

Message from an Outside Director

I will devote myself fully to carrying out my dual roles, engaging in frank discussions with management and active dialogue with employees, to make MHI a company that will lead the industry, the nation, the region and the world and injects excitement in its employees.

Outside Director and Audit and Supervisory Committee Member
Noriko Morikawa



Promoting active discussions as outside director and member of the Audit and Supervisory Committee

I was appointed an outside director of MHI in 2020, and became a member of the Audit and Supervisory Committee in June 2021. I accepted the appointment as outside director because I have a strong interest in MHI Group's future. The Company has strengths in the breadth of its business operations and the wealth of its technologies and expertise, attributes ripe with potential to create new values. As MHI takes up new challenges in new fields in the coming years, I hope to apply my experience involved in management of global companies and put forward ideas from a different perspective, to make discussions more diverse.

At the same time, however, I also recognize that to carry out my duties as an outside director, I need to learn a great deal. Since my appointment, I have been deepening my understanding of MHI Group through discussions of the various issues brought up at Board of Directors meetings, preliminary explanations I have received from the divisions concerned, etc. Owing to the COVID-19 pandemic, I haven't been able to visit Company worksites or meet directly with employees. However, I have sought out opportunities to meet individually with the Company's officers, enabling me to exchange opinions on the matters that affect them.

When attending Board of Directors meetings, as an outside director I need to ask questions and make suggestions from an objective perspective, referencing the full complement of my knowledge and experience. When I receive preliminary explanations of the topics coming up for discussion, I always ask detailed questions in order to ascertain and comprehend the issues that will be debated. Then, at the Board meetings themselves, I make a point of offering suggestions from a longer-range perspective, aiming for a clear roadmap that will lead to higher corporate value and identifying specific issues that need to be addressed. After serving in my capacity as outside director for my first year, besides deepening my understanding of MHI Group I have also come to feel a need for more vibrant discussions.

Since becoming a member of the Audit and Supervisory Committee, through my duties in auditing and supervision I intend to pursue active dialogue with the Company's workers. Also, applying my experience having worked at an auditing and accounting firm, I will focus on monitoring, including monitoring of internal controls. Based on my findings, I will offer up proposals on how to make MHI's corporate foundation even stronger.

Transforming MHI to a company that makes greater use of outsider directors' skills and experience

In terms of how the Board of Directors operates, I think the reforms initiated since 2015, when MHI transitioned to a Company with an Audit and Supervisory Committee, have been successful. The Board's efficacy assessments implemented every year have demonstrated a clear process of improvement. In particular, improvements have been achieved in how the Board sets its agenda and how important matters are shared among Board members. With the new 2021 Medium-Term Business Plan too, from the early planning stages multiple opportunities were created to discuss matters with the outside directors, and the outside directors' opinions have been reflected significant-

ly in the finalized Plan. This marks a revolutionary change.

I hope the skills of the outside directors will continue to be significantly applied going forward as well. MHI's Board is highly diverse and includes unique outside directors with abundant experience. I have always felt that companies can break out from the narrow confines of homogeneous thinking by making more active use of outside directors, and I always recommend to officers and employees that they make full use of their outside directors. Going forward, at MHI I hope to increase opportunities for frank exchanges of opinion that will draw fully on our knowledge.

Pushing for changes in corporate culture, to make MHI an industry, regional, national and global leader

The 2021 Medium-Term Business Plan incorporates business strategies that target solutions to social issues simultaneous with sustained corporate growth, by applying MHI's Groupwide strengths to maximum degree. I am confident that our stakeholders will agree with the directions the new strategies will take, including pursuit of the "Energy Transition." What will be important is how to implement those strategies. In that respect, I hope that in undertaking its 2021 Medium-Term Business Plan the Company will exercise leadership – in the industry, nationwide, in the region and globally – in bringing diverse parties together to address today's increasingly complex social challenges. I wholeheartedly believe that if MHI Group applies its capabilities, its position, and the sense of mission embraced by its employees, it can play a leadership role from multiple angles.

To do so, a corporate culture must be nurtured that encourages employees to take up new challenges without fear of possible failure. Equally indispensable is the need to promote business that straddles organizational borders between divisions. MHI Group needs to become an organization in which employees who offer up suggestions and take up challenges on their own initiative can grow, free of constraints, and their efforts will be duly appreciated. It must also become an organization that provides opportunities encouraging dialogue between people with differing values and backgrounds, to build mutual respect.

In addition, today methods are expanding for engaging

creatively with external partners: companies from other industries, regional government bodies, business start-ups, etc. MHI Group needs to adopt a proactive and flexible stance that allows for needed course corrections to be made as it moves forward with speed.

Undertaking system changes on a large scale isn't the only way to achieve these transformations. The organization can be transformed even through small-scale measures implemented flexibly and in quick succession on a trial-and-error basis. Simultaneously, human resource strategies must also be strengthened: for example, by offering employees opportunities to plan their career development, by providing human resource development programs and increasing skills through job rotation, by promoting female activation, etc. In my position, I hope to continue offering suggestions, based on the results of employee surveys, that will boost employees' motivation.

I believe that tremendous value can be created if MHI Group transforms itself to a dynamic business viewed by the public as an enterprising company that takes up bold challenges. I would like to see MHI become a company whose new recruits, if asked why they chose MHI, will enthusiastically respond, "Because I want to do exciting work!" I will do all I can to make that day possible, not only through my activities as a director and member of the Audit and Supervisory Committee, but also through frank discussions with officers and employees.