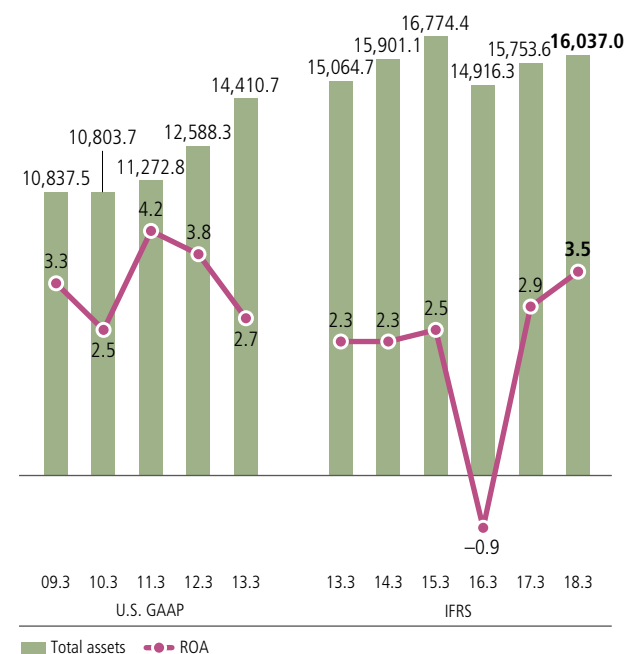
Net income (loss) attributable to owners of the parent per share (Diluted)

(¥)



Total assets / ROA

(¥ billion / %)



Establishment of the Investment Leverage Ratio

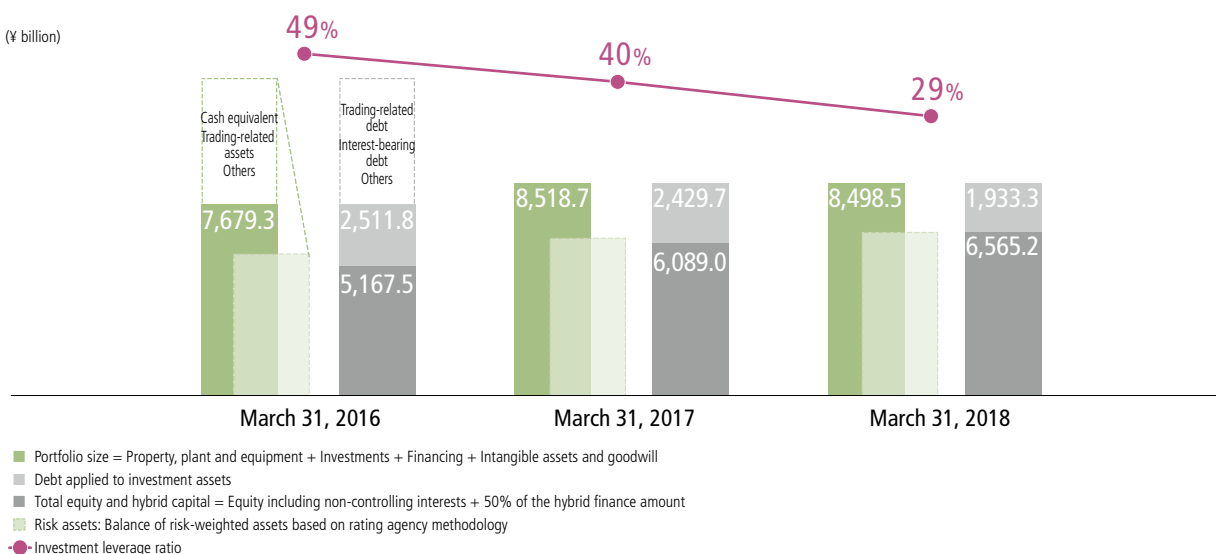
MC has defined the investment leverage ratio as the basic indicator of financial soundness and capital allocation, and has set the 25%–35%* range as an appropriate level. The investment leverage ratio as of March 31, 2018 was 29%, within the appropriate range.

Furthermore, the investment leverage ratio shows the relationship between the Company's debt applied to investment assets and total equity, and is calculated as a percentage representing debt applied to investment assets divided by total equity and hybrid capital.

* Prior to adoption of IFRS 16—Leases

Investment Leverage Ratio

(¥ billion)

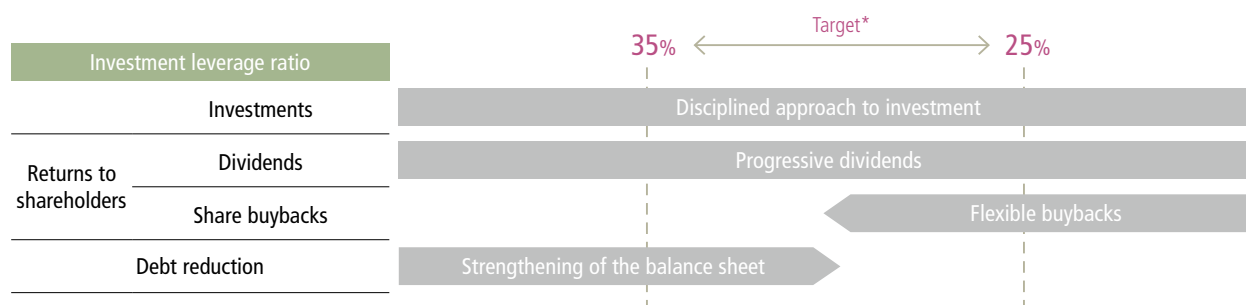


Capital Allocation Framework

In accordance with the policies outlined in Midterm Corporate Strategy 2018, we work to drive the growth of our businesses by proactively taking a disciplined approach to investment, with a view to increasing corporate value over the medium and long terms.

Furthermore, we are focusing on a progressive dividend scheme as the basis for shareholder returns, and we control the level of interest-bearing debt to firmly retain a sound balance sheet.

Under Midterm Corporate Strategy 2021, we have continued our capital allocation policy based on investment leverage. With regard to shareholder returns, we will continue to pay progressive dividends and share buybacks will be conducted flexibly with the goal of increasing the total return ratio while giving consideration to financial discipline.



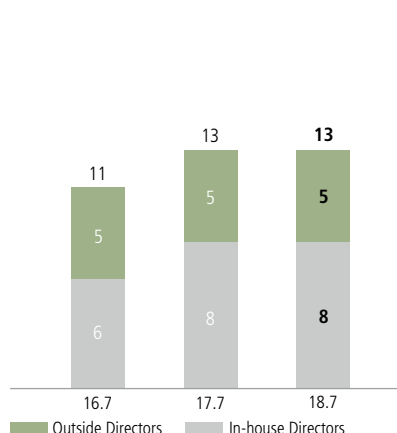
* The target was calculated based on the following procedures.

- (1) The relationships between risk assets of companies in developed countries and total equity were analyzed for each rating category. Based on this analysis, a standard range was calculated for companies with a high-ranked A credit rating.
- (2) The range determined in procedure (1) above was converted into ratios of interest-bearing debt applied to investment assets and to total equity. These ratios were adopted as the target range for the investment leverage ratio.

ESG Data

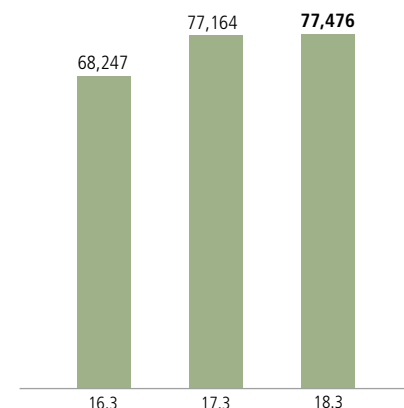
Number of Board Members

(Unit: person)



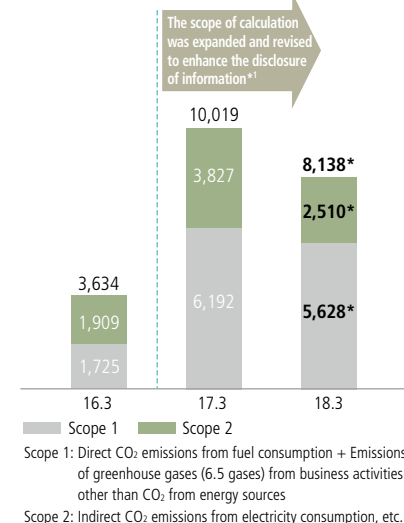
Number of Employees (consolidated)

(Unit: person)



GHG Emissions (consolidated)

(Unit: thousand t-CO₂e)



Environmental Performance (non-consolidated)

	2016.3	2017.3	2018.3
CO ₂ Emissions* ² (Unit: thousand t-CO ₂)	15.8	18.8	16.5*
Energy Consumption* ³ (Unit: GJ)	373,805	346,170	305,339*
Electricity Consumption (Unit: MWh)	31,764	28,682	24,724*
CO ₂ Emissions from Logistics* ³ (Unit: thousand t-CO ₂)	57	57	50*
Paper Consumption* ⁴ (Unit: thousand sheets)	58,554	55,908	51,196*
Waste Production			
Waste produced (Unit: kg)	664,178	645,355	572,824*
Waste recycling rate (Unit: %)	98.3	98.4	98.5*
Water Consumption (Unit: thousand m ³)	40	40	41*

Period: Financial Year (April 1 to March 31)

Scope of Aggregation (non-consolidated):

- CO₂ emissions, energy consumption, electricity consumption and CO₂ emissions from logistics: Head Office, domestic branches and offices, data centers, training centers and other facilities
- Paper consumption: Head Office and all six Japan-based branches and the offices under each branch's jurisdiction
- Waste produced, waste recycling rate and water consumption: Mitsubishi Shoji Building, Marunouchi Park Building and certain other offices in Tokyo

Employee Data (non-consolidated)

	2016.3	2017.3	2018.3
Number of employees			
Male	4,678	4,629	4,535
Female	1,612	1,604	1,594
Total	6,290	6,233	6,129
Gender ratio in management positions (Unit: %)* ⁶			
Male	91.30	90.58	89.62*
Female	8.70	9.42	10.38*
Average years of service	18.5	18.4	18.4
Number of employees on overseas assignments (including global trainees)* ⁷	1,291	1,286	1,288
Employment rate of persons with impairments* ⁸ (Unit: %)	2.41	2.48	2.63*
Number of employees who took Maternity/Paternity Leave* ⁹			
Male	2	3	14
Female	26	32	52
Total	28	35	66
Number of employees who took Family Care Leave* ⁹			
Male	0	1	0
Female	1	3	1
Total	1	4	1
Monthly average overtime hours (Unit: hours/month)* ¹⁰	22.9	24.6	24.7
Percentage of annual paid leave days taken (Unit: %)* ¹¹	64	66	69
Level of employee satisfaction (Unit: %)* ¹²	—	81	—
Last time injuries frequency rate (frequency rate of injuries)* ¹³	0.88	0.45	0.46*

In order to enhance data reliability, ESG data marked with an asterisk (*) for the year ended March 2018 has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd.

For details, please see MC's website (https://www.mitsubishicorp.com/ar2018/en/pdf/a_report2018_19.pdf).

For more information on MC's ESG Data, please see our ESG Data Book (<https://www.mitsubishicorp.com/jp/en/ir/library/esgf/>).

Environmental Performance (consolidated)

	2017.3	2018.3
CO ₂ emissions* ^{1,2} (Unit: thousand t-CO ₂ e)	10,019	8,138*
CO ₂ emissions per total assets* ^{1,2,5} (Unit: million t-CO ₂ e/trillion yen)	0.79	0.63
Components		
Scope 1 emissions (excluding 6.5 gases)* ^{1,2} (Unit: thousand t-CO ₂)	4,639	4,474*
Scope 1 emissions (6.5 gases only)* ^{1,2} (Unit: thousand t-CO ₂ e)	1,553	1,154*
Scope 2 emissions* ^{1,2} (Unit: thousand t-CO ₂)	3,827	2,510*
Energy Consumption (Unit: GJ)* ¹	92,607,818	70,682,146*
Electricity Consumption (Unit: MWh)* ¹	5,271,214	4,291,996*

Scope of Aggregation (consolidated):

- CO₂ emissions, emissions of 6.5 gases, energy consumption: parent company and consolidated subsidiaries

*1 Effective from the fiscal year ended March 31, 2017, emissions from projects with high communality, including power generation and heat generation (utility business), as well as joint operations (jointly managed projects), were included in the calculations. Furthermore, while emissions from franchises are generally not included in Scope 1 and 2 emissions, MC includes such emissions in cases where it is deemed appropriate for such emissions to be managed as part of MC's emissions, taking into account the relationship with the relevant company.

*2 The following metrics were adopted as the basis for calculating greenhouse gas emissions.

- Direct CO₂ emissions from fuel consumption
The Greenhouse Gas Protocol (GHG Protocol) "Emission Factors from Cross Sector Tools (Mar 2017)" (WRI/WBCSD)
- Emissions of greenhouse gases from business activities other than CO₂ from energy sources (6.5 gases)
Greenhouse Gas Emission Calculation and Reporting Manual (Version 4.2) (July 2016, Ministry of the Environment and Ministry of Economy, Trade and Industry) (Please refer to the Company's website for calculation standards: <http://www.mitsubishicorp.com/jp/en/csr/management/pfm.html>)
- Indirect CO₂ emissions from electricity consumption, etc.
Emissions coefficients by country for the fiscal year ended March 2015 from IEA CO₂ Emissions from Fuel Combustion (2016 edition) (Please refer to the Company's website for calculation standards: <http://www.mitsubishicorp.com/jp/en/csr/management/pfm.html>)

*3 Data collected in compliance with the Act on the Rational Use of Energy in Japan. Logistics figures cover domestic (Japan) transport where MC is the cargo owner.

*4 Copy paper (in terms of A4 size) consumption

*5 MC adopted a policy which aims to reduce greenhouse gas (GHG) emissions per total assets by 25% compared to fiscal year ended March 2017 levels by 2030. The total assets used for this target represent the numerical values within the emissions reporting calculation range, which differ from the total assets reported in MC's financial reports.

*6 As of April 1 of each calendar year

*7 The Global Trainee System is an overseas assignment system aimed at young employees in order to respond to the global development of MC's business portfolio and strengthen the global competitiveness of MC's human resources.

*8 As of June 1 of each calendar year

*9 The number of employees who began taking the type of leave during each fiscal year

*10 Employees working at the Head Office and domestic branches (excluding managers, corporate advisers and contract employees)

*11 Employees working at the Head Office and domestic branches (excluding secondees from other companies)

*12 Employee awareness surveys are taken every three years. The last survey was taken in the fiscal year ended March 2017 to obtain a snapshot of employee motivation and organizational vitality. The findings are used to improve management and other aspects of operations. Employee satisfaction figures represent the ratio of staff members responding positively to questions about employee engagement (Do you work with enthusiasm and take pride in/admire your company?) in the survey.

*13 Calculated based on standards set by Japan's Ministry of Health, Labour and Welfare.

Employees at head office and Japanese branches (excluding corporate advisers and contract employees) (Reference)

Frequency of workplace accidents / Nationwide average at places of business (From 2017 survey on workplace accidents, Ministry of Health, Labour and Welfare of Japan)

Last time injuries frequency rate: 1.66

Organizational Structure (As of October 1, 2018)



* Organizational structure of the Head Office

Description of Business Activities: Business Groups

Global Environmental & Infrastructure Business Group

Progress on Midterm Corporate Strategy 2018

Power Business	<ul style="list-style-type: none"> • Drove portfolio optimization by re-profiling assets 	<p>Sold part of equity interests in power generation assets and power transmission assets</p> <p>Participated in new gas-fired thermal power projects, offshore wind power projects, and power transmission projects</p>
Infrastructure Business	<ul style="list-style-type: none"> • Strengthened existing businesses and entered new businesses 	<p>Sustained performance of the FPSO* system and energy infrastructure businesses</p> <p>Advancing foray into airport privatization projects worldwide</p> <p>Stable and continuous growth of the water business (U.K. concession business and other initiatives)</p>
Environmental Business	<ul style="list-style-type: none"> • New business initiatives 	<p>Participated in and strengthened initiatives in the distributed solar power generation and trading businesses</p> <p>Promoted the battery services business with France-based Électricité de France (EDF)</p>

* FPSO: Floating Production, Storage & Offloading

Future Growth and Priorities

Power Business	<ul style="list-style-type: none"> • Strengthen functions to refine business management 	<p>Strengthen initiatives in the power value chain</p> <p>Initiatives to realize a low-carbon society (expand renewable energy)</p> <p>Address the diversification of power purchasers</p>
Infrastructure Business	<ul style="list-style-type: none"> • Growing number of opportunities in the energy infrastructure business • Deregulation and privatization trends in various business fields 	<p>Promote collaboration with the Energy Business Group, among other initiatives</p> <p>Greater need for private funding and financing and a growing number of opportunities</p>
Environmental Business	<ul style="list-style-type: none"> • Businesses for power consumers • Develop new business domains (hydrogen-related and e-Mobility-related businesses, etc.) 	<p>Initiatives to address technological innovation in battery storage and distributed power generation (including the energy storage business)</p>

Risks and Opportunities Surrounding the Entire Group

<ul style="list-style-type: none"> • Moves to build a low-carbon society 	Further growth in renewable energy
<ul style="list-style-type: none"> • Demand for energy infrastructure 	Firm growth in demand from the infrastructure sectors of emerging countries
<ul style="list-style-type: none"> • Changes in power supply systems 	Decentralization of power generation and widespread adoption of storage batteries due to falling renewable energy costs and technological innovation
<ul style="list-style-type: none"> • Low gas price environment 	Opportunities in gas-fired thermal power generation remain in place

Global Environmental & Infrastructure Business Group

■ **Environmental Business Div.**
 Environmental Energy Business Dept.,
 Environment Business R&D Dept.,
 Power Services Business Dept.

■ **New Energy & Power Generation Div.**
 International IPP Dept., Power Systems Dept.,
 Power Systems International Dept.

■ **Infrastructure Business Div.**
 Water Business Dept.,
 Transportation Infrastructure Business Dept.,
 Engineering Business Dept.,
 Infrastructure & Industrial Projects Dept.

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

Net Income*¹ by Segment (¥ billion)

44.6 billion

Year Ended March 2018
Net Income*¹ ¥560.2 billion

44.6	44.2	20.3	261.0	85.2	30.6	74.7
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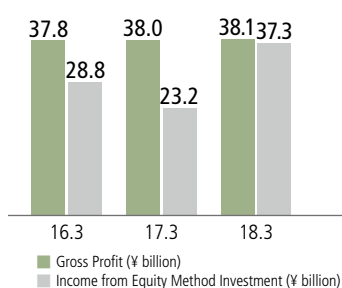
Share of Total Assets by Segment

6.5% (1.0 trillion)

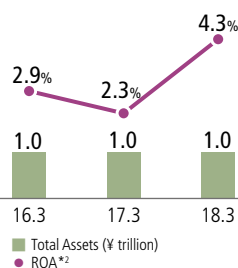
As of March 31, 2018
Total Assets ¥16.0 trillion

6.5%	5.1%	12.9%	23.6%	12.0%	6.2%	28.7%	5.1%
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Gross Profit and Income from Equity Method Investment



Total Assets and ROA*²



Gross profit 38.1 billion

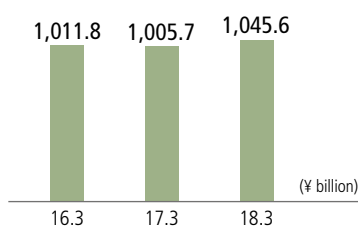
Income from equity method investment 37.3 billion

Net income*¹ 44.6 billion

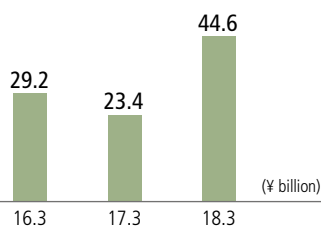
Total assets 1.0 trillion

ROA*² 4.3%

Assets



Consolidated Net Income*¹



No. of employees (Consolidated)*³ 1,716

No. of employees (Parent company)*³ 553

No. of consolidated subsidiaries and equity-method affiliates*⁴ 253

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

*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.

*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.

*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

* The environmental business of the Global Environmental & Infrastructure Business Group has been managed as a business group in the same way as the infrastructure business since the fiscal year ended March 2017. Accordingly, the environmental business has been presented under the Global Environmental & Infrastructure Business Group, having previously been included in Other, and segment information for previous fiscal years has been restated.

Industrial Finance, Logistics & Development Group

Progress on Midterm Corporate Strategy 2018

- Clarified the Group's policy of promoting the urban development business, involving the integrated development of urban infrastructure and real estate, as a business likely to become a pillar of growth
- Reallocated management resources and clarified Head Office functions through reorganization and revision of business plans

Future Growth and Priorities

- | | |
|--|--|
| • Urban development | Drive initiatives in the urban development business forward, primarily in emerging countries, involving the integrated development of urban infrastructure and real estate |
| • Real estate and urban development | Implement initiatives targeting new earnings models
(Examples: data center operation business, integrated infrastructure fund business) |
| • Leasing | Strengthen the business platform through partnerships and collaboration with business investees |
| • Logistics | Promote new business development |
| • Merchant banking | Allocate management resources in core businesses primarily in Japan, the ASEAN region, and the U.S. |

Risks and Opportunities Surrounding the Entire Group

- | | |
|------------------------------|--|
| • Financial markets | Global financial market movements, such as rising interest rates |
| • Real estate markets | Sudden shifts in real estate markets |
| • Logistics markets | Changes in global logistics volume, industry restructuring driven by cutting-edge technologies and other factors |
| • Others | Geopolitical risks, etc. |

Industrial Finance, Logistics & Development Group

■ Asset Finance & Investment Div.

Merchant Banking Dept.,
Leasing Business Dept.,
Aviation Business Dept.

■ Real Estate Business Div.

Real Estate Business Management Office,
Urban Development Dept.,
ASEAN/China Real Estate Development Dept.,
Global Infrastructure Dept.,
Domestic Real Estate Development Dept.

■ Logistics Business Div.

Logistics Business Development Dept.,
Logistics Business Dept.

Industrial Finance, Logistics & Development Group CEO Office, Industrial Finance, Logistics & Development Group Administration Dept.

Net Income*¹ by Segment (¥ billion)

44.2 billion

Year Ended March 2018
Net Income*¹ ¥560.2 billion

44.6	44.2	20.3	261.0	85.2	30.6	74.7
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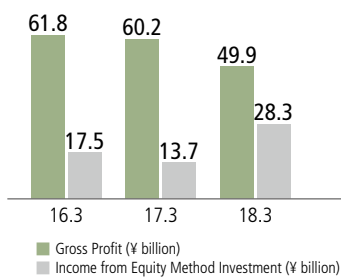
Share of Total Assets by Segment

5.1% (0.8 trillion)

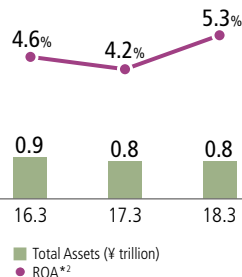
As of March 31, 2018
Total Assets ¥16.0 trillion

6.5%	5.1%	12.9%	23.6%	12.0%	6.2%	28.7%	5.1%
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Gross Profit and Income from Equity Method Investment



Total Assets and ROA*²



Gross profit 49.9 billion

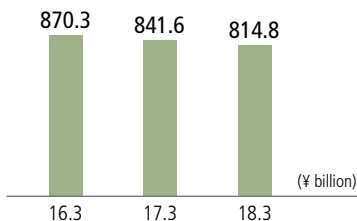
Income from equity method investment 28.3 billion

Net income*¹ 44.2 billion

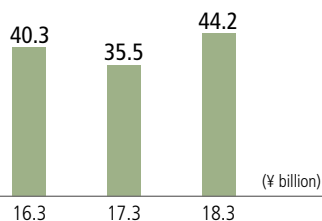
Total assets 0.8 trillion

ROA*² 5.3%

Assets



Consolidated Net Income*¹



No. of employees (Consolidated)*³ 1,482

No. of employees (Parent company)*³ 433

No. of consolidated subsidiaries and equity-method affiliates*⁴ 210

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

*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.

*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.

*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

Energy Business Group

Progress on Midterm Corporate Strategy 2018

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

<ul style="list-style-type: none"> • Reshaped the business portfolio by replacing assets 	<p>Conducted replacement of E&P-related assets</p> <p>Development of North American shale assets</p> <p>Made final investment decision on LNG Canada</p>
<ul style="list-style-type: none"> • Rebuilt businesses, adapting to recent changes in the market (petroleum and carbon) 	<p>Implemented measures to optimize domestic logistics and create overseas demand</p> <p>Captured fast-growing demand for graphite electrodes through business investments in the manufacturing sector</p>

Future Growth and Priorities

Natural Gas Business	<ul style="list-style-type: none"> • Strengthen the foundation of existing projects and continue efforts to secure LNG supply capacity for the future 	Steady launch of post-FID projects, namely, Cameron LNG in the U.S., the Tangguh LNG Train 3 Expansion Project in Indonesia, and LNG Canada
	<ul style="list-style-type: none"> • Expand and strengthen the value chain in the LNG business 	Capture emerging LNG demand associated with the development of energy infrastructures (LNG receiving terminals, regasification facilities, etc.) in countries introducing LNG, including participation in an LNG receiving terminal project in Bangladesh
	<ul style="list-style-type: none"> • Improve business value and establish new business models through the use of digital technologies 	<p>Establishment of the Digital Incubation Unit</p> <p>Commence trial implementation of an AI-based LNG production efficiency system at the Donggi-Senoro LNG Project in Indonesia</p>

Risks and Opportunities Surrounding the Entire Group

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

Energy Business Group

■ Energy Resources Div. (Asia Pacific)

Brunei Oil & Gas Business Dept.,
Malaysia Oil & Gas Business Dept.,
Indonesia Oil & Gas Business Dept.,
Australia Oil & Gas Business Dept.

■ Energy Resources Div. (Americas, Europe and ME)

LNG Operations Dept.,
Global Marketing Dept.,
Canada Oil & Gas Business Dept.,
Americas Oil & Gas Business Dept.,
Middle East/Africa Oil & Gas Business Dept.,
Europe/Russia Oil & Gas Business Dept.

■ Petroleum & Carbon Business Div.

Global Trading Business Dept.,
Petroleum Products Dept.,
Utility & Industrial Fuel Dept.,
Carbon Materials Dept.,
Petroleum Coke Dept.,
LPG Business Dept.

Energy Business Group CEO Office, Energy Business Group Administration Dept.

Net Income*¹ by Segment
(¥ billion)

20.3 billion

Year Ended March 2018
Net Income*¹ ¥560.2 billion

44.6	44.2	20.3	261.0	85.2	30.6	74.7
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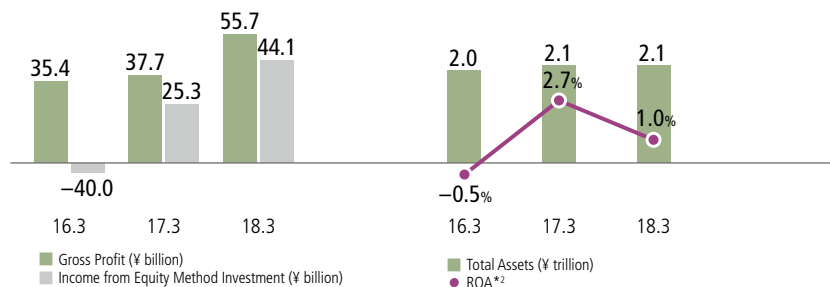
Share of Total Assets by Segment

12.9% (2.1 trillion)

As of March 31, 2018
Total Assets ¥16.0 trillion

6.5%	5.1%	12.9%	23.6%	12.0%	6.2%	28.7%	5.1%
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Gross Profit and Income from Equity Method Investment

Total Assets and ROA*²

Gross profit 55.7 billion

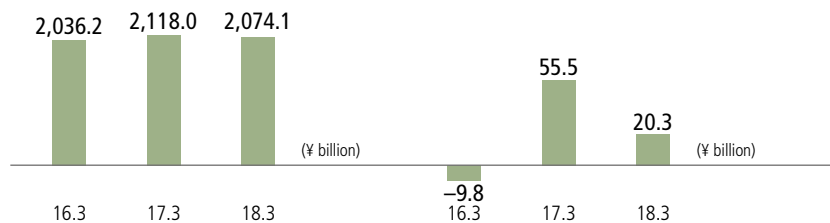
Income from equity method investment 44.1 billion

Net income*¹ 20.3 billion

Total assets 2.1 trillion

ROA*² 1.0 %

Assets

Consolidated Net Income*¹No. of employees (Consolidated)*³ 1,774No. of employees (Parent company)*³ 650No. of consolidated subsidiaries and equity-method affiliates*⁴ 94*¹ Net income (loss) refers to "Net income (loss) attributable to owners of the parent."*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

Metals Group

Progress on Midterm Corporate Strategy 2018

Market-related (Mineral Resources)	<ul style="list-style-type: none"> Accelerated portfolio resilience by assets reshuffling 	
	<ul style="list-style-type: none"> Further improve the profitability across individual assets 	<ul style="list-style-type: none"> Completed sale of interests in thermal coal business in Australia (Hunter Valley Operations and Warkworth coal mines) and reached agreement to sell interest in coking coal business in Australia (BMA Gregory Crinum coal mine) Acquired equity interest in Quellaveco copper mine in Peru and reached final investment decision on Quellaveco copper mine project Enhanced competitiveness by continuous cost reduction and productivity improvement
Business-related (Steel Products Trading and Mineral Resources Trading)	<ul style="list-style-type: none"> Further increase steady earnings base 	
	<ul style="list-style-type: none"> Expanded businesses and captured demand primarily from emerging markets 	<p>(Steel Products Trading)</p> <ul style="list-style-type: none"> Reached agreement with Sumitomo Corporation Group to integrate Japanese tubular businesses Acquired Cargill's Flat rolled steel processing and distribution business in the United States <p>(Mineral Resources Trading)</p> <ul style="list-style-type: none"> Diversified and expanded products sourcing by leveraging MC's operating assets Increased the overseas share of earnings to over 60% by capturing demand in the Asian market
Group-wide	<ul style="list-style-type: none"> Anticipate market changes due to technological innovation etc., and build structures that can accommodate new changes 	<ul style="list-style-type: none"> Consideration and implementation of measures targeting the utilization of digital technologies and the spread of electric vehicles Established Business Incubation Unit and Digital Mining Development Office

Future Growth and Priorities

Market-related	<ul style="list-style-type: none"> Keep strengthening a mineral resources asset portfolio
Business-related	<ul style="list-style-type: none"> Domestic business restructuring and strengthening of overseas operations
Group-wide	<ul style="list-style-type: none"> Enhance talent development on a global basis and promote business incubation projects

Risks and Opportunities Surrounding the Entire Group

<ul style="list-style-type: none"> Mineral resources prices
<ul style="list-style-type: none"> Demand outlook for mineral resources and steel products primarily in emerging markets
<ul style="list-style-type: none"> Escalation of geopolitical risks
<ul style="list-style-type: none"> Structural changes driven by technological innovation including AI and IoT

Metals Group

■ Steel Business Div.
Metal One Dept.

■ Mineral Resources Trading Div.
RtM Office,
Triland Business Office

■ Mineral Resources Investment Div.
Digital Mining Development Office,
MCI Business Office, Hernic Office,
Iron Ore Dept., MDP Dept.,
Base Metals Dept., Aluminum Dept.

Metals Group CEO Office, Metal Group Administration Dept.

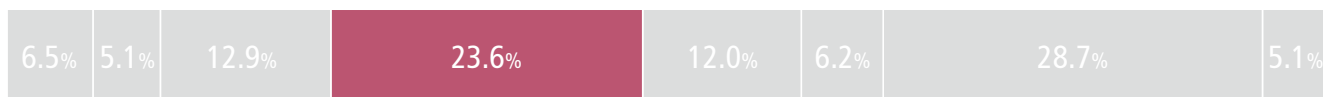
Net Income*¹ by Segment
(¥ billion)

261.0 billion

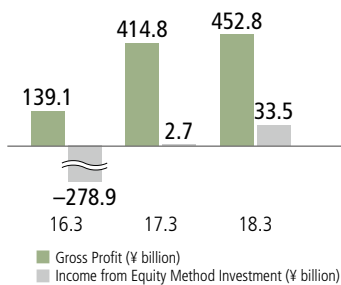
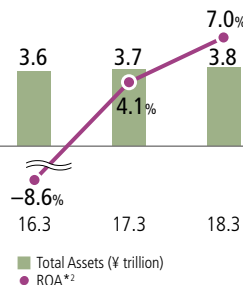
Year Ended March 2018
Net Income*¹ ¥560.2 billion

Share of Total Assets by Segment

23.6% (3.8 trillion)

As of March 31, 2018
Total Assets ¥16.0 trillion

Gross Profit and Income from Equity Method Investment

Total Assets and ROA*²

Gross profit 452.8 billion

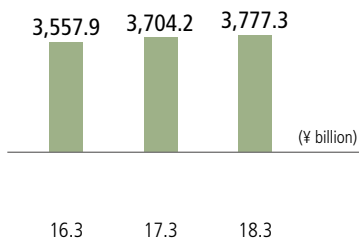
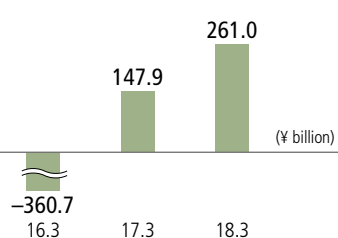
Income from equity method investment 33.5 billion

Net income*¹ 261.0 billion

Total assets 3.8 trillion

ROA*² 7.0%

Assets

Consolidated Net Income*¹No. of employees (Consolidated)*³ 11,474No. of employees (Parent company)*³ 674No. of consolidated subsidiaries and equity-method affiliates*⁴ 177*¹ Net income (loss) refers to "Net income (loss) attributable to owners of the parent."*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

Machinery Group

Progress on Midterm Corporate Strategy 2018

Shifted management resources to achieve sustainable growth and a strong portfolio

- Optimized portfolio by re-profiling assets
- Transformed the business model to harness the Group's strengths

Future Growth and Priorities

- **Improve the profitability of existing businesses** Strive for sustained growth and further resilience in the automobile business in Asia
- **Strengthen inter-business collaboration** Work to strengthen inter-business collaboration based on industry- and region-wide perspectives
- **Continue to implement business model transformation** Drive business model transformation using cutting-edge technologies and other resources and capitalize on growth markets
- **Improve the standing of our assets**

Risks and Opportunities Surrounding the Entire Group

External Environment	<ul style="list-style-type: none"> • Factors that could affect growth 	Structural changes in emerging countries Structural changes in the automobile industry, driven by trends such as the CASE* concept * Connected, Autonomous, Shared/Services, and Electric Changes in lifestyles, including the sharing economy
	<ul style="list-style-type: none"> • Factors that must be watched closely 	Escalation of economic and geopolitical risks Changes in the source of added value in the value chain Changes in the competitive environment due to the spread of AI, IoT and other such technologies
Internal Environment	<ul style="list-style-type: none"> • Shift toward business management 	Accelerate the development of management professionals to further enhance business sites Rigorously allocate management resources according to the business life cycle
	<ul style="list-style-type: none"> • Stay on top of changes in the business environment 	

Machinery Group

■ Industrial Machinery Business Div.

Elevator & Escalator Operation & Marketing Dept.,
Industrial Equipment Business Dept.,
Construction Equipment & Rental Business Dept.

■ Ship & Aerospace Div.

Ship and Offshore Dept.,
Defense and Aerospace Dept.

■ Automotive Business Div.

ASEAN Automotive Business Dept.,
North Asia Automotive Business Dept.,
Europe & Russia Automotive Business Dept.,
Latin America, Middle East & Africa Automotive Dept.,
Automotive Retail & Mobility Service Dept.

■ Isuzu Business Div.

Isuzu ASEAN Dept.,
Isuzu Europe, Middle East,
Americas & Oceania Dept.,
Isuzu Asia Dept.

Machinery Group CEO Office, Machinery Group Administration Dept.

Net Income*¹ by Segment
(¥ billion)

85.2 billion

Year Ended March 2018
Net Income*¹ ¥560.2 billion

44.6	44.2	20.3	261.0	85.2	30.6	74.7
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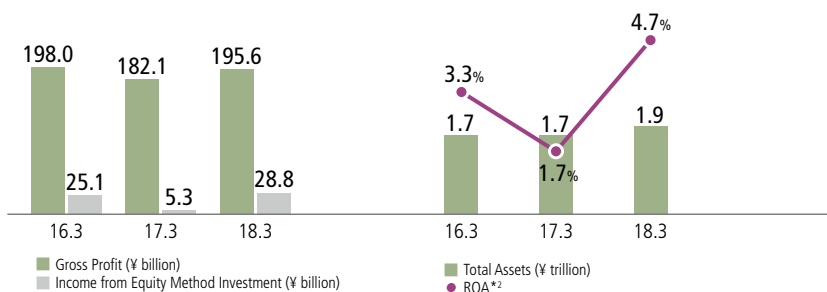
Share of Total Assets by Segment

12.0% (1.9 trillion)

As of March 31, 2018
Total Assets ¥16.0 trillion

6.5%	5.1%	12.9%	23.6%	12.0%	6.2%	28.7%	5.1%
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Gross Profit and Income from Equity Method Investment

Total Assets and ROA*²

Gross profit 195.6 billion

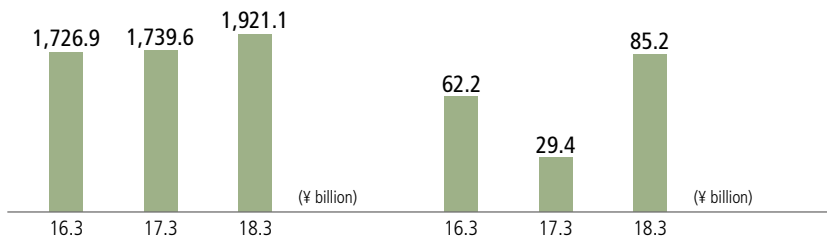
Income from equity method investment 28.8 billion

Net income*¹ 85.2 billion

Total assets 1.9 trillion

ROA*² 4.7%

Assets

Consolidated Net Income*¹No. of employees (Consolidated)*³ 10,180No. of employees (Parent company)*³ 667No. of consolidated subsidiaries and equity-method affiliates*⁴ 161*¹ Net income (loss) refers to "Net income (loss) attributable to owners of the parent."*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

Chemicals Group

Progress on Midterm Corporate Strategy 2018

Towards attaining sizable growth

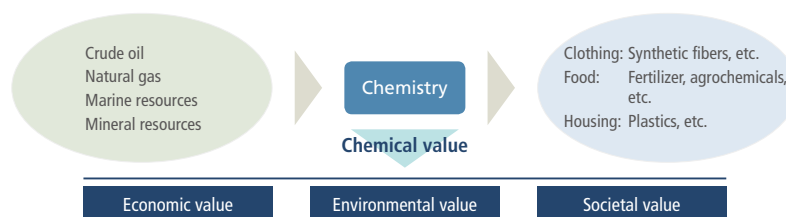
- **Implemented a reorganization from four to three divisions** Shifted to an operational system to conceive and realize businesses by analyzing the entire value chain to identify opportunities to create value
- **Accelerated new businesses** Carried out investment projects to develop business in new fields while expanding existing businesses
Promoted efficiency according to the life cycle of each business
- **Established trading arms in four major countries overseas** Spun off the chemicals business from overseas regional subsidiaries to strengthen the trading business and enhance agility and specialized expertise

Future Growth and Priorities

- | | |
|-----------------|---|
| Petrochemicals | • Use competitiveness of raw materials to drive growth in businesses and expand into downstream businesses such as the mobility field |
| Basic Chemicals | • Capture further added value through value chain development |
| Life Sciences | • Strengthen and expand business domains in the fields of food and health |

Risks and Opportunities Surrounding the Entire Group

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



Three Forms of Value Generated by the Power of Chemistry

The Chemicals Group will successfully maximize chemical value in MC's fields of expertise, with the aim of building a business with a strong presence.

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

Chemicals Group

■ Petrochemicals Div.

Petrochemicals Project,
Basic Petrochemicals Dept.,
Aromatic Chemicals Dept.,
Plastics Dept.

■ Basic Chemicals Div.

Chlor-Alkali Dept., PVC Dept., Fertilizer Dept.,
Methanol & Ethanol Dept.,
Inorganic Chemicals Dept.

■ Life Sciences Div.

Bio-Fine Chemicals Dept.,
Life Science Products Dept.

Chemicals Group CEO Office, Chemicals Group Administration Dept., New Business Development Dept.

Net Income*¹ by Segment (¥ billion)

30.6 billion

Year Ended March 2018
Net Income*¹ ¥560.2 billion

44.6	44.2	20.3	261.0	85.2	30.6	74.7
------	------	------	-------	------	------	------

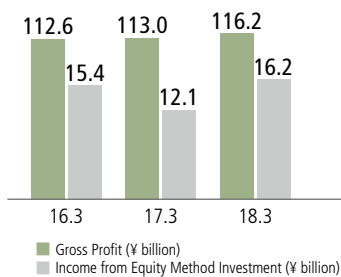
Share of Total Assets by Segment

6.2% (1.0 trillion)

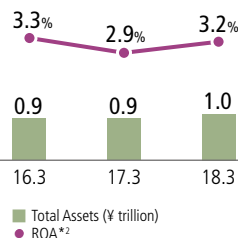
As of March 31, 2018
Total Assets ¥16.0 trillion

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

Gross Profit and Income from Equity Method Investment



Total Assets and ROA*²



Gross profit 116.2 billion

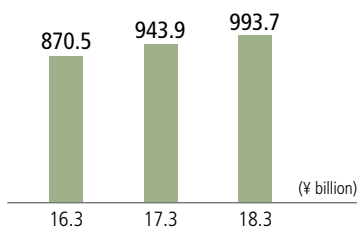
Income from equity method investment 16.2 billion

Net income*¹ 30.6 billion

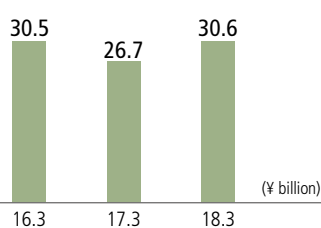
Total assets 1.0 trillion

ROA*² 3.2%

Assets



Consolidated Net Income*¹



No. of employees (Consolidated)*³ 6,869

No. of employees (Parent company)*³ 634

No. of consolidated subsidiaries and equity-method affiliates*⁴ 75

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

*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.

*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.

*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

Living Essentials Group

Progress on Midterm Corporate Strategy 2018

Food Business	<ul style="list-style-type: none"> Expanded and enhanced the overseas meat business
	<ul style="list-style-type: none"> Enhanced productivity in the salmon farming business and raised profitability by strengthening sales capabilities
Retail Business	<ul style="list-style-type: none"> Strengthened Lawson-related businesses
	<ul style="list-style-type: none"> Promoted cooperation with domestic supermarkets
Healthcare Business	<ul style="list-style-type: none"> Promoted the launch of the overseas hospital business
	<ul style="list-style-type: none"> Entered the overseas medical devices and supplies distribution business

Future Growth and Priorities

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

Risks and Opportunities Surrounding the Entire Group

- Decreased demand in line with the declining population, falling birthrate and aging of society in the Japanese market
- Growing demand in emerging countries, led by Asian and African nations, and ensuring stable food supplies
- Increasingly diverse and sophisticated consumer needs and stronger interest in food safety and reliability
- Intensifying competition among different industries due to the rise of platform operators, etc.

Living Essentials Group



Net Income*¹ by Segment (¥ billion)

74.7 billion

Year Ended March 2018
Net Income*¹ ¥560.2 billion

44.6	44.2	20.3	261.0	85.2	30.6	74.7
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Share of Total Assets by Segment

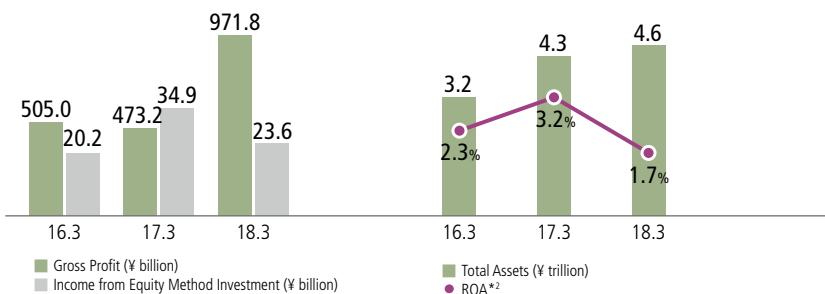
28.7% (4.6 trillion)

As of March 31, 2018
Total Assets ¥16.0 trillion

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

Gross Profit and Income from Equity Method Investment

Total Assets and ROA*²



Gross profit **971.8 billion**

Income from equity method investment **23.6 billion**

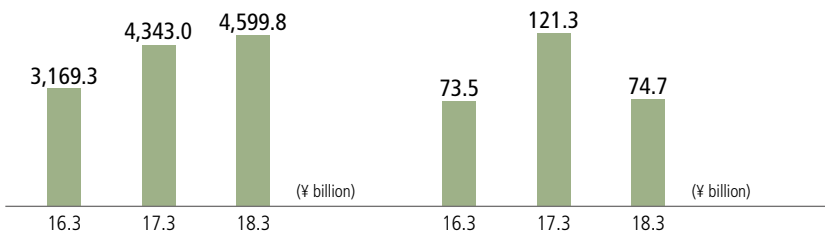
Net income*¹ **74.7 billion**

Total assets **4.6 trillion**

ROA*² **1.7%**

Assets

Consolidated Net Income*¹



No. of employees (Consolidated)*³ **40,512**

No. of employees (Parent company)*³ **1,118**

No. of consolidated subsidiaries and equity-method affiliates*⁴ **261**

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

*² ROA is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the fiscal year.

*³ Data as of March 31, 2018. The number of Corporate Staff Section employees not shown on this page was 3,469 on a consolidated basis and 1,400 on a parent company basis. Accordingly, the total number of employees was 77,476 on a consolidated basis and 6,129 on a parent company basis.

*⁴ Data as of March 31, 2018. Figures include companies consolidated by subsidiaries. Not shown on this page are 16 consolidated subsidiaries and equity-method affiliates belonging to the Corporate Staff Section and 46 overseas regional subsidiaries. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 1,293.

Global Network

(As of October 1, 2018)



Head Office

Tokyo

Network (Location of MC Operations)

Japan (Number of offices: 25)
Including 14 annex offices

Sapporo
Sendai
Nagoya
Niigata
Toyama
Shizuoka
Osaka
Takamatsu
Hiroshima
Fukuoka
Naha

Overseas (Number of offices and subsidiaries: 181)
Including 38 project offices

[North America]

New York
Seattle
Silicon Valley
Los Angeles
Houston
Washington, D.C.
Dallas
Boston
Tucson
Vancouver
Toronto
Mexico City
Querétaro

[Latin America]

Guatemala City
Panama City
Quito
Lima
Santa Cruz
Bogotá
Santiago
Caracas
Asunción
Buenos Aires
São Paulo
Rio de Janeiro
Santos
Paranagua
Havana

[Europe]

London
Madrid
Paris
Brussels
Amsterdam
Düsseldorf
Milan
Oslo
Prague
Stockholm
Warsaw

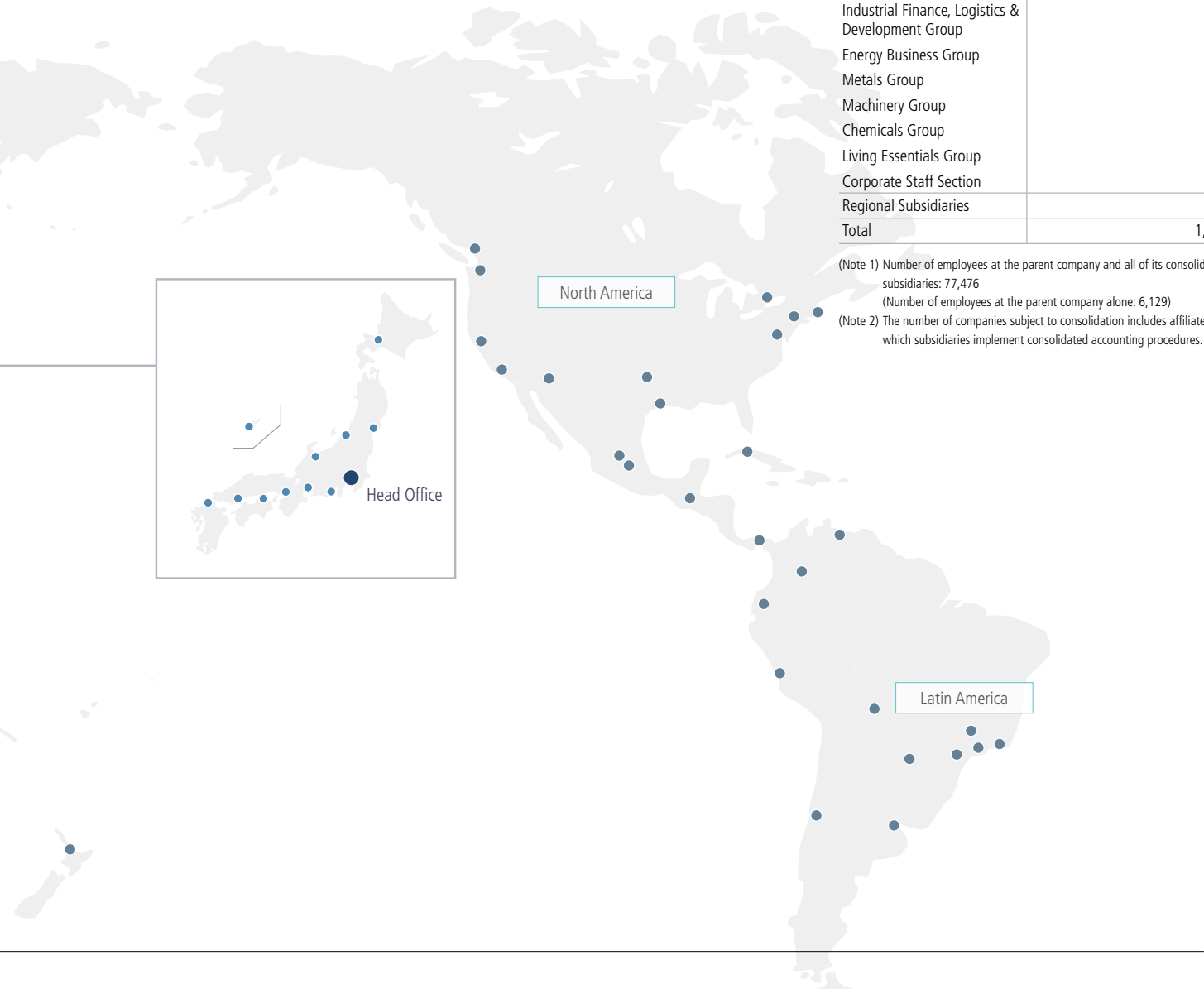
Bucharest
Belgrade
Athens
Sofia
Moscow
Vyksa
Vladivostok
Yuzhno-Sakhalinsk
Kiev
Almaty

Number of Consolidated Subsidiaries and
Equity-method Affiliates by Operating Segment
(As of March 31, 2018)

	No. of Consolidated Subsidiaries and Equity-method Affiliates
Global Environmental & Infrastructure Business Group	253
Industrial Finance, Logistics & Development Group	210
Energy Business Group	94
Metals Group	177
Machinery Group	161
Chemicals Group	75
Living Essentials Group	261
Corporate Staff Section	16
Regional Subsidiaries	46
Total	1,293

(Note 1) Number of employees at the parent company and all of its consolidated subsidiaries: 77,476
(Number of employees at the parent company alone: 6,129)

(Note 2) The number of companies subject to consolidation includes affiliates for which subsidiaries implement consolidated accounting procedures.



[Africa]

Johannesburg
Dakar
Casablanca
Abidjan
Algiers
Lagos
Tunis
Maputo
Nairobi
Addis Ababa
Dar es Salaam

[Middle East & Central Asia]

Istanbul
Ankara
Ashgabat
Tashkent
Navoiy
Dubai
Cairo
Tel Aviv
Ramallah

Amman
Riyadh
Al Khobar
Basra
Doha
Abu Dhabi
Muscat
Kuwait
Tehran

[East Asia]

Ulaanbaatar
Beijing
Guangzhou
Shenzhen
Wuhan
Tianjin
Xiamen
Qingdao
Shanghai
Dalian
Hong Kong
Taipei

[Asia & Oceania]

Karachi
Islamabad
Lahore
New Delhi
Mumbai
Kolkata
Chennai
Bangalore
Colombo
Dhaka
Yangon
Nay Pyi Taw
Bangkok
Kuala Lumpur
Singapore
Phnom Penh

Vientiane
Hanoi
Ho Chi Minh City
Jakarta
Surabaya
Bandar Seri Begawan
Manila
Melbourne
Sydney
Perth
Mount Waverley
Auckland
Seoul
Kwangyang
Pohang

Members of the Board and Audit & Supervisory Board Members

(As of July 1, 2018)

Members of the Board



Ken Kobayashi

2016 Chairman of the Board
(present position)
2010 President and Chief Executive Officer
1971 Joined MC



Takehiko Kakiuchi^{*1}

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



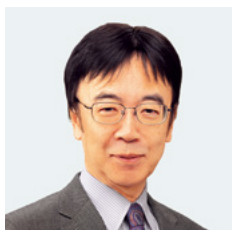
Kanji Nishiura^{*1}

2018 Executive Vice President, Corporate
Functional Officer, Global Strategy &
Coordination, Global Research,
International Economic Cooperation,
Logistics Management
(Concurrently) Regional CEO, Asia &
Oceania (present position)
1980 Joined MC



Kazuyuki Masu^{*1}

2017 Executive Vice President, Corporate
Functional Officer, Chief Financial
Officer, IT (present position)
2016 Executive Vice President,
Corporate Functional Officer,
Chief Financial Officer
1982 Joined MC



Akihiko Nishiyama^{*2}

2018 Professor, Ritsumeikan University
(present position)
2015 Member of the Board, MC (present position)
2013 Adjunct Professor, Hitotsubashi University
(resigned in March 2018)
2004 Professor, Dept. of International Liberal Arts,
Tokyo Jogakkan College
(resigned in March 2013)
1975 Joined Tokyo Gas Co., Ltd.
(resigned in March 2015)



Hideaki Omiya^{*2}

2016 Member of the Board, MC
(present position)
2013 Chairman of the Board, Mitsubishi
Heavy Industries, Ltd. (present position)
2008 President and CEO, Mitsubishi Heavy
Industries, Ltd.
1969 Joined Mitsubishi Heavy Industries, Ltd.



Toshiko Oka^{*2}

2016 Member of the Board, MC (present position)
2016 CEO, Oka & Company Ltd. (present position)
2005 President and Representative Director,
ABeam M&A Consulting Ltd.
(resigned in March 2016)
2002 Principal, Deloitte Tohmatsu Consulting
Co., Ltd. (currently ABeam Consulting Ltd.)
(resigned in August 2012)
1986 Joined Tohmatsu Touche Ross Consulting
Limited (currently ABeam Consulting Ltd.)



Akitaka Saiki^{*2}

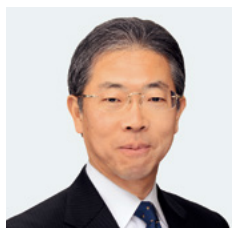
2017 Member of the Board, MC
(present position)
2016 Retired from Ministry of Foreign
Affairs of Japan
1976 Joined Ministry of Foreign Affairs of
Japan

Audit & Supervisory Board Members



Shuma Uchino

2018 Senior Audit & Supervisory Board
Member (full-time) (present position)
1978 Joined MC



Hiroshi Kizaki

2015 Audit & Supervisory Board Member
(full-time) (present position)
1981 Joined MC



Tadashi Kunihiro^{*3}

2012 Audit & Supervisory Board Member,
MC (present position)
1994 Established Kunihiro Law Office
(Partner, Attorney-at-Law)
(currently T. Kunihiro & Co.,
Attorneys-at-Law) (present position)
1986 Admitted to the Japan Bar
(Attorney-at-Law)

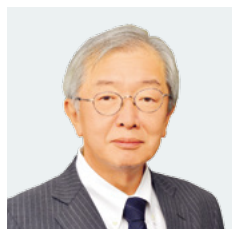


Ikuko Nishikawa^{*3}

2016 Audit & Supervisory Board Member, MC
(present position)
2012 Professor, Faculty of Business & Commerce
of Keio University (resigned in March 2017)
2007 Chairman, Accounting Standards Board of
Japan (resigned in March 2014)
1990 Representative Partner, KPMG Century
Audit Corporation (currently Ernst & Young
ShinNihon LLC) (resigned in July 2001)
1974 Joined EIKO Certified Public Tax
Accountant's Corporation (currently Ernst &
Young ShinNihon LLC)

**Iwao Toide**

2018 Executive Vice President, Corporate Functional Officer, Business Investment Management, Corporate Sustainability, AI/IoT (present position)
2017 Executive Vice President, Corporate Functional Officer, Business Investment Management, Corporate Sustainability
1981 Joined MC

**Akira Murakoshi**

2017 Executive Vice President, Corporate Functional Officer, Corporate Communications, Human Resources (present position)
1982 Joined MC

**Masakazu Sakakida**^{*1}

2017 Executive Vice President, Corporate Functional Officer, Corporate Administration, Legal (Concurrently) Chief Compliance Officer, Emergency Crisis Management Headquarters (Japan & Overseas/New Infections Diseases, Compliance) (present position)
1981 Joined MC

**Mitsumasa Icho**^{*1}

2018 Executive Vice President, Corporate Functional Officer, Regional Strategy for Japan (Concurrently) General Manager, Kansai Branch (present position)
1982 Joined MC

**Tsuneyoshi Tatsuoka**^{*2}

2018 Member of the Board, MC (present position)
2015 Retired from METI
1980 Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI))

^{*1} Indicates a Representative Director.

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

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

(<http://www.mitsubishicorp.com/jp/en/about/governance/corporategovernance.html>)

**Yasuko Takayama**^{*3}

2016 Audit & Supervisory Board Member, MC (present position)
2011 Audit & Supervisory Board Member, Shiseido Company, Limited (resigned in June 2015)
1980 Joined Shiseido Company, Limited

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

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

(<http://www.mitsubishicorp.com/jp/en/about/governance/corporategovernance.html>)

Executive Officers

(As of July 1, 2018)

President

Takehiko Kakiuchi*

Executive Vice Presidents

Kazushi Okawa
Group CEO, Machinery Group

Hiroshi Sakuma
Group CEO, Global Environmental & Infrastructure Business Group

Kanji Nishiura*
Corporate Functional Officer, Global Strategy & Coordination, Global Research, International Economic Cooperation, Logistics Management (Concurrently) Regional CEO, Asia & Oceania Person Responsible for Security Trade Control, Person Responsible for Trade Procedures Control

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

Kazuyuki Masu*
Corporate Functional Officer, Chief Financial Officer, IT

Takeshi Hagiwara
Group CEO, Chemicals Group

Shinya Yoshida
Group CEO, Industrial Finance, Logistics & Development Group

Yutaka Kyoya
Group CEO, Living Essentials Group

Iwao Toide
Corporate Functional Officer, Business Investment Management, Corporate Sustainability, AI / IoT

Akira Murakoshi
Corporate Functional Officer, Corporate Communications, Human Resources

Masakazu Sakakida*
Corporate Functional Officer, Corporate Administration, Legal (Concurrently) Chief Compliance Officer, Officer, Emergency Crisis Management Headquarters (Japan & Overseas / New Infectious Diseases, Compliance)

Mitsumasa Icho*
Corporate Functional Officer, Regional Strategy for Japan (Concurrently) General Manager, Kansai Branch

Norikazu Tanaka
Group CEO, Metals Group

Hidenori Takaoka
Group CEO, Energy Business Group

Senior Vice Presidents

Koichi Wada
General Manager, Nagoya Branch

Katsuhiro Ito
President, Mitsubishi Corporation (Hong Kong) Ltd. (Concurrently) General Manager, Shenzhen Office, Mitsubishi Corporation (Hong Kong) Ltd.

Takajiro Ishikawa
Seconded to Mitsubishi Heavy Industries, Ltd. (Seconded to Mitsubishi Heavy Industries America, Inc. (Senior Executive Vice President))

Yasuteru Hirai
Regional CEO, East Asia (Concurrently) President, Mitsubishi Corporation China Co., Ltd. (Concurrently) General Manager, Beijing Branch

Fuminori Hasegawa
Division COO, Energy Resources Div. (Asia Pacific)

Tetsuji Nakagawa
Division COO, Infrastructure Business Div.

Noriyuki Tsubonuma
Managing Director & CEO, Mitsubishi Australia Limited (Concurrently) Deputy Regional CEO, Asia & Oceania (Oceania)

Yasushi Okahisa
Special Appointments General Manager to Corporate Functional Officer

Tsunehiko Yanagihara
EVP, Mitsubishi Corporation (Americas) [Work location: Silicon Valley]

Masatsugu Kurahashi
Chief Regional Officer, Indonesia (Concurrently) President, PT. Mitsubishi Corporation Indonesia (Concurrently) General Manager, Surabaya Branch, PT. Mitsubishi Corporation Indonesia

Nodoka Yamasaki
Division COO, Living Essential Distribution Div.

Kotaro Tsukamoto
Division COO, Mineral Resources Investment Div. (Concurrently) General Manager, MDP Dept.

Katsuya Nakanishi
Division COO, New Energy & Power Generation Div. (Concurrently) General Manager, International IPP Dept., New Energy & Power Generation Div.

Jun Nishizawa
Division COO, Energy Resources Div. (Americas, Europe and ME)

Tatsuo Nakamura
Division COO, Automotive Business Div.

Osamu Takeuchi
Division COO, Petrochemicals Div. (Concurrently) General Manager, Petrochemicals Project Dept., Petrochemicals Div.

Kazunori Nishio
Division COO, Retail Div.

Koji Kishimoto
Division COO, Life Sciences Div.

Eisuke Shiozaki
Chairman & Managing Director, Mitsubishi Corporation India Private Ltd. (Concurrently) Deputy Regional CEO, Asia & Oceania (South Asia)

Yoshinori Katayama
General Manager, Global Strategy & Coordination Dept.

Yoshifumi Hachiya
General Manager, Business Investment Management Dept.

Hisashi Ishimaki
Division COO, Ship & Aerospace Div.

Takuya Kuga
Division COO, Real Estate Business Div.

Yasumasa Kashiwagi
Division COO, Fresh Food Products Div.

Hiroki Haba
General Manager, Houston Branch, Mitsubishi Corporation (Americas) (Concurrently) General Manager, Houston Branch, Mitsubishi International Corporation

Norio Saigusa
President, Mitsubishi Company (Thailand), Ltd. (Concurrently) President, Thai-MC Company, Limited (Concurrently) General Manager, Vientiane Liaison Office

Yutaka Kashiwagi
Division COO, Environmental Business Div.

Keiichi Shiobara
Seconded to Mitsubishi Corporation RtM International Pte. Ltd. (Chairman & CEO) (Concurrently) Division COO, Mineral Resources Trading Div.

Takeshi Arakawa
Division COO, Living Essential Consumer Products Div.

Shigeru Wakabayashi
Division COO, Isuzu Business Div.

Koichi Seri
Seconded to Mitsubishi Development Pty Ltd (Managing Director & CEO)

Yasuhiro Kawakami
Seconded to Cermaq Group AS (Chair of the Board)

Kenji Ota
General Manager, Energy Business Group CEO Office

Aiichiro Matsunaga
Regional CEO, Latin America and the Caribbean (Concurrently) President, Mitsubishi Corporation do Brasil, S.A. (Concurrently) General Manager, Asuncion Liaison Office

* Indicates a Representative Director.

General Information

(As of March 31, 2018)

Share Data

(1) Authorized share capital: 2,500,000,000 shares of common stock
(2) Number of shares issued and number of shareholders as of March 31, 2018

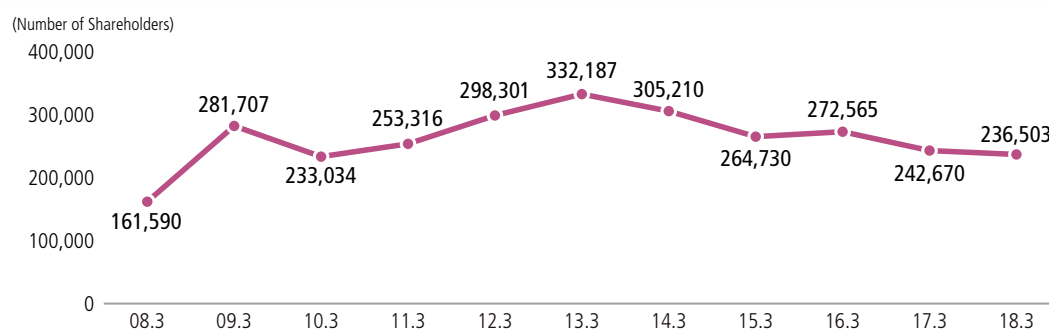
	Number of shares issued	Number of shareholders
As of March 31, 2017	1,590,076,851	242,670
Change	—	(6,167)
As of March 31, 2018	1,590,076,851	236,503

Principal Shareholders

Name of Shareholders	Shareholding (Rounded down to the nearest thousand shares)	
	Number of shares (thousands)	Investment ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	131,442	8.28
The Master Trust Bank of Japan, Ltd. (Trust Account)	84,465	5.32
Tokio Marine & Nichido Fire Insurance Co., Ltd.	74,534	4.69
Meiji Yasuda Life Insurance Company	64,846	4.08
Ichigo Trust Pte. Ltd.	36,468	2.29
The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)	32,276	2.03
STATE STREET BANK WEST CLIENT – TREATY 505234	27,545	1.73
Japan Trustee Services Bank, Ltd. (Trust Account 5)	26,412	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 9)	22,288	1.40
Japan Trustee Services Bank, Ltd. (Trust Account 1)	19,610	1.23

Note: The investment ratio is computed by excluding 4,107,848 shares of treasury stock held by Mitsubishi Corporation and rounded to two decimal points.

Number of Shareholders



Shareholder Composition (Shareholding Ratio)

	Public sector	Financial institutions	Securities companies	Other companies	Foreign companies, etc.	Individuals and others
Year ended March 2018	0.0%	40.5%	3.0%	7.5%	34.3%	14.7%
Year ended March 2013	0.0%	39.9%	3.3%	8.7%	27.9%	20.2%
Year ended March 2008	0.0%	39.1%	1.4%	11.4%	36.2%	11.9%

(1 stock unit/100 shares)

	Public sector	Financial institutions	Securities companies	Other companies	Foreign companies, etc.	Individuals and others	Total
Year ended March 2018	2	6,430,461	479,045	1,184,453	5,458,427	2,343,766	15,896,154
Year ended March 2013	2	6,587,963	549,129	1,437,146	4,606,050	3,349,211	16,529,501
Year ended March 2008	2	6,617,712	231,971	1,922,466	6,135,926	2,029,270	16,937,347

Corporate Information

(As of March 31, 2018)

Mitsubishi Corporation

Date Established: July 1, 1954

(Date Registered: April 1, 1950)

Capital: ¥204,446,667,326

Shares of Common Stock Issued: 1,590,076,851

Head Office:

Mitsubishi Shoji Building

3-1, Marunouchi 2-chome, Chiyoda-ku,

Tokyo, 100-8086, Japan

(Registered address of the Company)

Telephone: +81-3-3210-2121

Marunouchi Park Building

6-1, Marunouchi 2-chome, Chiyoda-ku,

Tokyo, 100-8086, Japan

Number of Employees:

Parent company: 6,129

Consolidated: 77,476

Independent Auditors:

Deloitte Touche Tohmatsu LLC/Tohmatsu Tax Co.

Number of Shareholders: 236,503

Stock Listings:

Tokyo, Nagoya

Transfer Agent for Shares and Special Accounts,

Account Management Institution:

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

10-11, Higashisuna 7-chome, Koto-ku,

Tokyo, 137-8081, Japan

Telephone: 0120-232-711 (within Japan)

American Depositary Receipts:

Ratio (ADR:ORD): 1:2

Exchange: OTC (Over-the-Counter)

Symbol: MSBHY

CUSIP: 606769305

Depository:

The Bank of New York Mellon

240 Greenwich Street, New York, NY 10286, U.S.A.

Telephone: (201) 680-6825

U.S. toll free: 888-269-2377

(888-BNY-ADRS)

URL: <http://www.adrbnymellon.com>

Contact:

Investor Relations Department, Mitsubishi Corporation

3-1, Marunouchi 2-chome, Chiyoda-ku,

Tokyo, 100-8086, Japan

Telephone: +81-3-3210-2121

Internet

Mitsubishi Corporation's latest integrated reports, financial reports and news releases are available on the Investor Relations homepage.

URL: <http://www.mitsubishicorp.com/jp/en/ir/>

<Financial Section of Integrated Report 2018>

From the year ended March 2014, Mitsubishi Corporation has prepared its consolidated financial statements based on International Financial Reporting Standards (IFRS). Unless stated to the contrary, the information given in this Integrated Report is also based on IFRS. Please refer to "Financial Section of Integrated Report 2018" for detailed information for the year ended March 2018.

URL: <https://www.mitsubishicorp.com/jp/en/ir/library/afr/>

<Website Information>

Mitsubishi Corporation Integrated Report 2018 (Online Version)

URL: <http://www.mitsubishicorp.com/ar2018/en/>

<Sustainability Information>

URL: <http://www.mitsubishicorp.com/jp/en/csr/>



Publication of Mitsubishi Corporation *Integrated Report 2018*

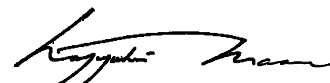
In our policy entitled *Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing*, which we formulated in May 2016, we at Mitsubishi Corporation (MC) described a policy of simultaneously generating three kinds of value through our businesses: economic value, environmental value and societal value. Since then, two and a half years have passed.

MC achieved all of the quantitative targets we had announced in *Midterm Corporate Strategy 2018—Evolving Our Business Model from Investing to Managing* by the fiscal year ended March 31, 2018. The systems introduced during this period are already making steady progress and delivering results. To accelerate our initiatives for further growth, we formulated a new management direction for the three years starting from the fiscal year ending March 31, 2020 and called it *Midterm Corporate Strategy 2021—Achieving Growth Through Business Management Model*. In this integrated report, we present our specific initiatives aimed at maximizing corporate value by focusing on the MC Group's strengths and transcending business group boundaries to steadily develop new pillars of future growth.

Looking ahead, we will continue to do our utmost to ensure that our Integrated Report serves as an effective communication tool that positively contributes to constructive stakeholder dialogue. To do so, we will strive to improve the clarity of our reporting based on the valued feedback we receive from our stakeholders.

In the course of preparing this report, we have worked closely with each of our internal departments to provide a summary of our holistic perspective on the MC Group as a whole. In the process, we have referred to the reporting framework propounded by the International Integrated Reporting Council (IIRC) and other guidelines. We hereby affirm the legitimacy of both the preparation process and the content of disclosure with respect to this Integrated Report.

December 2018



Kazuyuki Masu*

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

* Indicates a Representative Director.

Forward-Looking Statements

This integrated report contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which Mitsubishi Corporation operates and beliefs and assumptions made by management. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, they may cause actual results to differ materially from those projected. Mitsubishi Corporation, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, Mitsubishi Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

Risks, uncertainties and assumptions mentioned above include, but are not limited to, commodity prices; exchange rates and economic conditions; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources.

www.mitsubishicorp.com