

Corporate Governance

Basic Approach to Corporate Governance

As a company responsible for developing the infrastructure that forms the foundation of society, MHI's basic policy is to execute management in consideration of all stakeholders and strive to enhance corporate governance on an ongoing basis in pursuit of sustained growth of MHI Group and improvement of its corporate value in the medium and long terms. In accordance with this basic policy, MHI endeavors to improve its management system, such as by enhancing its management oversight function through the separation of management oversight and execution and

the inclusion of outside directors. MHI is building a Japanese-style global management model that places priority on sounder, more transparent management, diversity and harmony. MHI has also established our basic framework for and approach to corporate governance in our Corporate Governance Guidelines of Mitsubishi Heavy Industries, Ltd., which is posted on our official website.

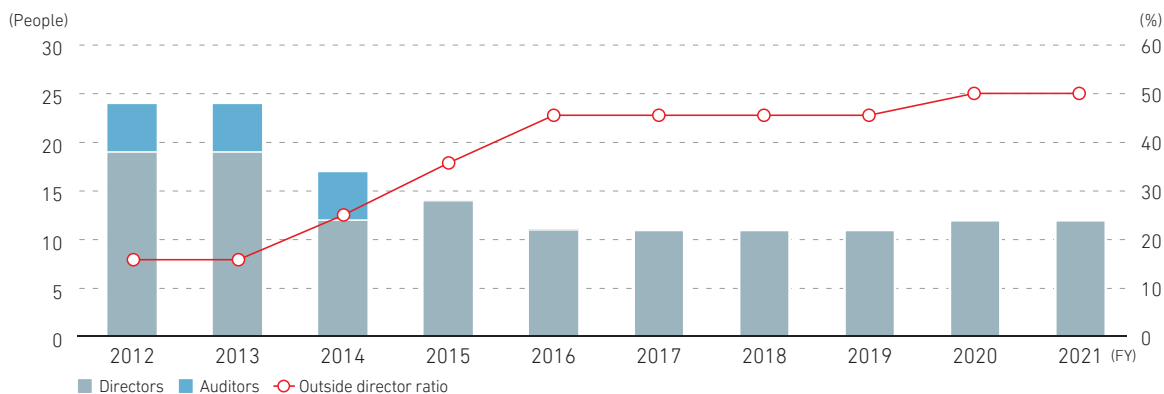
► **Corporate Governance Guidelines of Mitsubishi Heavy Industries, Ltd.**

https://www.mhi.com/finance/management/governance/pdf/corporate_governance.pdf

► Actions Taken to Strengthen Corporate Governance

	Action	Composition of Board of Directors Total directors/outside directors (outside director ratio)	Other (Officer remuneration, engagement)
2012			• Commenced shareholder relations (SR) visits for overseas institutional investors
2014	• Introduced Chief Officer System	12/3 (25%)	
2015	• Transitioned to company with Audit and Supervisory Committee	14/5 (35.7%)	• Introduced new stock remuneration system for officers
2016	• Established Nomination and Remuneration Advisory Council • Commenced Board Evaluation • Commenced meetings of independent outside directors	11/5 (45.5%)	
2019	• Turned Nomination and Remuneration Advisory Council into advisory body for the Board of Directors • Abolished Advisor System		
2020		12/6 (50%)	

► Board Seats and Outside Director Ratio*



*Auditor seats were eliminated when MHI became a company with an Audit and Supervisory Committee from FY2015.

Corporate Governance Framework

MHI has adopted the form of a Company with an Audit and Supervisory Committee as its corporate structure under the Companies Act. Our corporate governance structure is as follows.

1 Directors (Board of Directors)

MHI's Board of Directors consists of 12 directors (of whom five are serving as Audit and Supervisory Committee Members), and six directors (of whom three are serving as Audit and Supervisory Committee Members) are outside directors. By obtaining beneficial views and frank assessments from outside directors to MHI's management from a standpoint neutral to operational divisions, MHI is enhancing its management oversight function and ensuring that the oversight function by outside directors is more effective. Accordingly, MHI ensures that the number of outside directors who meet MHI's independence criteria*1 constitutes one-third or more of all members of the Board of Directors. The Board of Directors comprises members with a variety of backgrounds, ensuring a balanced structure with which to supervise people handling business execution (we refer you to "5 Director Skills Matrix" on the following page).

Moreover, in accordance with MHI's Articles of Incorporation and a resolution by the Board of Directors, MHI delegates decisions on execution of operations to the President (CEO) or a specially designated director, excluding matters designated by laws and ordinances as matters to be decided exclusively by the Board of Directors, business plans, and the appointment, dismissal, and remuneration of directors, chief officers, and administrative executive officers, as well as other important individual business plans and investments, etc. This approach facilitates timely decision-making and flexible business execution while also enabling the Board of Directors to focus on the oversight of those in charge of business execution.

*1 Listed in "Corporate Governance Guidelines of Mitsubishi Heavy Industries, Ltd."

2 Audit and Supervisory Committee

To secure the soundness and appropriateness of MHI's management decision-making and improve transparency, MHI's Audit and Supervisory Committee conducts a range of activities as listed in the "Status of Audit and Supervisory Committee Activities" section on page 69. The Audit and Supervisory Committee monitors the execution of duties of directors and prepares Audit Reports. It also has authority provided for by laws and

ordinances and Articles of Incorporation, including determining the details of agenda items presented to the General Meeting of Shareholders related to the appointment, dismissal, or non-reappointment of accounting auditors, and the statement of opinions related to the appointment or dismissal of directors who are not Audit and Supervisory Committee members.

3 Chief Officers and Standing Executives in Charge of Operations

MHI has introduced a chief officer system. Specifically, portions of the CEO*2 (President)'s responsibilities and authority are delegated to a number of chief officers reporting to the CEO. These chief officers consist of domain CEOs (the heads of individual business domains) as well as the CSO*3, CFO*4, and CTO*5. The CEO takes charge of overall business operations, and the domain CEOs take control of executing businesses within their individual domains based on overall Group strategies. The CSO is in charge of the planning of company-wide management policies and the CFO takes charge of finance and accounting. The CTO is in charge of the supervision and execution of overall operations related to technology strategies, research and development of products and new technologies, ICT, value chain, marketing and innovation. In addition, the CSO, CFO, and CTO have company-wide authority to give instructions and commands and provide support to business domains. The GC*6 and standing executive in charge of HR*7 assist the CEO with his duties by supervising and executing activities in line with the CEO's mission. The GC takes overall control of management audits, general administration, legal affairs, and risk management. The standing executive in charge of HR takes overall responsibility for human resources and labor relations. Within the business execution framework consisting of the CEO (President) and primarily these chief officers, there is an Executive Committee chaired by President Seiji Izumisawa (and consisting of executive officers, including the President, chief officers, and standing executives in charge of operations). This deliberative body uses a council system to deliberate on vital items pertaining to execution of duties, thereby enabling appropriate management decision-making and execution of duties.

*2 Chief Executive Officer

*3 Chief Strategy Officer

*4 Chief Financial Officer

*5 Chief Technology Officer

*6 General Counsel

*7 Human Resources

Corporate Governance

4 Nomination and Remuneration Advisory Council

In January 2016, MHI established the Nomination and Remuneration Advisory Council. The profile of this institution and its record of meetings are indicated in the table below.

Positioning	Advisory institution* ⁸ to the Board of Directors
Objectives	Obtain the opinions and advice of independent outside directors to ensure transparency and soundness of procedures prior to deliberations by the Board of Directors on matters relating to the nomination of candidates for directors, the dismissal of directors, and the appointment and dismissal of other management executives, and matters relating to the determination of remuneration of directors (excluding directors who are serving as Audit and Supervisory Committee members).
Participants	Chairman, President and all outside directors
Number of meetings held	Held five times in FY2021

*⁸ In April 2019, MHI converted the Nomination and Remuneration Advisory Council into an advisory body to the Board of Directors and added the Chairman of the Board to its participants.

5 Director Skills Matrix

MHI Group has adopted Our Principles as a fundamental management philosophy and objectives and periodically formulates business plans to steadily progress toward their realization. Under its current plan, the 2021 Medium-Term

Business Plan (MTBP), the Group has embraced a Mission of integrating cutting-edge technology into expertise built up over many years to provide solutions to some of the world's most pressing issues and provide better lives.

Under this Mission, for oversight of the management of MHI Group that is globally operating diverse businesses, it is necessary to appropriately track social issues and trends including relationships with all stakeholders based on the assumption of a deep understanding of the Group's basic philosophy and business, and discuss the Group's focus in the 2021 MTBP to strengthen profitability and develop growth areas from diverse perspectives such as strengthening the technological foundation, human resource foundation and financial foundation, and risk management.

We believe that this requires knowledge of and experience and expertise in Socio-Economic Issues, Risk Management/Compliance, Global Enterprise Management, Technology/Digitalization, Marketing, Finance/Accounting and Human Resource. Our Board of Directors must possess a well-balanced mix of such knowledge, experience and expertise.

Individual directors' knowledge, experience and expertise are tabulated below. We believe our Board as a whole is adequately endowed with knowledge, experience and expertise in the aforementioned areas.

	Inside/outside	Audit and Supervisory Committee Members	Tenure in years (as of end of the General Meeting of Shareholders on June 29, 2022)	Knowledge, experience and expertise						
				Socio-Economic Issues	Risk Management/ Compliance	Global Enterprise Management	Technology/ Digitalization	Marketing	Finance/ Accounting	Human Resource
Shunichi Miyanaga	Inside		14	●	●	●		●		
Seiji Izumisawa	Inside		5	●	●	●	●	●		
Hisato Kozawa	Inside		2	●	●				●	
Hitoshi Kaguchi	Inside		1	●	●		●	●		
Naoyuki Shinohara	Outside		7	●	●				●	
Ken Kobayashi	Outside		6	●	●	●		●		
Nobuyuki Hirano	Outside		3	●	●	●			●	
Setsuo Tokunaga	Inside	●	1	●	●		●			
Ryutaro Takayanagi	Inside	●	New	●	●				●	
Hiroo Unoura	Outside	●	3	●	●	●		●		●
Noriko Morikawa	Outside	●	2	●	●	●			●	●
Masako Ii	Outside	●	1	●	●					●

* The black dots in the seven rightmost columns do not indicate the entire range of knowledge, experience and expertise that the given director possesses.

Board of Directors' Main Deliberation Items

The main items deliberated by the Board of Directors in FY2021 are presented in the table below.

Main Deliberation Items

General Meeting of Shareholders	<ul style="list-style-type: none"> Resolution on matters for calling Annual General Meeting of Shareholders
Items related to financial results	<ul style="list-style-type: none"> Financial results Shareholder return policy
Items related to Executives and Board Members	<ul style="list-style-type: none"> Board Evaluation, remuneration of directors, and executive appointments (including chief officers) Director Skills Matrix
Management plan	<ul style="list-style-type: none"> Status of progress on 2021 MTBP
Internal controls	<ul style="list-style-type: none"> Status of internal control systems operation
Resolutions on and status of execution of important operations	<ul style="list-style-type: none"> Status of business in individual domains and segments
	<ul style="list-style-type: none"> Status of execution of operations by individual chief officers
	<ul style="list-style-type: none"> Integration of Mitsubishi Power, Ltd.
	<ul style="list-style-type: none"> Status of progress of growth strategy
Other	<ul style="list-style-type: none"> Key-risk identification and management process
	<ul style="list-style-type: none"> Initiatives aimed at realizing a carbon neutral society
	<ul style="list-style-type: none"> Company-wide material issue (materiality) targets and KPIs for monitoring progress
	<ul style="list-style-type: none"> Capital markets' perception of MHI's management
	<ul style="list-style-type: none"> Study of the appropriateness of strategic shareholding
	<ul style="list-style-type: none"> Sustainability initiatives MHI's response to revision of the Corporate Governance Code

In addition to the above, the agenda items for the Board of Directors meetings are explained in advance to outside directors for the purpose of free and vigorous discussion and exchange of opinions at the meetings. Also, as described in the "Board Evaluation Results and Future Initiatives," in FY2021, we addressed issues identified by an evaluation of the Board's effectiveness, including discussion of themes such as progress of growth strategy, handling of work style reform and diversity, and initiatives to address materiality and sustainability.

Board Evaluation Results and Future Initiatives

MHI has introduced an annual evaluation of the Board of Directors (hereinafter referred to as the "Board Evaluation") aiming at ensuring further effectiveness of the Board of Directors by verifying its functional efficiency as an entity and being fully accountable to stakeholders, by conducting holistic analysis and evaluation of the Board. In the process of, and as a result of, our FY2021 Board Evaluation, the status of activity based on the results of the Board Evaluation conducted in the previous year (FY2020) and future responses based on this year's evaluation results are as presented in the table below.

Process and Results of FY2021 Board Evaluation

Process	Continuing on from FY2020, the Board of Directors conducted an evaluation process based on the following 4 points: "Composition of the Board of Directors," "Operation of the Board of Directors," "Supervisory function of the Board of Directors," and "Structure to support outside directors." MHI has hired an external organization with specialized knowledge on analysis of questionnaire survey results in the past, and this fiscal year, such external organization also conducted interviews with each director for the purpose of enhancing transparency and objectivity.
	1. Self-evaluation was conducted based on a questionnaire survey of all directors including outside directors and individual interviews with each director.
	2. Opinions were exchanged in meetings among outside directors.
	3. The Board of Directors held discussions based on the results of the questionnaire survey and interviews.
4. The Board Evaluation results were approved by the Board of Directors in light of the above evaluation and discussions.	
Results	The overall effectiveness of the Board of Directors in FY2021 has been ensured with no major concerns.

Corporate Governance

Initiatives Based on Results of the Board Evaluation Conducted in the Previous Year (FY2020)

1.	In accordance with the annual schedule specifying the agenda of meetings of the Board of Directors and activity plans, themes such as progress of growth strategy, handling of work style reform and diversity, and initiatives to address materiality and sustainability were discussed in meetings of the Board of Directors. Furthermore, to stimulate active discussion, we optimized the content of explanations and deliberation time.
2.	In the Nomination and Remuneration Advisory Council, we established opportunities to discuss the selection process for director candidates, etc.
3.	We worked to strengthen coordination between the Board of Directors and the Audit and Supervisory Committee, such as sharing the annual schedule for meetings of the Board of Directors with the Audit and Supervisory Committee, in addition to increasing the frequency of reports of activities such as audits by the Audit and Supervisory Committee to the Board of Directors. Furthermore, we implemented lectures by external experts and established a venue for discussion of the roles, etc. of the Board of Directors and the Audit and Supervisory Committee.

Future Action Based on the Results of This Year's Evaluation

1.	<p>Initiatives aimed at enhancement of discussion</p> <p>We will steadily hold meetings of the Board of Directors in accordance with the schedule such as the annual agenda, establish opportunities for discussion of growth strategy and personnel strategy from a medium- to long-term perspective, and include reporting of the state of initiatives related to the development of growth areas in the agenda.</p>
2.	<p>Further improvement of meeting materials and explanations</p> <p>We will work to improve the content of reports on the status of each business, and also continue efforts aimed at the optimization of deliberation time on meeting days and utilization of advance explanations.</p>
3.	<p>Sharing information with outside directors</p> <p>We will provide more opportunities for dialogue between outside directors and employees and site inspections according to an annual schedule. Furthermore, we will establish venues for discussion aimed at further utilization of meetings by independent outside directors.</p>
4.	<p>Discussion on the composition, etc. of the Board of Directors including outside directors</p> <p>We formulated a skills matrix for the Board of Directors in FY2021, and will further discuss the composition of the Board of Directors and the desired requirements for directors.</p>

Status of Audit and Supervisory Committee Activities

The Audit and Supervisory Committee comprises five directors, the majority of whom (three) are outside directors. In order to ensure the effectiveness of the activities of the Audit and Supervisory Committee, our Company stipulates in its Articles of Incorporation that full-time Audit and Supervisory Committee members shall be appointed, and in accordance with the said provisions, two full-time Audit and Supervisory Committee members have been appointed from among the Audit and Supervisory Committee members. One of these two full-time members has extensive work experience in accounting and financial departments, giving him a considerable amount of insight on financial and accounting affairs.

Audits by the Audit and Supervisory Committee are conducted in accordance with the Audit and Supervisory Committee Standards and the Audit and Supervisory Plans.

Moreover, in order to support the duties of the Audit and Supervisory Committee, the Audit and Supervisory Committee's Office has been set up with six dedicated staff members to facilitate the work carried out by the Audit and Supervisory Committee. The Audit and Supervisory Committee primarily monitors and verifies the execution of duties of directors, the appropriateness of business reports, etc., adequacy of audits by the accounting auditor, and the effectiveness of the internal control system. The result of this monitoring and verification is provided to the Company's shareholders via an audit report. In FY2021, the Audit and Supervisory Committee took action on designated priorities to accomplish the 2021 MTBP, including progress on matters deemed to require the Committee's oversight and responses to matters with significant impacts.

Full-time Audit and Supervisory Committee members attend important meetings such as Executive Committee meetings, MTBP meetings, and Compliance Committee meetings, and endeavor to identify and monitor how management is performing in a timely and appropriate manner, as well as conduct audits to ascertain whether the duties of the directors are being executed in compliance with laws and ordinances and the Articles of Incorporation,

and whether the corporate operations are being performed properly through inspection regarding, and confirmation of, legal compliance status, and through the monitoring and verification of the preparedness and implementation of the internal control system, including internal controls over financial reporting and other relevant items.

Additionally, through the monitoring and verification of the directors' execution of duties throughout the fiscal year, the Audit and Supervisory Committee forms its audit opinion on the appropriateness of the accounting auditor's auditing methods and results pertaining to whether or not the financial statements in a given fiscal year present fairly the financial position and results of the Company.

Furthermore, the Audit and Supervisory Committee works closely with the Management Audit Department and accounting auditors through regular exchange of information and opinions. Full-time Audit and Supervisory Committee members have monthly meetings with the Management Audit Department and confirm the status of the formulation and progress of the Department's auditing programs, and receive reports on the results of those audits. The Audit and Supervisory Committee and the accounting auditor regularly exchange opinions on the accounting auditor's auditing plans and results, and full-time Audit and Supervisory Committee members hold monthly meetings to exchange information with the accounting auditor.

In addition, the Audit and Supervisory Committee expressed its opinion on the appointment and remuneration of directors who are not members of the Audit and Supervisory Committee at the June 29, 2022, Annual General Meeting of Shareholders. Also, the Audit and Supervisory Committee assessed the accounting auditor KPMG AZSA LLC on criteria including ensuring a system for the proper execution of duties, independence, appropriateness of audits, and auditing ability and expertise. Having determined that all requirements were satisfied, the Audit and Supervisory Committee resolved to reappoint KPMG AZSA LLC as the accounting auditor.

Corporate Governance

Officers' Remuneration Structure

1 Remuneration of Directors Who Are Not Audit and Supervisory Committee Members (Excluding Outside Directors)

The remuneration of directors who are not Audit and Supervisory Committee members (excluding outside directors) consists of base remuneration, performance-linked remuneration, and stock-based remuneration from the viewpoint of reflecting business performance and sharing value with shareholders.

After revising the stock-based remuneration system through a resolution passed at the 94th Annual General Meeting of Shareholders, which was held on June 27, 2019, the standard for the remuneration of the Company's president was set at roughly 30% base remuneration, 40% performance-linked remuneration, and 30% stock-based remuneration (in the event that consolidated profit before income taxes reached ¥200 billion; calculated based on the fair value of stock award points granted during FY2018), making for a remuneration structure in which the higher a director's position is, the greater his or her performance-linked remuneration will be. In order to

promote MHI stock ownership better aligns their interests with shareholders, once pretax profit exceeds ¥200 billion, stock-based remuneration increases as a medium- to long-term incentive while performance-linked remuneration's rate of increase progressively tapers off before plateauing once pretax profit exceeds ¥400 billion.

The benchmark used to calculate performance-linked and stock-based remuneration is pretax profit. Pretax profit was chosen to reflect the results of business operations inclusive of finance income/costs in performance-linked and stock-based remuneration. (However, there may be partial adjustment in terms of compensation computation based on assessment of the impact of changes in accounting principles.)

In FY2021, the Company had a profit before income taxes of ¥173.6 billion, surpassing the target (initial forecast) of a profit of ¥130 billion.

The profit before income taxes for FY2020 (initial forecast) used in the calculation of stock-based remuneration for FY2021 was ¥0 million and the result was ¥49.3 billion.

Methods for Determining Each Type of Remuneration (Remuneration of directors who are not Audit and Supervisory Committee members (excluding outside directors))

Base remuneration: Standard amount based on position + Additional amount based on performance

- The standard amount based on position is determined in accordance with a director's position and the details of his or her duties, etc.
- The additional amount based on performance is determined within a range that shall not exceed ¥500,000 a month.

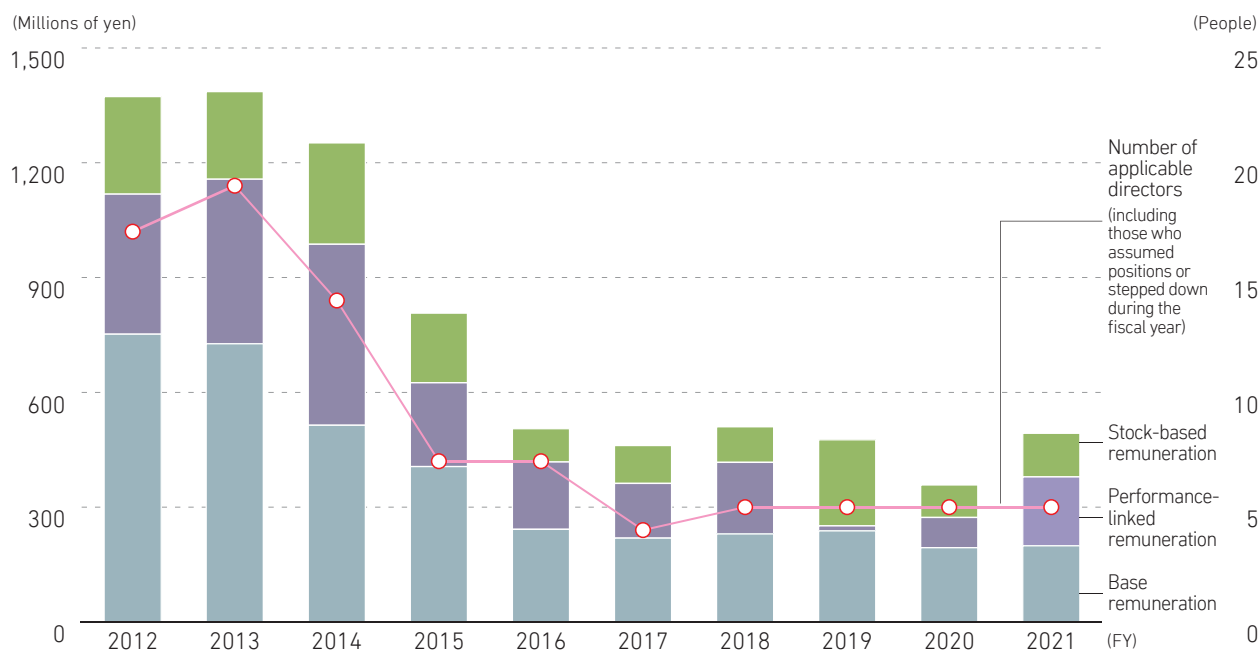
Performance-linked remuneration: $\text{Position-based payment coefficient} \times \text{Profit before income taxes for the given fiscal year} \div 10,000 \times \text{Coefficient of business results}$

- Performance-linked remuneration is paid when the Company records a profit before income taxes (or after adjustment in the event that partial adjustments are made) and carries out dividend payments.
- The position-based payment coefficient is determined in accordance with a director's position and the details of his or her duties, etc.
- The coefficient of business results evaluates the performance and results of a business of which a director is in charge. It is determined within a range from 1.3 to 0.7.

Stock-based remuneration: $\text{Position-based standard points} \times \text{Coefficient of business results}$

- As a general rule, directors receive MHI shares and cash in an amount equivalent to MHI shares' liquidation value three years after being granted stock award points.
- Position-based standard points are determined in accordance with a director's position and the details of his or her duties, etc.
- The coefficient of business results is based on profit before income taxes in the previous fiscal year.
- In the event that a director engages in improper conduct, the Company suspends the granting of stock award points and the issuance of shares to said director. There are also cases where the Company asks such a director to submit a payment equivalent to the number of shares that has been issued to him or her.

► Remuneration of Directors (Remuneration of directors who are not Audit and Supervisory Committee members (excluding outside directors))



2 Outside Directors

The Company expects that the outside directors offer their objective opinions and guidance, primarily on their vision for the Company over the medium to long term, from an independent standpoint. Accordingly, the outside directors are only paid a base remuneration, which is set at an appropriate amount.

3 Directors Who Serve as Audit and Supervisory Committee Members

The amount of remuneration for directors who are serving as Audit and Supervisory Committee members and the policy for deciding on its calculation method are determined through discussions by those directors.

Directors who serve as Audit and Supervisory Committee members are only paid a base remuneration. The amount for this base remuneration is determined in consideration of each member's roles and responsibilities and based on whether he or she is a full-time or part-time member.

However, the base remuneration for full-time Audit and Supervisory Committee members can be reduced in consideration of the status of the Company's management and other factors.

Corporate Governance

► Remuneration of Directors (FY2021)

Classification	Monetary remuneration				Stock-based remuneration		Total amount of remuneration (Millions of yen)
	Base remuneration		Performance-linked remuneration		People	Total amount (Millions of yen)	
	People	Total amount (Millions of yen)	People	Total amount (Millions of yen)	People	Total amount (Millions of yen)	
Directors who are not Audit and Supervisory Committee members	9	243	5	180	4	114	538
(Of which, outside directors)	(4)	(43)	(—)	(—)	(—)	(—)	(43)
Directors who are Audit and Supervisory Committee members	8	158	—	—	—	—	158
(Of which, outside directors)	(5)	(54)	(—)	(—)	(—)	(—)	(54)
Total	17	401	5	180	4	114	696
(Of which, outside directors)	(9)	(98)	(—)	(—)	(—)	(—)	(98)

- The recipients include two directors who were not Audit and Supervisory Committee members who stepped down on June 29, 2021 (date of the 96th Annual General Meeting of Shareholders) (one of whom was appointed as a director who is an Audit and Supervisory Committee member on the same day) and three directors who were Audit and Supervisory Committee members who stepped down on the same day (one of whom was appointed as a director who is not an Audit and Supervisory Committee member on the same day).
- The maximum permitted monetary remuneration amount for directors who are not serving as Audit and Supervisory Committee members is ¥1,200 million per fiscal year (resolution of the 90th Annual General Meeting of Shareholders on June 26, 2015).
- The total amount of stock-based remuneration is the amount of expenses recognized for the 378,000 stock award points granted in total during FY2021 (equivalent to 37,800 shares of MHI) concerning the Board Incentive Plan Trust, which is a stock-based remuneration system that issues or provides shares of MHI and money in the amount equivalent to the liquidation value of MHI shares based on stock award points granted to directors (excluding outside directors and directors who are serving as Audit and Supervisory Committee members) in accordance with, among other factors, the rank of the position of each director and the financial results of MHI. In addition, the maximum permitted amount of stock award points is 1,000,000 points (based on resolution of the 94th Annual General Meeting of Shareholders on June 27, 2019) per fiscal year for directors (excluding outside directors and directors who are serving as Audit and Supervisory Committee members).
- The maximum permitted monetary remuneration amount is ¥300 million per fiscal year for directors who are serving as Audit and Supervisory Committee members (resolution of the 90th Annual General Meeting of Shareholders on June 26, 2015).

Policy and Trends of Strategic Shareholding

Shareholding Policy

MHI acquires and holds shares necessary for the Group's sustainable growth and value improvement, as a means of developing business strategies, creating business opportunities and building, maintaining and strengthening business relationships leading to these. MHI also promotes reducing holdings of shares with decreased significance, for improving its capital efficiency and status of financial risk.

Verification Policy and Results for Holding Individual Stocks

The Board of Directors annually reassesses all strategic shareholdings from multiple standpoints, including their compatibility with the Group's business strategies, their actual or prospective role in creating or expanding business opportunities, their returns, and strengthening of the Group's business relationship with their issuer. The economic rationale is confirmed by whether or not the total of the related earnings from each stock, such as dividends and related business profits on transactions, exceeds MHI's target capital cost (weighted average cost of capital). At a meeting of the Board of Directors held in September 2021, some stocks were confirmed to have decreased significance in light of the expected purpose and/or the lack of profitability.

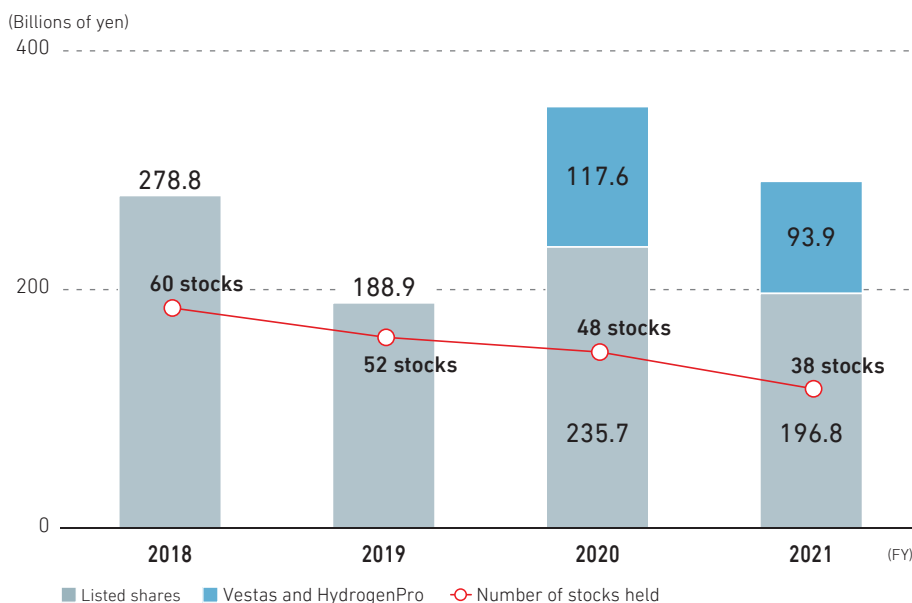
Reduction in Strategic Shareholdings

Based on the latest verification, MHI sold 34 individual stocks in FY2021 for ¥97.8 billion (including 9 stocks sold partially), and the total value on the balance sheet at the end of the fiscal year was ¥337.6 billion (down ¥61.1 billion year-on-year).

In addition, the shares of Vestas Wind Systems A/S and HydrogenPro AS (with a total value of ¥93.9 billion

on the balance sheet as of the end of the fiscal year) are included in the listed shares held by MHI. MHI has stated that Energy Transition is a growth area for MHI Group in the 2021 Medium-Term Business Plan, and acquired these shares for strengthening the relationship with them as strategic partners in renewable energy and green hydrogen business.

► Balance Sheet Value of Strategic Shareholdings (Listed Shares) and Number of Stocks Held



► Breakdown of Change in FY2021 (Number of Stocks, Value)

Number of stocks	FY2020	Decrease* ¹	Increase* ³	FY2021
Non-listed shares	142	6	12	148
Listed shares	48	19	9	38
Total	190	25	21	186

Value held (Billions of yen)	FY2020	Decrease* ² (Sale value)	Increase (Acquisition value)	Changes in share prices, etc.	FY2021
Non-listed shares	45.2	-3.0	1.8	2.8	46.8
Listed shares	353.4	-94.7	5.9	26.2	290.8
Total	398.7	-97.8	7.8	28.9	337.6

*1 Number only shown for stocks completely sold. Nine other stocks were also partially sold.

*2 Total value of complete sales and partial sales

*3 Mainly acquisitions associated with the integration of Mitsubishi Power, Ltd.