

Message from the Chairman

The goal of our Board of Directors is to engage our corporate officers to grow corporate value and achieve sustainable growth.

In recent years, the role expected from the Board of Directors has changed and expanded. In the past, the Board's role had been to oversee executive functions from the perspective of pursuing stable profits and maintaining legal compliance. Today, the Board is also expected to take steps to improve the Company's overall corporate value and strengthen its sustainability in a broader way through candid discussion with corporate officers. To achieve this objective, the Board has had to 1) enhance the diversity of its members' experience and insights, 2) engage in regular, mutually stimulating dialogue with corporate officers, and 3) confirm that the Company's activities are aligned with the demands of all stakeholders, while promoting even greater transparency and accountability around our business activities.

With these changes front of mind, MHI Group has fundamentally reformed its business structure and corporate governance, effecting changes to its organization and business systems, including to its Board of Directors. This year we welcomed Ms. Noriko Morikawa as a new outside director. She adds depth and diversity to the experience of our Board members and further enhances the soundness and transparency of management decision-making. Under the business structure reforms implemented across four business plans since our 2010 Medium-Term Business Plan, MHI Group has transitioned to a business portfolio management based on a strategic business evaluation system, and has concentrated on the core competencies of our businesses. We have also built organizational strength to pursue growth by shifting to a cash flow management approach and bolstering our financial foundation. In addition, the Company has signifi-

cantly strengthened its response to and management of emerging risks, successfully exiting from a period of stagnation caused by internal and external factors.

However, change never stops and we have been in the midst of new shifts in our business landscape and the world as a whole, as demonstrated by the increasing global demands for a transition to a decarbonized, net-zero emission society, digital transformation, as well as the reality of global pandemics. Above all, the onward march of digitalization is certain to bring about huge changes in the shape and value of our existing businesses. We will upgrade and fortify these existing businesses by incorporating changes into our manufacturing processes in a way that blends MHI's long-standing edge in quality control with advances in artificial intelligence and related technologies. But we also need to work collaboratively with companies outside our Group to bolster our businesses, realign our organizations and frameworks, and promote more imaginative idea generation and new endeavors.

By addressing these issues, the Board of Directors will work to improve the Company's enterprise value and strengthen sustainability through active engagement based on diverse viewpoints and experiences with our corporate officers, and in so doing will fulfill our role to propel MHI Group toward a path for future growth.

Shunichi Miyanaga
Chairman of the Board