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(Securities Code: 1518)

May 28, 2020

Tsuneo Amano, Representative Director and President
Mitsui Matsushima Holdings Co., Ltd.
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

Dear Shareholders,

Convocation Notice of the 164th Annual General Meeting of Shareholders

We are pleased to inform you that the 164th Annual General Meeting of Shareholders will be held as described on the following page.

You are respectfully asked to consider your attendance, and whether or not to withhold your physical presence at the meeting in the light of the ongoing coronavirus pandemic.

Voting rights at General Meetings of Shareholders are important to shareholders. **You may exercise your voting rights in writing or via the Internet instead of attending the meeting. Please examine the Reference Material for the General Meeting of Shareholders enclosed herewith, and exercise your voting rights no later than 5:30 p.m. on Thursday, June 18, 2020.**

Yours faithfully,

Tsuneo Amano

Representative Director and President

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PARTICULARS

1. **Date and time:** Friday, June 19, 2020 at 10:00 a.m.
2. **Place:** Otemon Pine Building
2nd Floor Conference Room
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

3. **Agenda:**

Matters to be reported:

1. Business report, consolidated financial statements for the 164th fiscal year (April 1, 2019 to March 31, 2020), and results of audit thereof by accounting auditors and the Audit & Supervisory Committee
2. Non-consolidated financial statements for the 164th fiscal year (April 1, 2019 to March 31, 2020)

Matters to be resolved:

- First Proposal:** Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members)
- Second Proposal:** Election of Three (3) Directors who are Audit & Supervisory Committee Members
- Third Proposal:** Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member

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Matters to be resolved and Reference Information

First Proposal: Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding those who are Audit & Supervisory Committee Members) will expire at the close of this general meeting of shareholders. Therefore, the shareholders are asked to elect four (4) Directors (excluding those who are Audit & Supervisory Committee Members).

The candidates are presented below:

No.	Name	Attendance at meetings of the Board of Directors	Titles and responsibilities at the Company and significant concurrent positions
1	Shinichiro Kushima Re-nominated	100% (14 out of 14)	Representative Director and Chairman Director, Mitsui Matsushima International Pty. Ltd. Director, Meiko Shokai Co., Ltd.
2	Taishi Yoshioka Newly-nominated	—	Managing Executive Officer in charge of Business Planning Department Director, Mitsui Matsushima International Pty. Ltd. Director, Meiko Shokai Co., Ltd. Director, Hanabishi Sewing Co., Ltd. Director, Sansei Denshi Co., Ltd. Director, KMT Corporation., Ltd.
3	Tsuneo Amano Re-nominated	93% (13 out of 14)	Representative Director and President CEO, Mitsui Matsushima International Pty. Ltd. Representative Director and Chairman, Mitsui Matsushima Co., Ltd.
4	Hironori Higaki Newly-nominated External Independent	—	Representative Director, Vice President and Executive Officer, Kyudenko Corporation Representative Director and President, Bayside Place Hakata Co., Ltd.

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
1	Shinichiro Kushima (June 4, 1951)	April 1975	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the “ Bank ”)	17,500 shares
		Feb. 1995	In charge of International Planning Department of the Bank, and Vice President of Bank Sakura Swadharma	
		Oct. 1999	General Manager of Kagoshima Branch of the Bank	
		April 2004	Director and General Manager of Administration Division of Verde Kyushu Co., Ltd.	
		June 2005	Joined the Company as Director and Managing Executive Officer	
		June 2007	Director and Senior Managing Executive Officer	
		April 2008	Director, Executive Vice President and Executive Officer	
		Oct. 2008	Representative Director, President and Executive Officer	
		June 2014	Representative Director and Chairman (to present)	
		(Important positions at other organizations concurrently assumed) Director, Mitsui Matsushima International Pty. Ltd. Director, Meiko Shokai Co., Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Shinichiro Kushima was the Representative Director and President of the Company and is now its Representative Director and Chairman. As the manager of an enterprise, he has contributed to stabilizing and diversifying revenues by promoting an improved and strengthened financial base, and aggressively launching new businesses through M&As, etc., as well as reinforcing the corporate governance of the Group. In addition, he plays a leading role in ensuring appropriate decision-making by enriching agenda deliberations as a chairman managing and leading the Board of Directors of the Company.</p> <p>The Company will ask the shareholders to reelect him as Director because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill a decision-making role on important matters and oversee operations and their execution for the Group.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
2	Taishi Yoshioka (June 13, 1969)	Nov. 1992	Joined J. P. Morgan Securities, Tokyo Branch (presently JPMorgan Securities Japan Co., Ltd.)	1,300 shares
		June 1995	Joined Prudential Life Insurance Co., Ltd.	
		Oct. 2001	Joined Deloitte Tohmatsu FAS Co., Ltd.	
		Jan. 2007	Joined GCA Co., Ltd.	
		July 2013	Joined the Company, concurrently serving as General Manager of the Overseas Business Department and General Manager of the Business Planning Department	
		July 2014	General Manager of the Business Planning Department	
		April 2017	Executive Officer, and General Manager of the Business Planning Department	
		April 2018	Managing Executive Officer, and General Manager of the Business Planning Department	
		April 2019	Managing Executive Officer in charge of the Business Planning Department (to present)	
		(Important positions at other organizations concurrently assumed) Director, Mitsui Matsushima International Pty. Ltd. Director, Meiko Shokai Co., Ltd. Director, Hanabishi Sewing Co., Ltd. Director, Sansei Denshi Co., Ltd. Director, KMT Corporation., Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Since joining the Company in July 2013, Mr. Taishi Yoshioka, who has vast experience in and knowledge of the M&A advisory business, has led M&As mainly for the Business Planning Department, and stabilized and diversified the Group's revenues.</p> <p>The Company will ask shareholders to elect him as Director because his extensive experience and precise decision-making capabilities, as well as a strategy-oriented mind grounded therein, are indispensable in promoting the profit growth of the Group, including fulfillment of the mid- to long-term business plan. He is expected to make great contributions toward enhancing the corporate value of the Group by directing it as a whole as Representative Director and President of the Company.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
3	Tsuneo Amano (July 8, 1958)	April 1981	Joined Kawasho Corporation (presently JFE Shoji Trade Corporation)	13,100 shares
		April 2001	General Manager of Raw Materials Division of Kawasho Corporation	
		Jan. 2004	Joined Corning International KK, General Manager of Optical Communication System Sales Department	
		Aug. 2008	Joined the Company, temporarily transferred to Mitsui Matsushima International Pty. Ltd.	
		June 2009	Executive Officer, and General Manager of Fuel and Energy Business Division	
		June 2010	Director and Managing Executive Officer, and General Manager of Fuel and Energy Business Division	
		April 2013	Director and Managing Executive Officer, General Manager of Fuel and Energy Business Division, and in charge of Real Estate Business Division and Overseas Business Department	
		June 2014	Representative Director and President (to present)	
		(Important positions at other organizations concurrently assumed) CEO, Mitsui Matsushima International Pty. Ltd. Representative Director and Chairman, Mitsui Matsushima Co., Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Tsuneo Amano has long-term experience in coal sales, having led the Energy Business of the Group since joining the Company. After assuming the position of Representative Director and President of the Company in June 2014, he has been the center of management and promoted the stabilization and diversification of revenues of the Group as Chief Operating Officer.</p> <p>The Company will ask the shareholders to reelect him as Director because he is expected to enable appropriate decision-making by the Board of Directors and fulfill sufficient supervision of operations and their execution for the Group, backed by his past record, rich experience and deep insight accumulated through his experience managing the Group.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
4	Hironori Higaki (July 7, 1951)	April 1974	Joined Nippon Steel Corporation (<i>Shin Nippon Seitetsu Kabushiki Kaisha</i>) (presently Nippon Steel Corporation (<i>Nippon Seitetsu Kabushiki Kaisha</i>))	None
		July 1993	Head of General Administration Office of Nippon Steel Corporation	
		July 1995	Head of Corporate Secretariat of Nippon Steel Corporation	
		April 1999	General Manager, Raw Materials Division of Nippon Steel Corporation	
		July 2008	Joined Kyudenko Corporation, General Manager of Corporate Planning Division	
		April 2009	Executive Officer of Kyudenko Corporation	
		Sept. 2010	Representative Director and President of Bayside Place Hakata Co., Ltd. (to present)	
		May 2012	Senior Executive Officer of Kyudenko Corporation	
		April 2013	Managing Executive Officer of Kyudenko Corporation	
		June 2013	Director and Managing Executive Officer of Kyudenko Corporation	
		April 2015	Director and Senior Managing Executive Officer of Kyudenko Corporation	
		June 2017	Representative Director, Vice President and Executive Officer of Kyudenko Corporation (to present)	
(Important positions at other organizations concurrently assumed) Representative Director, Vice President and Executive Officer, Kyudenko Corporation Representative Director and President, Bayside Place Hakata Co., Ltd.				
<p>(Reasons for nominating the candidate for External Director)</p> <p>Mr. Hironori Higaki has organizational management experience at a representative company of Japan, which he has cultivated since joining the former Nippon Steel Corporation (<i>Shin Nippon Seitetsu Kabushiki Kaisha</i>) in 1974, through his service as its Head of the General Administration Office, Head of the Corporate Secretariat, and General Manager of the Raw Materials Division. After joining Kyudenko Corporation in 2008, he directed business execution mainly in the international business as Executive Officer and Director and accumulated general management experience at the company, as well as other experience upon assuming the positions of Representative Director, Vice President and Executive Officer of the company in 2017. The Company will ask the shareholders to elect him as External Director because it believes that his excellent experience in business execution and corporate management, and vast knowledge grounded therein, are expected to bring a fuller and more diverse perspective to the Board of Directors of the Company, and that he will make great contributions toward enhancing its performance and corporate value.</p> <p>(Matters concerning independence)</p> <p>As Mr. Hironori Higaki meets the requirements of Independent Officers as stipulated in the regulations of the TSE and FSE, the Company will register him as an Independent Officer with both exchanges upon his election.</p>				

(Notes)

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1. There are no special interests between the Company and any of the Director candidates.
2. The election and compensation of candidates for Directors (excluding Audit & Supervisory Committee Members) were determined to be appropriate as a result of deliberations of the Audit & Supervisory Committee.
3. The Company has set forth a provision in its Articles of Incorporation that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. If the nomination of Mr. Hironori Higaki is approved, the Company is scheduled to enter into an Agreement for Limitation of Liability with him.
4. Employees of Kyudenko Corporation, at which Mr. Hironori Higaki served as Director, were indicted in March and April 2019 in connection with the construction of a human waste treatment plant ordered by Chikujo-cho, Fukuoka in 2016, and adjudged guilty. Mr. Higaki was not aware of the matter, but upon its discovery, he investigated the facts; disciplined related personnel; organized, promoted and further reinforced the compliance system; formulated recurrence prevention measures; and took other actions as head of the investigation committee, thus appropriately performing his duties as Director.

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Second Proposal: Election of Three (3) Directors who are Audit & Supervisory Committee Members

The terms of office of all three (3) Directors who are Audit & Supervisory Committee Members will expire at the close of this general meeting of shareholders. Therefore, the shareholders are asked to elect three (3) Directors who are Audit & Supervisory Committee Members.

The consent of the Audit & Supervisory Committee has been obtained with regard to this proposal.

The candidates are presented below:

No.	Name	Attendance at meetings of the Board of Directors		Titles, responsibilities at the Company and significant concurrent positions		
		Attendance at meetings of the Audit & Supervisory Committee				
1	Toshihiro Nomoto	Newly-nominated	100% (14 out of 14)	Director and Senior Managing Executive Officer General Manager of Consumer Goods & Services Business Division Director of Minato Club Operations Co., Ltd.		
			—			
2	Takashige Araki	Re-nominated	External	Independent	100% (14 out of 14)	External Director (Full-time Audit & Supervisory Committee Member) Audit & Supervisory Board Member of Meiko Shokai Co., Ltd. Audit & Supervisory Board Member of Clean Surface Technology Co., Ltd. Audit & Supervisory Board Member of Hanabishi Sewing Co., Ltd.
					100% (14 out of 14)	
3	Tetsuya Notabe	Re-nominated	External	Independent	100% (14 out of 14)	External Director (Audit & Supervisory Committee Member) Representative Partner of Kawano & Notabe Law Office Representative of the House of Delegates of Fukuoka Bar Association
					100% (14 out of 14)	

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
1	Toshihiro Nomoto (March 11, 1958)	April 1982	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the “ Bank ”)	5,900 shares
		April 2004	General Manager, Kawaguchi Corporate Business Office of the Bank	
		April 2006	General Manager, Jiyugaoka Corporate Business Office of the Bank	
		April 2009	General Manager, Omori Corporate Business Office of the Bank	
		May 2011	Temporarily transferred to the Company, General Manager of Corporate Planning Department	
		May 2012	Joined the Company, Administration Officer, and General Manager of Corporate Planning Department	
		April 2013	Executive Officer, General Manager of Corporate Planning Department, and in charge of Accounting Department and Information Systems Department	
		June 2014	Director and Managing Executive Officer, General Manager of Corporate Planning Department, and in charge of Accounting Department and Information Systems Department	
		June 2015	Director and Managing Executive Officer, General Manager of Corporate Planning Department and Accounting Department, and in charge of Systems Planning Development Office	
		April 2017	Director and Managing Executive Officer, General Manager of Accounting Department, and in charge of Corporate Planning Department	
		April 2018	Director and Senior Managing Executive Officer, and General Manager of Consumer Goods & Services Business Division (to present)	
		(Important positions at other organizations concurrently assumed)		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Toshihiro Nomoto, utilizing his long-term work experience at financial institutions, has contributed to improving and strengthening the financial standing of the Company, as well as stabilizing and diversifying revenues of the Group as the person mainly responsible for the accounting and corporate planning departments since joining the Company in 2012.</p> <p>The Company will ask the shareholders to elect him as Director who is an Audit & Supervisory Committee Member because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill a decision-making role on important matters and oversee operations and their execution for the Group.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
	Takashige Araki (October 13, 1951)	April 1975	Joined The Shinwa Bank, Ltd.	1,100 shares
June 2005		President and Representative Director of The Shinwa Bank, Ltd. Director of Kyushu-Shinwa Holdings Inc.		
June 2006		President and Representative Director of Kyushu-Shinwa Holdings Inc.		
June 2008		Audit & Supervisory Board Member of the Company (External)		
Aug. 2008		President and Representative Director of FFG Business Consulting Co., Ltd.		
June 2012		Full-time Audit & Supervisory Board Member of the Company (External)		
June 2016		External Director of the Company (Full-time Audit & Supervisory Committee Member) (to present)		
(Important positions at other organizations concurrently assumed) Audit & Supervisory Board Member, Meiko Shokai Co., Ltd. Audit & Supervisory Board Member, Clean Surface Technology Co., Ltd. Audit & Supervisory Board Member, Hanabishi-Sewing Co., Ltd.				
2	<p>(Reasons for nominating the candidate for External Director) Mr. Takashige Araki has long-term, top-management experience cultivated at financial institutions as Representative Director and President of The Shinwa Bank, Ltd. and as the manager of an enterprise. In addition, he has been an External Audit & Supervisory Board Member of the Company and an External Director of the Company (a Full-time Audit & Supervisory Committee Member) since June 2008 and June 2016, respectively, and has made significant efforts to supervise business execution from an independent and fair position. Furthermore, he has contributed to reinforcing the corporate governance of the Group by giving appropriate advice and recommendations on the management of the Company, while concurrently assuming the position of Audit & Supervisory Board Member of a company, which recently joined the Group. The Company will ask the shareholders to reelect him as Director who is an Audit & Supervisory Committee Member because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill the a decision-making role on important matters and oversee operations and their execution for the Group.</p> <p>(Matters concerning independence) Mr. Takashige Araki was Representative Director and President of The Shinwa Bank, Ltd., one of the main banks of the Company, until October 2007. However, he does not currently hold any positions at, or receive any compensation from, the bank. Therefore, he has no conflicts of interest therewith, which the Company also believes will not arise with general shareholders. The Company has designated him as an Independent Officer as provided for by the TSE and FSE, and registered him with both exchanges. The Company will continually register him as an Independent Officer with the TSE and FSE upon his reelection.</p>			

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
	Tetsuya Notabe (August 10, 1958)	April 1991	Registered as Attorney-at-Law	4,500 shares
		April 1991	Joined Yoshiaki Kawano Law Office	
		April 1997	Opened Kawano & Notabe Law Office	
		June 2013	Audit & Supervisory Board Member of the Company (External)	
		April 2015	Representative Partner of Kawano & Notabe Law Office (to present)	
		June 2016	External Director of the Company (Full-time Audit & Supervisory Committee Member) (to present)	
		(Important positions at other organizations concurrently assumed) Representative Partner, Kawano & Notabe Law Office Representative of the House of Delegates of Fukuoka Bar Association		
3	<p>(Reasons for nominating the candidate for External Director)</p> <p>Mr. Tetsuya Notabe has not been directly involved in corporate management other than through his position as an external officer; however, as an Audit & Supervisory Board Member and a Director who is an Audit & Supervisory Committee Member of the Company since June 2013 and June 2016, respectively, he has made significant efforts to supervise business execution from an independent and fair position. In addition, he has proactively provided appropriate multi-dimensional advice and recommendations about corporate legal affairs and compliance from a technical viewpoint at meetings of the Board of Directors.</p> <p>The Company will ask the shareholders to reelect him as Director who is an Audit & Supervisory Committee Member because it believes that he has the experience and knowledge to enable precise and fair supervision of the overall management of the Group, and he has sufficient capabilities to fulfill a decision-making role on important matters and oversee operations and their execution for the Group.</p> <p>(Matters concerning independence)</p> <p>The Company has designated Mr. Tetsuya Notabe as an Independent Officer as provided for by the TSE and FSE, and registered him with both exchanges. The Company will continually register him as an Independent Officer with the TSE and FSE upon his reelection.</p>			

(Notes)

1. There are no special interests between the Company and any of the Director candidates.
2. At the close of this general meeting of shareholders, Messrs. Takashige Araki and Tetsuya Notabe will have been in office as External Directors who are Audit & Supervisory Committee Members for four (4) years. They were External Audit & Supervisory Board Members of the Company in the past. Mr. Araki was an Audit & Supervisory Board Member of Nippon Straw Co., Ltd., which is a subsidiary of the Company.
3. Mr. Takashige Araki is an Audit & Supervisory Board Member of Meiko Shokai Co., Ltd., Clean Surface Technology Co., Ltd. and Hanabishi-Sewing Co., Ltd., which are business entities that have special relationships with the Company as its wholly-owned subsidiaries.
4. The Company has set forth a provision in the Articles of Incorporation that it may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. The Company has entered into an Agreement for Limitation of Liability

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with Messrs. Takashige Araki and Tetsuya Notabe. If the nominations of Messrs. Nomoto, Araki and Notabe are approved, the Company is scheduled to enter into an Agreement for Limitation of Liability with each of them.

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Third Proposal: Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member

The effect of the election of Mr. Takashi Shinohara to the position of Substitute Director who is an Audit & Supervisory Committee Member, which was approved at the 162nd Annual General Meeting of Shareholders held on June 22, 2018, will expire at the opening of this general meeting of shareholders. Therefore, the Company requests the election of one (1) Substitute Director who is an Audit & Supervisory Committee Member as a substitute for all Directors who are Audit & Supervisory Committee Members in advance to prepare for any cases where the number of Directors who are Audit & Supervisory Committee Members falls below the number stipulated by laws and regulations.

The consent of the Audit & Supervisory Committee has been obtained with regard to this proposal.

The sole candidate is presented below:

Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
Takashi Shinohara (December 7, 1954)	March 1980	Registered as Certified Public Accountant	None
	Jan. 1982	Opened CPA Shinohara Takashi Office	
	May 1984	Registered as Certified Public Tax Accountant	
	Jan. 2010	Representative Partner of Shinohara & Ueda Tax Corporation (to present)	
	June 2010	External Director of the Company	
	(Important positions at other organizations concurrently assumed) Representative Partner, Shinohara & Ueda Tax Corporation		
(Reasons for nominating the candidate as Substitute External Director) From a technical viewpoint, Mr. Takashi Shinohara has contributed to the management of the Company at meetings of the Board of Directors with his extensive experience and advanced technical knowledge of corporate accounting and tax affairs gained as a certified public accountant and certified public tax accountant, as well as with his expertise and broad practical experience developed through his involvement in the overall management of the Company as an External Director of the Company between June 2010 and June 2016. Considering these accomplishments, the Company will ask the shareholders to reelect him as a candidate for Substitute Director who is an Audit & Supervisory Committee Member because it believes that he can supervise the management of the Company from an independent and objective perspective based on the experience, knowledge and insights that he has developed.			
(Matters concerning independence) As Mr. Takashi Shinohara meets the requirements of Independent Officers as stipulated in the regulations of the TSE and FSE, the Company will register him as an Independent Officer with both exchanges upon his election.			

(Notes)

1. There are no special interests between the Company and the candidate.
2. Mr. Shinohara was an External Director of the Company in the past.
3. The Company has set forth a provision in the Articles of Incorporation that it may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. If the nomination of Mr. Takashi Shinohara is approved, the Company is scheduled to enter into an Agreement for Limitation of Liability with him.

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Reference Material

1. Company Management Systems and Policies

(1) Systems to ensure directors perform their duties in compliance with laws, regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of business activities:

Pursuant to the provisions of the Companies Act and the Companies Act Enforcement Regulations, the Board of Directors of the Company has approved the following basic policy concerning the establishment of internal control systems.

Based on the basic policy, the Company ensures the appropriateness of business activities, and constantly reviews and improves the current systems for the purpose of establishing better internal control systems.

1. System to ensure directors of the group of companies consisting of the Company and its subsidiaries (the “**Corporate Group**”) perform their duties in compliance with laws, regulations and the Articles of Incorporation:

The Corporate Group has established and enforces the “Corporate Philosophy”, “Management Vision: Our Goals for the Next Century” and “Compliance Manual” as the code of conduct for all members of the Company including directors and employees. The Regulations for the Board of Directors have been established to ensure its proper activities. The Board of Directors’ Meetings are in principle held once a month and at any time necessary. Directors exchange opinions, mutually supervise business execution, seek the opinion of legal counsel and other professionals as required, and take actions aimed at preventing any violation of laws, regulations or the Articles of Incorporation.

The Company has an Audit & Supervisory Committee which audits the performance of directors in accordance with auditing methods and divisions of responsibilities prescribed by the committee. If any director discovers any violation of laws, regulations or the Articles of Incorporation by another director, he or she shall immediately report it to the Audit & Supervisory Committee and the Board of Directors so that corrective measures can be taken.

2. System for the storage and management of information concerning directors’ performance of their duties:

Information and documents concerning the directors’ performance of their duties shall be properly stored and managed (including the disposal thereof) in accordance with the Company’s internal rules, with the actual conditions of storage and management to be examined and the rules to be

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reviewed and amended, as necessary.

3. The Corporate Group's regulations and other systems concerning risk management of loss:
 - i. Based on the Risk Management Regulations that set forth the basic framework for risk management for the Corporate Group, mainly the Risk Management Committee shall collect and assess risk information in an integrated and comprehensive manner, identify critical risks and address such risks according to their materiality.
 - ii. Risks inherent in significant decision-making for business execution shall be considered by each company and department in advance before further assessment by the Management Meeting and the Board of Directors to prevent losses from occurring.
 - iii. Risks in business activities in each company and department, such as risks in purchase and sale transactions, foreign exchange and interest rate fluctuations, and credit risks, shall be assessed, settled or approved based on the Regulations for Delegating Job Responsibilities to avoid or prevent the risk of loss.
 - iv. The Internal Audit Department shall perform audits of the risk management system. Each audited company and department shall promptly take corrective or improvement measures as needed.

4. Systems to ensure the efficient execution of directors' duties:
 - i. The Executive Officer system shall be introduced with the aim of prompt and efficient decision-making through the separation of management functions and business execution.
 - ii. As a decision-making body other than the Board of Directors, the Company has established the Management Meeting, which is attended by the Representative Directors and Executive Officers, and delegates partial authority to it, leaving only the most important matters for resolution by the Board of Directors, to ensure the efficient execution of directors' duties. The Company shall establish a system to ensure that all board members receive sufficient advance materials on the agenda items presented to the Board of Directors in accordance with the principle of management decisions.
 - iii. In order to conduct daily business activities, authority shall be delegated to relevant departments based on the Regulations for Delegating Job Responsibilities and Regulations for the Assignment of Business Activities. In addition, the persons at each level of responsibility shall perform their jobs in accordance with the decision-making rules.

5. Systems to ensure the Corporate Group's employees perform their duties in compliance with laws, regulations and the Articles of Incorporation:
 - i. In order to ensure that all employees of the Corporate Group thoroughly comply with laws, regulations and the Articles of Incorporation, the Company has established the Compliance

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- Committee chaired by the Representative Director and President, and a system for all employees to internally report any violation of laws, regulations or the Articles of Incorporation under the Compliance Rules and Compliance Manual.
- ii. The Company has established a reporting system whereby the details of any compliance-related situation or event, and proposals for appropriate countermeasures, are reported to the Board of Directors and the Audit & Supervisory Committee via the Compliance Committee, if any such situation or event occurs.
 - iii. The Compliance Committee shall appoint a person-in-charge and a promoter in each department in accordance with the provisions of the Compliance Rules, and control and supervise adherence to the Compliance Manual.
 - iv. The Internal Audit Department shall perform audits of the status of compliance with laws, regulations, the Articles of Incorporation and other internal regulations. Each audited department shall promptly take corrective or improvement measures as needed.
6. Other systems to ensure the appropriateness of business operations of the Corporate Group:
- i. The Company has established the Group Company Management Rules, which specify the policy for the appropriate management of its subsidiaries, and the Company's Energy Business Division and Consumer Goods & Services Business Division administer the matters to be reported by the controlled subsidiaries to the Company and those to be approved by the Company.
 - ii. Decision-making processes related to business execution of the subsidiaries shall be implemented according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries. The Company shall ensure the appropriateness of business operations of the subsidiaries by maintaining certain involvement by the Company in the decision-making of the subsidiaries.
 - iii. The Internal Audit Department of the Company shall enter into an internal auditing agreement with its subsidiaries and shall conduct internal audits for the Group as a whole. The audit results shall be reported to relevant departments and the Board of Directors of the Company, and corrective and improvement measures shall be taken as needed.
 - iv. As members of society, the Corporate Group shall not have any relationship with antisocial forces or organizations that threaten the order and safety of civil society, and shall take a firm stance against such forces or organizations.
7. Matters concerning the appointment of employees to assist the Audit & Supervisory Committee in performing its duties:
- The Company may assign employees to assist the Audit & Supervisory Committee in performing its duties for required periods of time, if requested by the committee.

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8. Matters concerning the independence of employees assisting the Audit & Supervisory Committee in performing its duties from directors, and matters for ensuring the effectiveness of instructions given to those employees:
 - i. Consent of the Audit & Supervisory Committee is required to appoint or remove any employees who assist the committee in performing its duties.
 - ii. All employees who assist the Audit & Supervisory Committee in performing its duties shall be subject to its direction and orders during the period of their service in assisting the committee.

9. System for directors and employees of the Corporate Group to report to the Audit & Supervisory Committee, other systems for reporting to the committee, and system to ensure that those reporters are not treated adversely for making such reports:
 - i. Directors and employees of the Corporate Group shall report or provide information as necessary upon any Audit & Supervisory Committee Member's request, in accordance with the decision of the Audit & Supervisory Committee.
 - ii. Matters to be reported or informed under the preceding paragraph shall mainly include the following:
 - Situation of activities of departments involved in establishing the Corporate Group's internal control systems
 - Situation of activities of the Audit & Supervisory Board Members and the Internal Audit Department or any equivalent departments of any of the Company's subsidiaries, etc.
 - The Corporate Group's significant accounting policy, accounting standards and changes thereof
 - Details of the announcement of operating results of the Corporate Group or forecasts thereof and other important disclosure documents of the group
 - Operation of the internal reporting system of the Corporate Group and details of the reported information
 - Obligatory circulation of decision approval forms and minutes of meetings of the Corporate Group requested by Audit & Supervisory Committee Members
 - iii. The Company shall not adversely treat any person belonging to the Corporate Group who reports or provides information to the Audit & Supervisory Committee as described in this paragraph on the grounds that he or she made such report or provided such information.

10. Matters concerning the procedures for advance payment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Committee Members, and any other policies for settlement of costs or debts incurred for the execution of their duties:

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- i. The Company shall include in its budget for each fiscal year a certain amount to reimburse expenses to be incurred for the execution of duties by Audit & Supervisory Committee Members.
- ii. If any Audit & Supervisory Committee Members request advance payment of expenses to be incurred to execute their duties or make any other similar requests to the Company, then the Company shall settle such expenses or debts in a timely manner upon consideration by the relevant department unless it determines that those expenses or debts are not necessary for the execution of their duties.

11. Other systems to ensure the effectiveness of audits by the Audit & Supervisory Committee:

The Audit & Supervisory Committee shall meet at least twice a year to hear from the Executive Directors in charge of each business operation and important employees individually (or at any time deemed necessary by the committee). In addition, periodic meetings shall be held for the Representative Directors and accounting auditors to exchange opinions.

12. System to ensure the reliability of financial reports:

In order to ensure the reliability of financial reports, and to effectively and appropriately submit the internal control reports specified in Article 24-4-4 of the Financial Instruments and Exchange Act as promulgated by the Financial Services Agency in June 2006, the Company, under the direction of the Representative Director and President, has established an internal control system to ensure compliance with the Financial Instruments and Exchange Act and other related laws and regulations, along with continuously evaluating and making the necessary adjustments to ensure the appropriate functioning of the system's mechanisms.

(2) Outline of the status of operation of the system to ensure appropriateness of business activities

The following is an outline of the status of operation of the system to ensure the appropriateness of the business activities of the Corporate Group:

1. Directors' performance of their duties:

The Board of Directors of the Company consists of seven (7) Directors (including three (3) Directors who are Audit & Supervisory Committee Members), and held Board of Directors' Meetings fourteen (14) times during the period under review. The Board of Directors deliberates on important business execution and other important matters stipulated in the Regulations for the Board of Directors, and oversees the status of business execution.

The Company held the Management Meeting attended by Representative Directors, Executive Officers, and Audit & Supervisory Committee Members (as observers) eleven (11) times during the period under review. Matters to be discussed at Board of Directors' Meetings and other

important matters related to business execution delegated by the Board of Directors are deliberated at the Management Meeting.

2. Risk management:

The Company held the Risk Management Committee Meeting chaired by the President and consisting of Executive Officers and the above persons, the Manager of the Internal Audit Department, and Audit & Supervisory Committee Members (as observers) two (2) times during the period under review. The Risk Management Committee evaluates all risks reported by all departments and subsidiaries of the Company, identifies critical risks, and then decides policies for enacting measures against such risks, and confirms the progress of those measures. The Internal Audit Department performs audits of the risk management system and reports the results to the Risk Management Committee.

3. Compliance:

The Corporate Group has distributed the Compliance Manual to all employees and holds compliance promotion meetings regularly at all departments and subsidiaries of the Company to raise compliance awareness and confirm adherence to the manual.

Further, the Company held the Compliance Committee Meeting chaired by the President and consists of Executive Officers and the above persons, the Manager of the Internal Audit Department, and Audit & Supervisory Committee Members (as observers) three (3) times during the period under review. The Compliance Committee deliberates matters related to compliance or reports on internally reported matters, and confirms the progress of those measures.

The Internal Audit Department performs audits of the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules and regulations, and provides guidance on correction and improvement as needed.

4. Subsidiary management system:

In accordance with the Group Company Management Rules, the Energy Business Division or the Consumer Goods & Services Business Division in charge of managing subsidiaries receives reports on the business conditions of the controlled subsidiaries, and manages matters to be reported to the Company or to be approved according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries.

In order to ensure the appropriateness of the business operations of the subsidiaries, matters related to the management of the subsidiaries that are particularly important are deliberated and decided upon at the Board of Directors' Meetings or the Management Meeting of the Company. In addition, the Internal Audit Department has entered into an internal auditing agreement with and conducted internal audits for the subsidiaries.

5. Audit system of the Audit & Supervisory Committee:

The Audit & Supervisory Committee consists of three (3) Directors who are Audit & Supervisory Committee Members (including two (2) External Directors) and appoints two (2) Full-time Audit & Supervisory Committee Members through mutual voting by the committee members. In addition, the Company assigned one (1) employee to assist the Audit & Supervisory Committee in performing its duties based on a request from the committee itself.

The Company held the Audit & Supervisory Committee Meeting fourteen (14) times during the period under review, and held discussions and made decisions based on audit results reported by each Audit & Supervisory Committee Member.

In accordance with the audit policies and division of duties established and specified by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member investigates the status of operations, assets and properties of the Company and subsidiaries, and audits the execution of duties of Directors. Specifically, Audit & Supervisory Committee Members attend important internal meetings including the Board of Directors' Meetings and exchange opinions with Representative Directors to ensure the effectiveness of audits. In addition, Audit & Supervisory Committee Members endeavor to work with accounting auditors, the Internal Audit Department, and Audit & Supervisory Board Members of subsidiaries, as well as to conduct interviews to hear from Executive Directors in charge of each business operation, important employees, and all subsidiaries individually.

(3) Basic policy concerning the control of a stock company:

1. Outline of basic policy:

The Company, as a company whose shares are listed on financial instrument exchanges, respects the free transaction of its shares, etc. on markets and does not unconditionally refuse large-scale purchases of its shares, etc. by any particular persons, as long as they facilitate the securement and enhancement of the corporate value of the Corporate Group and, in turn, the common interests of its shareholders. Furthermore, the Company believes that the decisions on whether to accept any proposals of large-scale purchases by large-scale purchasers, and agree to such large-scale purchases, should ultimately be left to the judgment of its shareholders.

However, there are certain proposals for large-scale purchases of shares, etc. that, if implemented, are likely to damage the corporate value of the Corporate Group and, in turn, the common interests of its shareholders, including those that may adversely affect the maintenance of good relationships between the Corporate Group and its stakeholders, may not fully reflect the value of the Corporate Group, or may not provide sufficient information necessary for shareholders to make any final decisions.

In response to such proposals, the Company's Board of Directors, as the directors entrusted by its

shareholders to manage the Company, believes that its duty is to (i) secure the time and information necessary for the shareholders, (ii) engage in negotiations with those persons who propose to make large-scale purchases of shares, etc., and (iii) conduct any other necessary acts, thereby securing and enhancing the corporate value of the Corporate Group and, in turn, the common interests of its shareholders.

2. Outline of the effort to realize the basic policy:

Since its establishment in 1913, the Corporate Group has developed its business mainly focused on coal production by leveraging its expertise and experience in coal mining operations and sophisticated mining technologies cultivated over the years, thereby contributing to the stable supply of energy in Japan.

Meanwhile, performance in the coal production business is greatly influenced by external factors such as coal prices and foreign exchange rates. And in recent years, we see signs of structural changes relating to energy resources, including the rising presence of renewable energy and shale gas, as well as the expected shrinkage of coal consumption in developed economies due to tightening CO2 emission controls.

In order to adapt to such future changes in the energy resource business and achieve a more stabilized and diversified revenue base, the Corporate Group continues to work in the area of coal production and also to develop and cultivate new businesses.

As for the continuous work in the area of coal production, the Corporate Group steadily promotes new ongoing projects with our superior coal-related expertise and technical capabilities and improves the profitability of the coal production business through cost-cutting measures for existing projects.

As for developing and cultivating new businesses, the Corporate Group has consistently promoted entry into new business fields in recent years, including contract services for recreational facilities and training centers, renewable energy, nursing care, beverage & food packages, fashion, and electronic parts. These new business achievements undertaken by the Corporate Group have become increasingly visible in our performance to date. The Corporate Group continues to promote a more stabilized and diversified revenue base by expanding the new businesses that the group has entered into and investing in new projects including M&As.

As described above, the Corporate Group will continuously expand its aggressive investment activities against the backdrop of its robust financial base and promote sustainable growth and development by constructing and expanding a stable business portfolio.

3. Framework for preventing inappropriate parties from controlling the Company's financial and business policies, in light of this basic policy:

At the Board of Directors' Meeting held on December 20, 2007, the Board of Directors of the

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Company resolved to introduce the “Countermeasures to Large-scale Purchase Actions (Takeover Defense Measures)” (the “**Measures**”), which were in effect until the close of the 152nd Annual General Meeting of Shareholders in consideration of the importance of the Measures.

At each of the 152nd, 155th, 158th and 161st Annual General Meetings of Shareholders held on June 27, 2008, June 24, 2011, June 27, 2014 and June 23, 2017, the shareholders approved proposals to extend the effective period of the Measures for three years, respectively.

The Measures aim to require any individual or group that attempts to purchase at least 20% of the Company’s shares without prior approval of the Board of Directors of the Company (a “**Large-scale Purchaser**”) to abide by the Large-scale Purchase Rules of the Company in order for sufficient time and information to be secured to allow the shareholders to properly decide whether to sell their shares to the Large-scale Purchaser. If the Large-scale Purchaser does not comply with the Large-scale Purchase Rules, or if it is reasonably determined that such purchase would be highly likely to be detrimental to the Company’s corporate and shareholder value, the Board of Directors of the Company may fulfill its obligation to the shareholders by taking countermeasures that are regarded as necessary and appropriate, including the free allotment of new share acquisition rights established under the terms and conditions of their exercise, acquisition and exercise period taking into account the effectiveness of such measures against such Large-Scale Purchasers.

Details of the Measures are published on the website of the Company. Please refer to the May 18, 2020 news release “Basic Policy Concerning the Control of Stock Companies (Countermeasures to Large-Scale Purchases of the Company’s Shares (Takeover Defense Measures))” via the following URL:

<https://www.mitsui-matsushima.co.jp/news/index.php>

4. Decision of the Board of Directors on the framework described in the preceding Item 3:
The Board of Directors of the Company believes that the framework described in the preceding Item 3 aims to ensure the enhancement of the Company’s corporate and shareholder value, as formulated in accordance with the basic policy concerning the control of the Company in Item 1 above, and does not harm the common interests of the shareholders.

In addition, the Company believes that the framework includes a mechanism for preventing arbitrary decisions and using the defense mechanism solely for the purpose of protecting the positions of current directors for the following reasons. First, the Company has established a system in which the use of defensive measures should be decided by taking into consideration the advice of the Independent Committee consisting of External Directors or other external expert individuals

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who are independent from the management team that executes the business of the Company. Second, the Measures can be terminated at any time at a general meeting of shareholders of the Company or by the Board of Directors, which is composed of directors elected by the shareholders at their annual general meeting. Third, there are the requirements of the recommendation of the Independent Committee and reasonable and objective terms and conditions of the resolutions or decisions by the Board of Directors of the Company set forth with respect to its decisions about whether to use the Measures or to suspend or cease them.

(Note) Non-Renewal of the Measures

The effective period of the Measures is scheduled to continue until the close of the 164th Annual General Meeting of Shareholders to be held on June 19, 2020. The Company has conducted a series of careful studies on the Measures, while referring to the opinions of shareholders, including institutional investors, on takeover defense measures. As a result of the studies, the Company believes that steady implementation of its mid-term business plan will contribute to securing corporate value and eventually the common interests of its shareholders. While also taking into consideration all recent trends in connection with takeover defense measures and other factors, the Company has determined not to renew the Measures at the Board of Directors' Meeting held on March 6, 2020.

Even after termination of the Measures, the Company continues to endeavor to secure corporate value and advance the common interests of its shareholders. If there are any proposals for any large-scale purchase of the Company's shares, the Company will endeavor to disclose information in a timely and appropriate manner, secure time for consideration by its shareholders, and take all other appropriate actions in compliance with the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations.

2. Policy concerning the determination of dividends, etc. distributed from retained earnings

The Company considers the return of profits to its shareholders as an important management priority, and has a basic policy of continuing to return profits to them in proportion to the operating results, thereby retaining the necessary internal reserves for the stable growth of the Company and the financial flexibility necessary for responding to the changing business environment.

About dividends from surplus, the Company sets a target dividend payout ratio of 30% under its mid-term business plan as a rough indicator, and the Board of Directors makes the ultimate decision based on a comprehensive perspective.