



Investor briefing #2

Governance wake-up call: Proxy voting for director accountability

Mitsui & Co. (TYO: 8031)

Sumitomo Corporation (TYO: 8053)

MAY 2026

DISCLAIMER: The information provided in this document does not constitute financial advice. The information is of a general nature only and does not take into account your individual financial objectives, situation, or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Market Forces recommends that you obtain your own independent professional advice before making any decisions in relation to your particular requirements or circumstances. This is a non-commercial product for public dissemination only. Not for sale. See more details at the end of this slide deck.



Directors' positions mandate specific risk oversight responsibility

Where you, as investors, are questioning the risk management of Mitsui and Sumitomo, whether related to legal risk, physical risk, goal misalignment, or project-based risks:

① We ask investors to discuss the issues raised in our briefings including risk management approaches with the Trading Houses themselves, both management and directors.

② Due to the issues and risks we have raised in our briefing, we ask investors to scrutinise directors in particular leadership positions within the Board.

③ If the investor is dissatisfied with the processes (or lack thereof) around the risks highlighted in our briefings, they can choose to vote against directors in these particular leadership positions as noted on the next pages.

This briefing does not allege particular wrongdoing on the part of any one director.

However, the positions of the directors we are recommending to vote against have responsibility for risk management oversight and ensuring board competence.

We do so in the interest of seeking accountability for the questionable risk management of Mitsui and Sumitomo as a whole and to push for improved governance practices.

Summary: Companies falling short of risk management and governance expectations



Mitsui and Sumitomo are exposed to material long-term risks that threaten shareholder value. Governance oversight and risk management are core responsibilities of directors.



Persistent climate misalignment—evidenced by continued investment in high-risk fossil fuel projects—alongside alleged human rights violations and a track record of involvement in controversial projects, points to **broad governance issues**.



These issues suggest that **risk is neither being adequately identified nor effectively managed**, undermining long-term corporate value and investor confidence.

VOTE NO

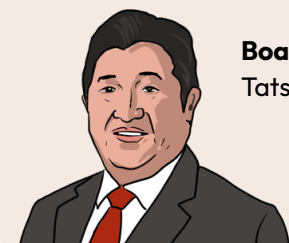
We recommend investors “Vote No” on the re-election of Mitsui and Sumitomo directors if investors find the companies fall short of governance expectations.

Investors should use their proxy voting rights to ensure sustainable growth and governance accountability for companies and investors’ own portfolios.

Recommended action: “Vote No” on the re-election of Mitsui and Sumitomo directors if investors find the companies are not adequately managing risks

Board Chair, Representative Directors, Audit Committee, Nomination Committee

Mitsui directors up for re-election



Board Chair
Tatsuo Yasunaga



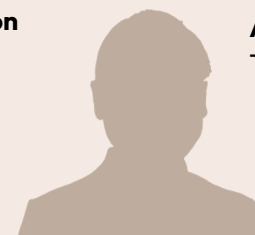
Representative Director, President and CEO
Kenichi Hori



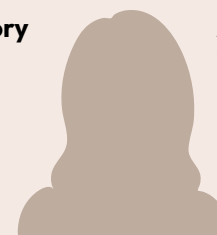
Director responsible for sustainability
Kazumasa Nakai



Chair of the Nomination Committee
Takeshi Uchiyamada

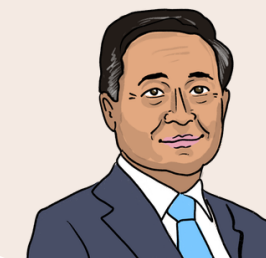


Audit & Supervisory
Tetsuya Shigeta

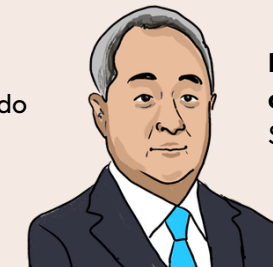


Audit & Supervisory
Yuko Tamai

Sumitomo directors up for re-election



Board Chair
Masayuki Hyodo



Director, President and CEO
Shingo Ueno



Director, President, and CFO
Reiji Morooka



Chair of the Nomination Committee
Takashi Mitachi

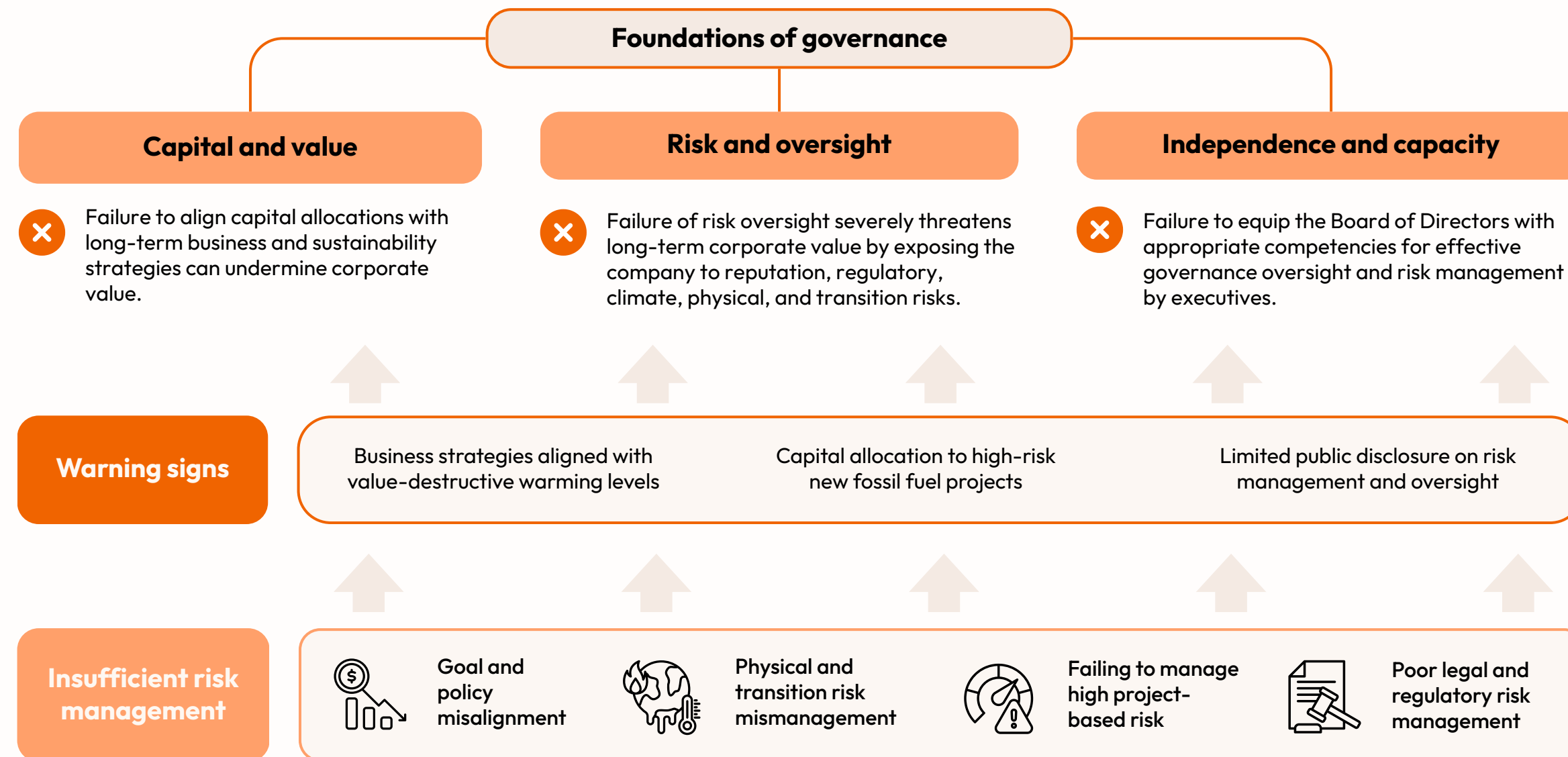


Audit & Supervisory
Mitsuhiro Takeda

“Vote No” on re-election of directors found to be falling short of governance expectations

Investors should use their proxy voting rights and take decisive stewardship action to protect long-term shareholder value

VOTE NO



We recommend investors “Vote No” on the re-election of Mitsui and Sumitomo directors if investors find them falling short of governance expectations

An aerial photograph of a river delta, showing a complex network of water channels and land. The image is overlaid with a semi-transparent green filter. The text is positioned in the lower right quadrant of the image.

Mitsui
Risk exposures require
enhanced governance

Financial risk from ongoing fossil fuel reliance

Mitsui derived approximately 27% of its profit directly from fossil fuel energy activities in FY25.*

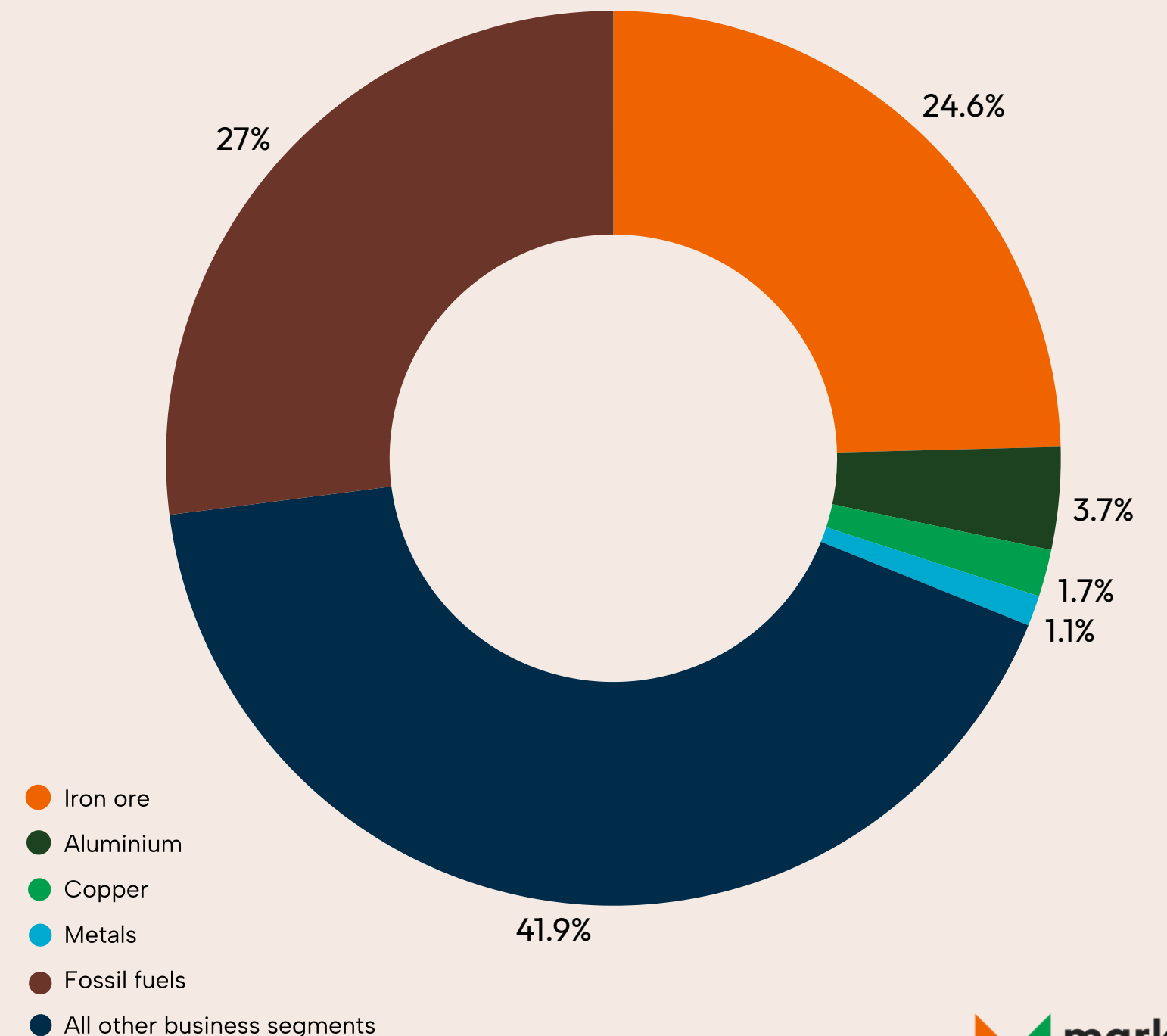
The vast majority of this was derived from its pureplay oil and gas 'Energy' segment, with additional profits from its fossil fuel power businesses, housed under the 'Machinery & Infrastructure' segment, and a minor contribution from metallurgical coal in its 'Mineral & Metals Resources' segment.

Given the highly uncertain future demand and profitability profiles for fossil fuel commodities and power, **continuing to invest in fossil fuel expansion activities is a high-risk and imprudent use of shareholder capital.**

*Mitsui also operates business segments which rely on fossil fuel inputs, such as the 'Chemicals' segment which produces petroleum products such as petrochemicals and methanol. This percentage only includes fossil fuel power and infrastructure activities, and the production and sale of coal, oil and gas.

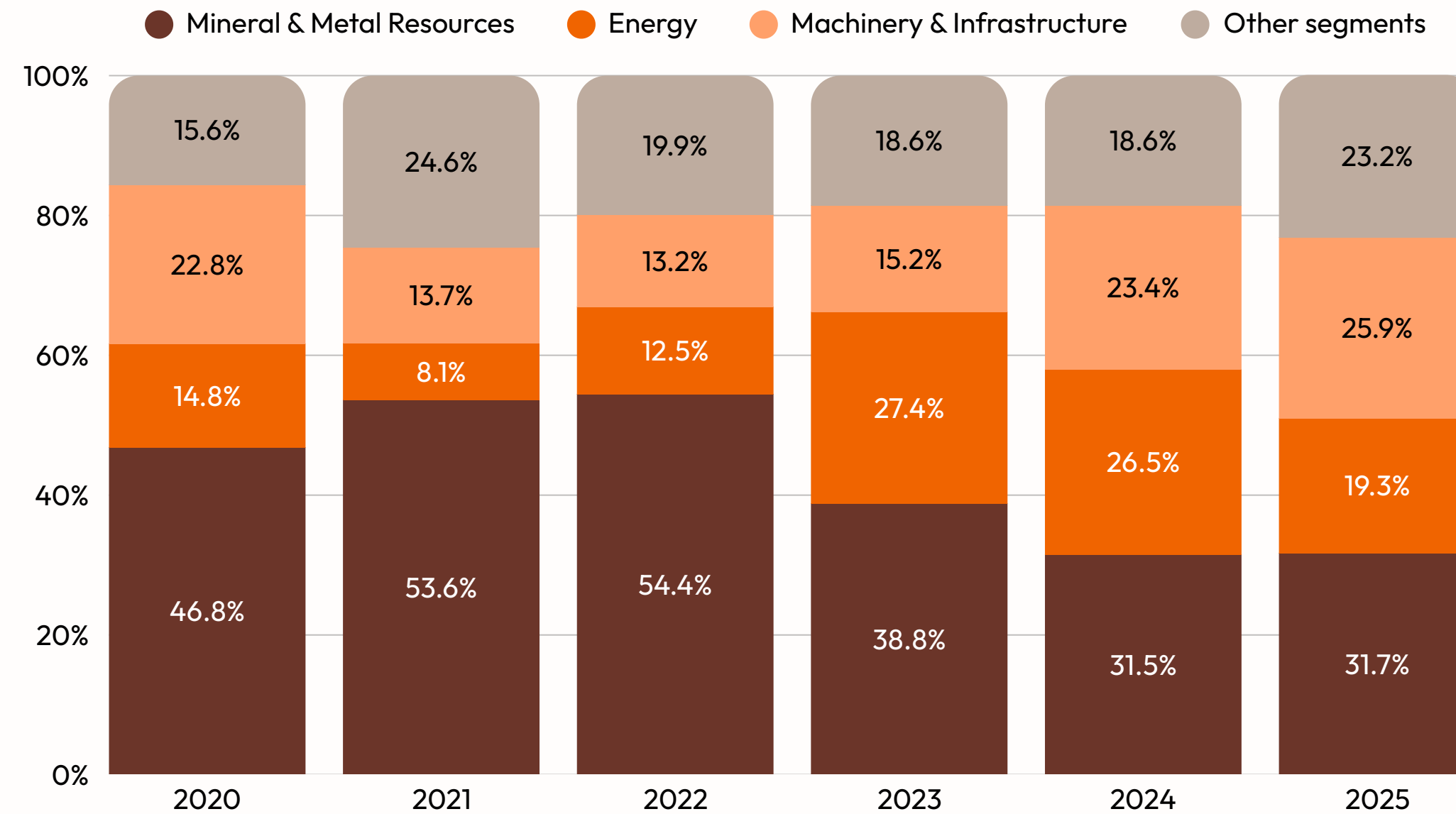
Mitsui's profit across different business segments

Source information: Profits taken from Mitsui's FY25 results. Fossil fuel profits were estimated using Mitsui's reported profits for each 'Principal Line of Business' in its reporting segments.



Investing in fossil fuel expansion would exacerbate risk exposure

Mitsui's business segments broken down by % of profit



Mitsui reports analysed by Market Forces: [FY20](#), [FY21](#), [FY22](#), [FY23](#), [FY24](#), [FY25](#)

As commodity-based businesses, both the **Energy and Mineral & Metal Resources segments are highly volatile** in terms of profit contributions.

While this is expected for any commodity, fossil fuels such as metallurgical coal and oil and gas face highly uncertain return on investment (ROI) over the coming decades.

An unprecedented wave of LNG export capacity has the potential to push prices below what is required for adequate ROIs (see slides 16–26) while the returns on oil and gas exploration capex are becoming increasingly poor (slide 9).

Value-destructive oil and gas exploration

Mitsui recently stated that it will “continue to develop its upstream energy business as one of its core business domains”.

While Mitsui doesn’t disclose its own capital expenditure on oil and gas exploration, the Global Oil and Gas Exit List found that Mitsui had spent an average of **USD \$58.6 million a year exploring for oil and gas** resources between 2023–2025.

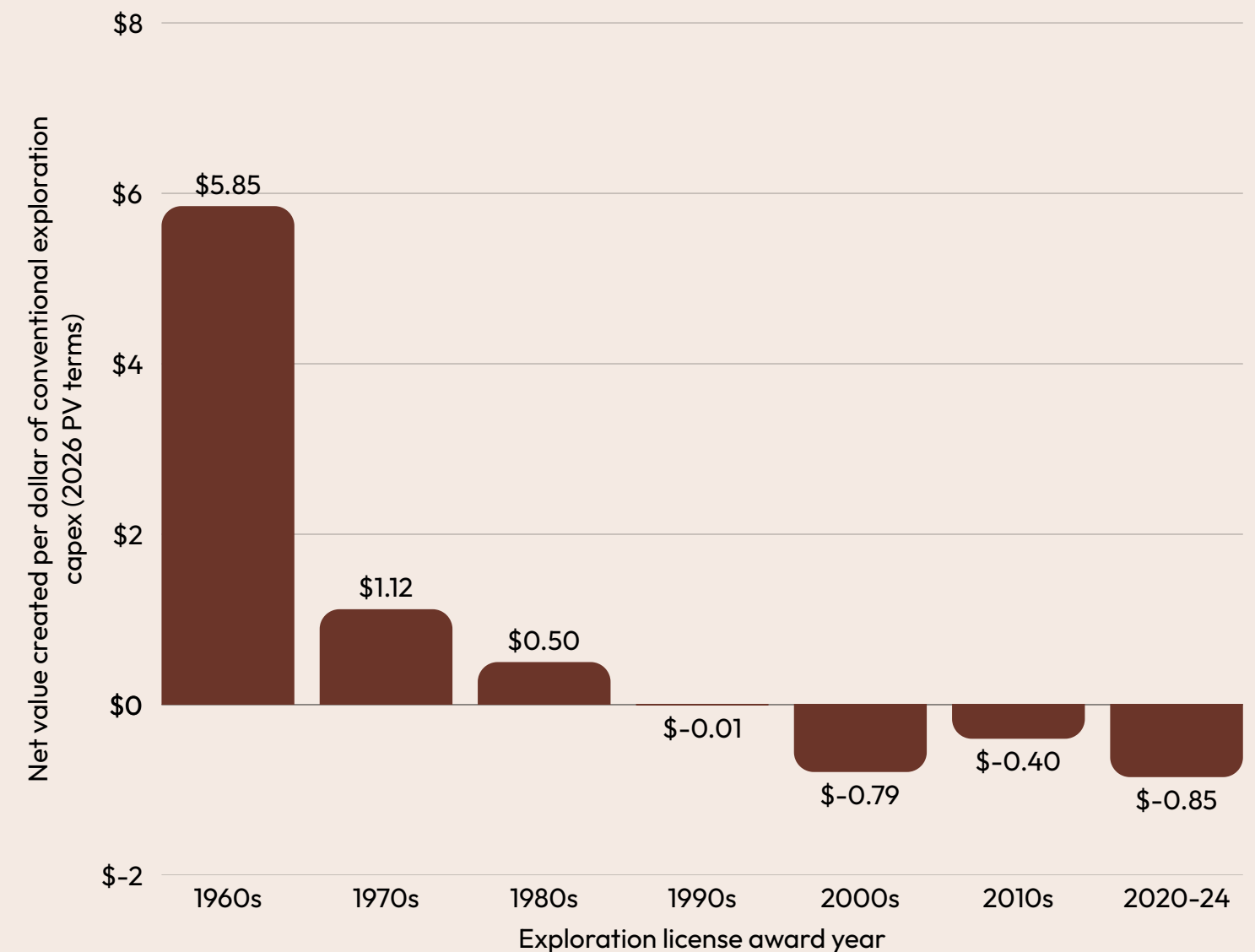
Recent analysis by the Australasian Centre for Corporate Responsibility (ACCR) found that ceasing conventional upstream exploration and development is more valuable than continuing it.

“Conventional exploration is five times more expensive and taking almost twice as long compared to three decades ago.”

Oil and gas fields now also take an average of 15 years to reach production after first discovery, 3 times longer than during the 1960–1980 period.

On average, every dollar spent on global conventional exploration since 2000 has destroyed 71 cents

Source: “When growth no longer pays: Re-thinking value for oil and gas companies”, ACCR, December 2025



Risk alert: Mozambique LNG

Mitsui holds a 20% stake in the Mozambique LNG Project, with funding from Japanese megabanks Mizuho, MUFG and SMBC, among others. The US\$20.5 billion project proceeded despite early warnings of extreme instability and violence in Mozambique.

✘ Capital and value

✘ Risk and oversight

✘ Independence and capacity

Following insurgent attacks and human rights violation allegations—including horrific atrocities by Mozambique LNG operator-supported security forces—force majeure was declared in 2021.

Despite reports of dozens of deaths, violence, torture and sexual abuse against civilians in the region, Mozambique LNG partners, including Mitsui, lifted the force majeure in October 2025. When the UK and Dutch Export Credit Agencies withdrew involvement in December 2025, Mitsui agreed to commit additional equity.

Human rights advocates continue to warn companies and executives of serious legal risks for operating in high-risk sites. Mozambique LNG's recommencement and Mitsui's additional equity raise **serious concerns** about renewed violence and repression, and **about the adequacy of Mitsui's due diligence and that of Japanese megabanks in the face of mounting legal complaints and challenges** in Mozambique, France, the Netherlands, and the USA.

'Double attack': The curse of natural gas and armed groups in Mozambique

As Cabo Delgado province juggles large LNG reserves and ongoing violence, vulnerable civilians are paying the price.



A soldier walks in front of a burned truck near Palma, Cabo Delgado province, Mozambique, in September 2021 [Simon Wohlfahrt/AFP]

[Al Jazeera](#)

Risk alert: Mozambique LNG

Mitsui **decided to increase its stake in Mozambique LNG** amid a wave of reports of human rights violations and insecurity in the region, despite some financiers withdrawing due to the high risks



Possible causes of questionable risk management and governance oversight

Information gap

The Board was **not provided the information** required to assess risks and manage it accordingly before ownership and FID.

Process gap

Escalation and risk assessment processes were inadequate between management (executive function) and Board of Directors.

Competency gap

The Board **lacks competence** to fully assess risks and identify gaps between policy and business practice.

An aerial photograph of a river delta, showing a complex network of water channels and land. The image is overlaid with a semi-transparent green filter. A solid green vertical bar is positioned on the left side of the frame. The text is overlaid on the lower right portion of the image.

Sumitomo

Risk exposures require
enhanced governance

Sumitomo: Risky fossil fuel exposure vs lower risk optionality

In 2024, about **18% of Sumitomo's profit** came from **fossil fuels**

- **Energy** – 14% coal and LNG
- **Minerals** – 4% from coal

In the past 8 years,

- **Energy** – over **80%** of profit came from fossil fuels
- **Minerals** – Australian coal business profit **highly volatile**, ranging from **9% to 100%**

The increasing transition risk facing fossil fuel sectors threatens a significant proportion of Sumitomo's historical profit.

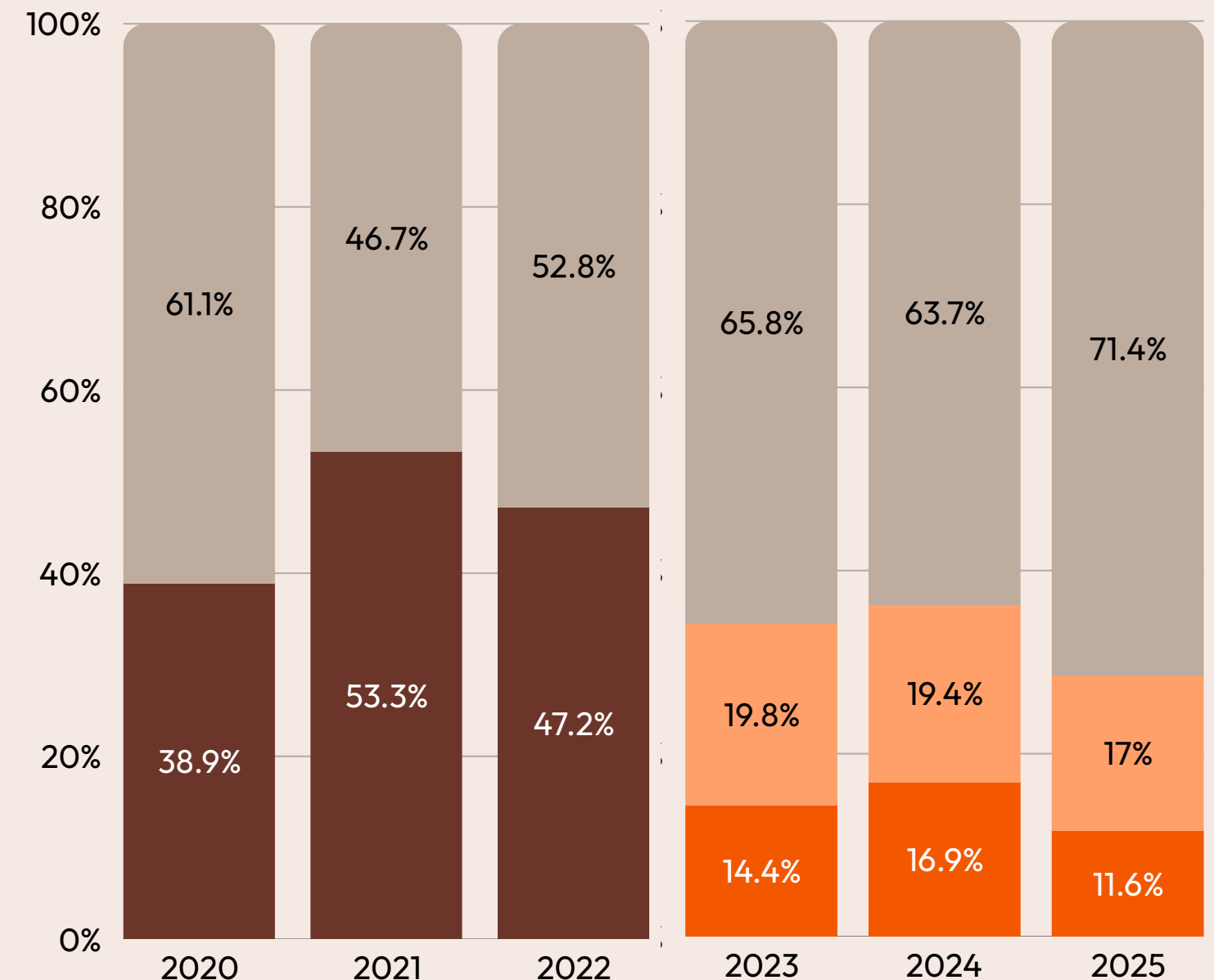
However, given its diversified nature, Sumitomo can prioritise future investments in other business segments that can bring more stable and less climate-sensitive profits for shareholders.

Prior to 2023, Sumitomo had one business segment encompassing **Mineral Business, Energy, Chemical and Electronics**.

Sumitomo's different business segments broken down by % of profit

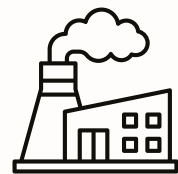
Sumitomo reports analysed by Market Forces: FY23, FY24, FY25* (*2025 covers Q1-Q3)

● Minerals, Energy, Chemical & Electronics ● Minerals ● Energy ● Other segments



Sumitomo's risky exposure to coal, gas and LNG-to-power projects

The Sumitomo Board of Directors continues to approve investment in high-risk fossil fuel projects



Project: 1.32 GW Van Phong 1 coal power plant

VIETNAM

⚠️ Vietnamese authorities evicted residents who were worried about their livelihoods in the resettlement area. One such resident is 99-year-old Grandma Ca, whose home was demolished to make way for this project.

⚠️ The project uses outdated super-critical boiler technology. Compared to the average new Japanese coal-fired power station, Van Phong 1 is estimated to emit 5x as much particulate matter, 5x the sulphur dioxide, and 9x the nitrogen oxides.

US\$1 billion

Sumitomo's equity investment out of the US\$3 billion total cost, according to IJGlobal.



Project: 4.64 GW Tanjung Jati B mega coal power project

INDONESIA

⚠️ In addition to emissions and contributions to climate change, residents highlighted that the power station was negatively impacting the surrounding community, damaging local road infrastructure.

⚠️ In 2023, local farmers' protest outside the power station reported that nearby rice fields have been unsuitable for farming since the facility's construction.

⚠️ Units 5 & 6 are expected to run until 2047.

US\$839 million

The equity cost of the 2 GW extension (Units 5 & 6) for Sumitomo and its joint-venture partners, of a total extension cost of US\$4 billion, according to IJGlobal.

In recent years, the Sumitomo Board has approved final investment decisions (FID) on high-risk coal power projects with reported human rights issues.

This is despite the company's policy of not developing new coal-fired plants.

Sumitomo's risky exposure to coal, gas and LNG-to-power projects

Future capital expenditure and investment plans for fossil fuel power projects face potential stranded asset and/or low-utilisation risks due to long-term demand destruction and volatile markets.

The Sumitomo Board has several proposed gas power projects to consider amid the energy crisis and looming LNG supply glut:



2.4 GW

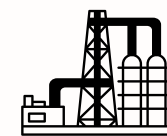
Project: Ras Abu Fontas E
gas power and
desalination project

QATAR

🕒 Expected to be online by 2028.

Estimated cost:

US\$3.7 billion



1.1 GW

Project: Shuweihat 1 gas
plant

UNITED ARAB EMIRATES

🕒 The project is planned to be re-
developed as a gas power plant for
15 years starting from 2027. 🕒

Estimated cost:

Undisclosed

Sumitomo's future capital allocation and investment decisions on any new fossil fuel project **expose its shareholders and investors to material risks.**

It is a critical time for investors to hold the Board accountable and use proxy voting powers **to ensure the company secures adequate risk management during a global energy crisis.**

Risk alert: Matarbari, Bangladesh

Sumitomo and JERA are bidders for the proposed onshore Matarbari LNG Terminal in the coastal region of Chattogram, Bangladesh, part of a larger LNG buildout boom backed by Japan. The project has been delayed by more than a decade, amid local and international opposition.

✘ Capital and value

✘ Risk and oversight

✘ Independence and capacity

Sumitomo was involved in the construction of the **Matarbari 1 coal power project** in the same region, which **displaced families and destroyed traditional fishing and farming livelihoods**.

Matarbari 1's leadership was reportedly arrested by Bangladesh's Anti-Corruption Commission, and there are **corruption allegations** about project expenses and violence against journalists by project authorities.

Sumitomo's continued involvement—while others such as Mitsubishi, Mitsui and MUFG are withdrawing from other proposed LNG projects in Bangladesh—**raises doubts about the company's risk management** and environmental, social and human rights due diligence processes.



An aerial photograph of a river delta, showing a complex network of water channels and land. The image is overlaid with a semi-transparent green filter. The text is positioned in the lower right quadrant of the image.

Material risk
Long-term LNG
demand destruction

LNG demand destruction poses material risk

Mitsui and Sumitomo's current exposure to LNG and plans for further investments in the sector pose unacceptable financial risks

Risk exposure for Mitsui investors

Upstream projects

- Mozambique LNG
- Browse LNG
- Cameron LNG expansion

Risks

- ⚠ Expected major LNG supply glut in the late 2020s to 2030s
- ⚠ Rapid renewables deployment replacing LNG demand

Risk exposure for Sumitomo investors

Downstream projects

- Onshore Matarbari LNG Terminal
- Ras Abu Fontas E
- Shuweihat 1

Risks

- ⚠ Ongoing conflict in the Middle East
- ⚠ Gas turbine supply backlogs of 7–8 years
- ⚠ Rapid renewables deployment replacing LNG demand

VOTE NO

We recommend investors **"Vote No"** on the re-election of Mitsui and Sumitomo directors if investors find them falling short of governance expectations

Directors at Mitsui and Sumitomo must pivot towards capital discipline and a company asset portfolio that is resilient to these risks.

Yet Mitsui and Sumitomo's leadership and Board of Directors have not indicated any adjustments to the company's long-term energy strategy in the wake of the current energy crisis. This may suggest a failure in governance and risk oversight that investors should scrutinise through engagement and use their proxy voting powers.

Serious doubts over long-term LNG demand in key 'growth' markets

'Emerging Asian' economies are touted as key long-term growth demand markets for new LNG supply projects, but shifting market dynamics cast serious doubts about the viability of growth strategies relying on this demand

LNG price volatility is pushing countries to decrease reliance on imports

Huge surges in LNG prices in recent years have seen importing countries, such as Pakistan, reduce reliance on imported LNG. Pakistan has imported \$6.7 billion of solar PV and \$941m of batteries from China in the past five years, while cancelling 45 planned LNG cargoes from Qatar and Eni.

Demand-side projects in Emerging Asia get cancelled more often than developed

More LNG import terminals and power projects have been cancelled than have been developed in many key importing countries in 'Emerging Asia' over the last ten years.

There is a global production backlog of 7-8 years for new gas turbines

This will further impair the potential development of LNG-to-power projects in emerging markets as renewable energy and battery costs continue to decline. Power projects that would come online in the mid 2030s will face very different economic conditions to today's markets.

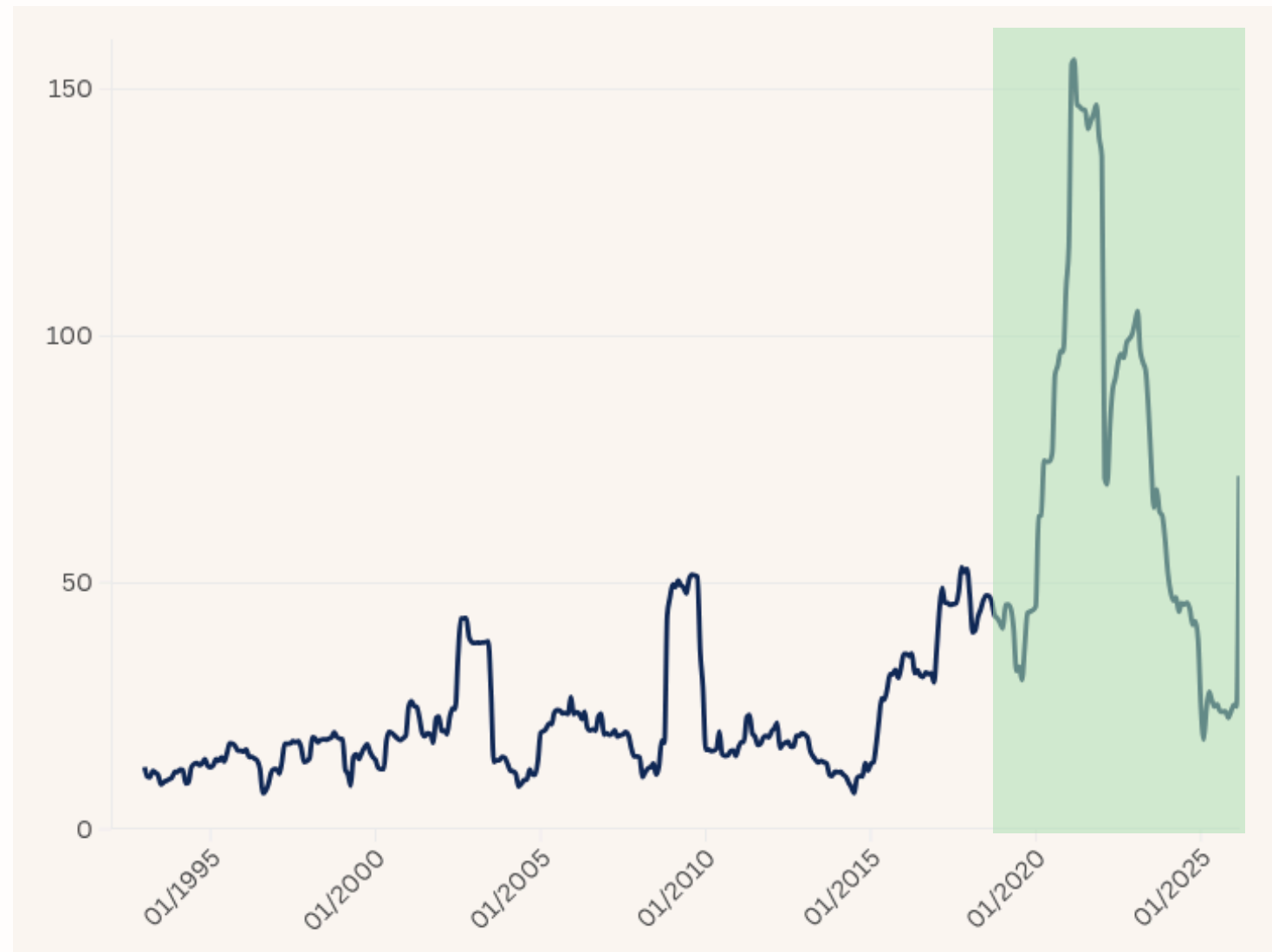
There is still a looming LNG supply glut

An LNG supply glut is still forecast by many analysts – a period where export supply capacity exceeds demand. This will push down LNG prices, making it harder for developers to recover their costs, and, in the case of project finance, service their debts.

LNG price volatility is hurting importing countries and driving away demand

LNG price volatility has increased markedly since the 1990s and 2000s...

Asia LNG annualised percentage 12-month rolling volatility



Source: Market Forces analysis of [IME](#) data.

Note: Price volatility is the standard deviation for previous 12-month, monthly log returns of Asia LNG prices, multiplied by the square root of 252 (number of trading days per year) multiplied by 100 (conversion to percentage).

...with the last seven years exemplifying the degree of this volatility

JKM LNG annualised percentage 30-day rolling volatility



Source: Market Forces analysis of Bloomberg data as at 29/04/26.

Note: the difference in volatility measures is due to data availability - monthly vs daily price data.

Note: Price volatility is the standard deviation for previous 30-day, daily log returns of JKM prices, multiplied by the square root of 252 (number of trading days per year) multiplied by 100 (conversion to percentage).

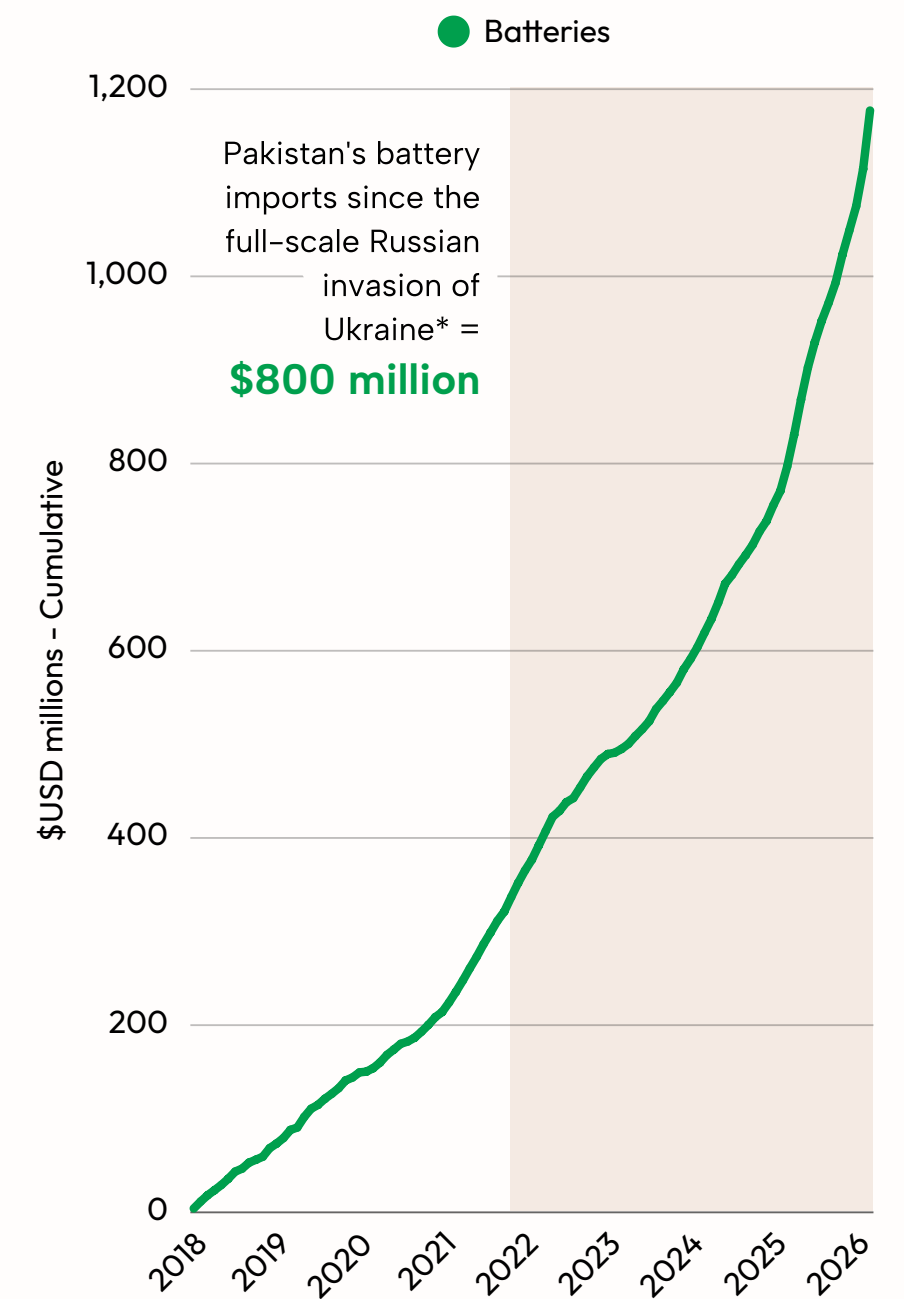
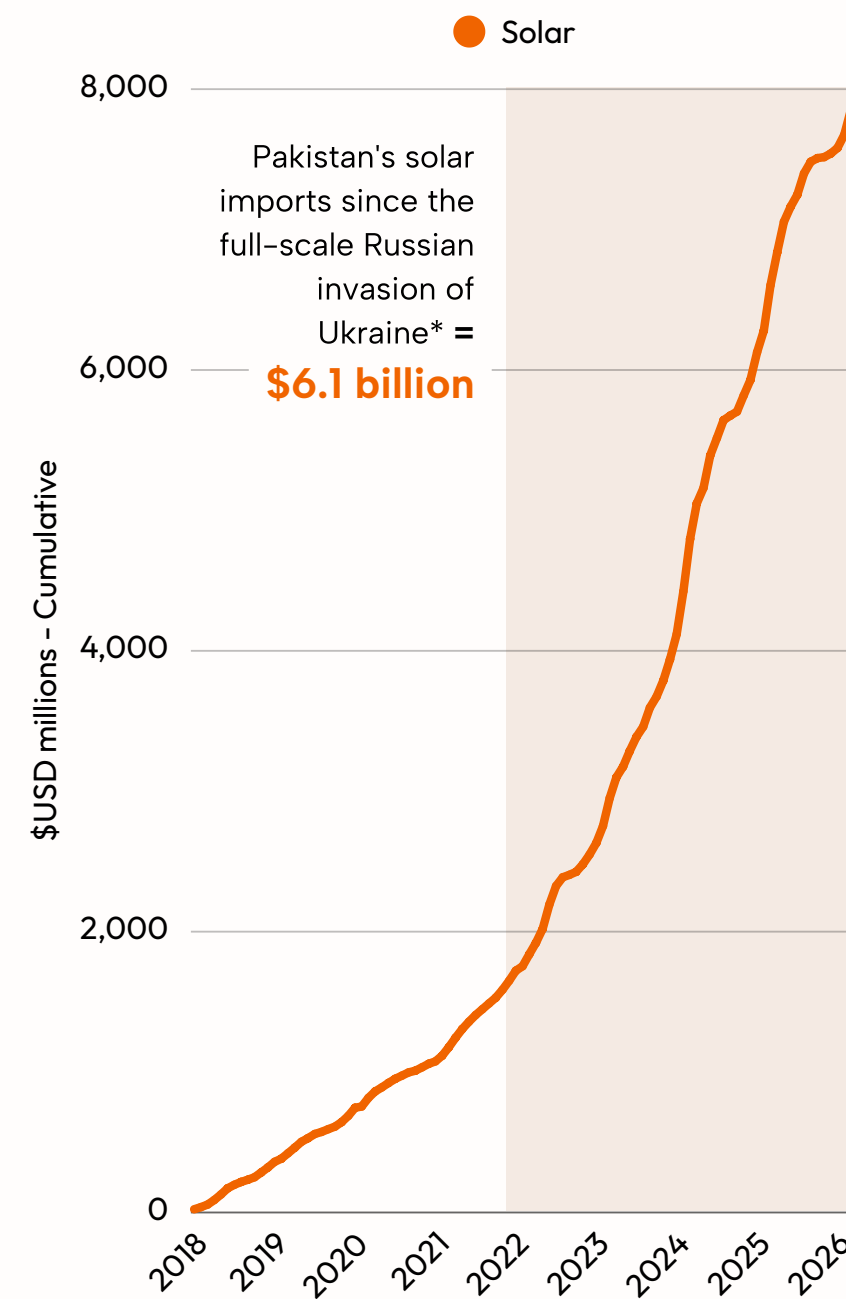
Pakistan: A clear case of LNG price volatility driving renewables uptake

Russia's invasion of Ukraine in 2022 pushed LNG prices to record levels...



Source: [IMF](#).

...driving a massive solar and battery boom in Pakistan to insulate against price shocks



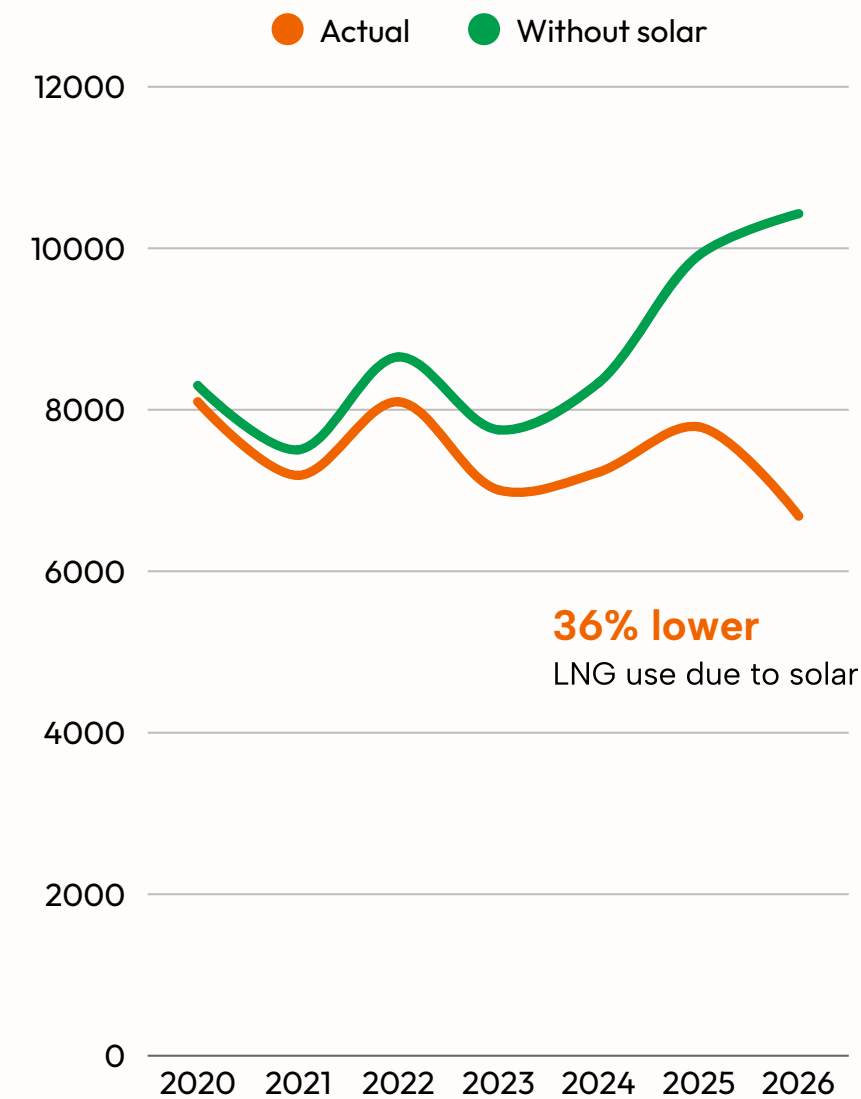
Source: [Ember](#).

*Note: [Russian full-scale invasion of Ukraine launched in February 2022](#).

Renewables growth has severely cut Pakistan's LNG demand

Actual LNG demand was substantially lower than in a 'no solar' scenario

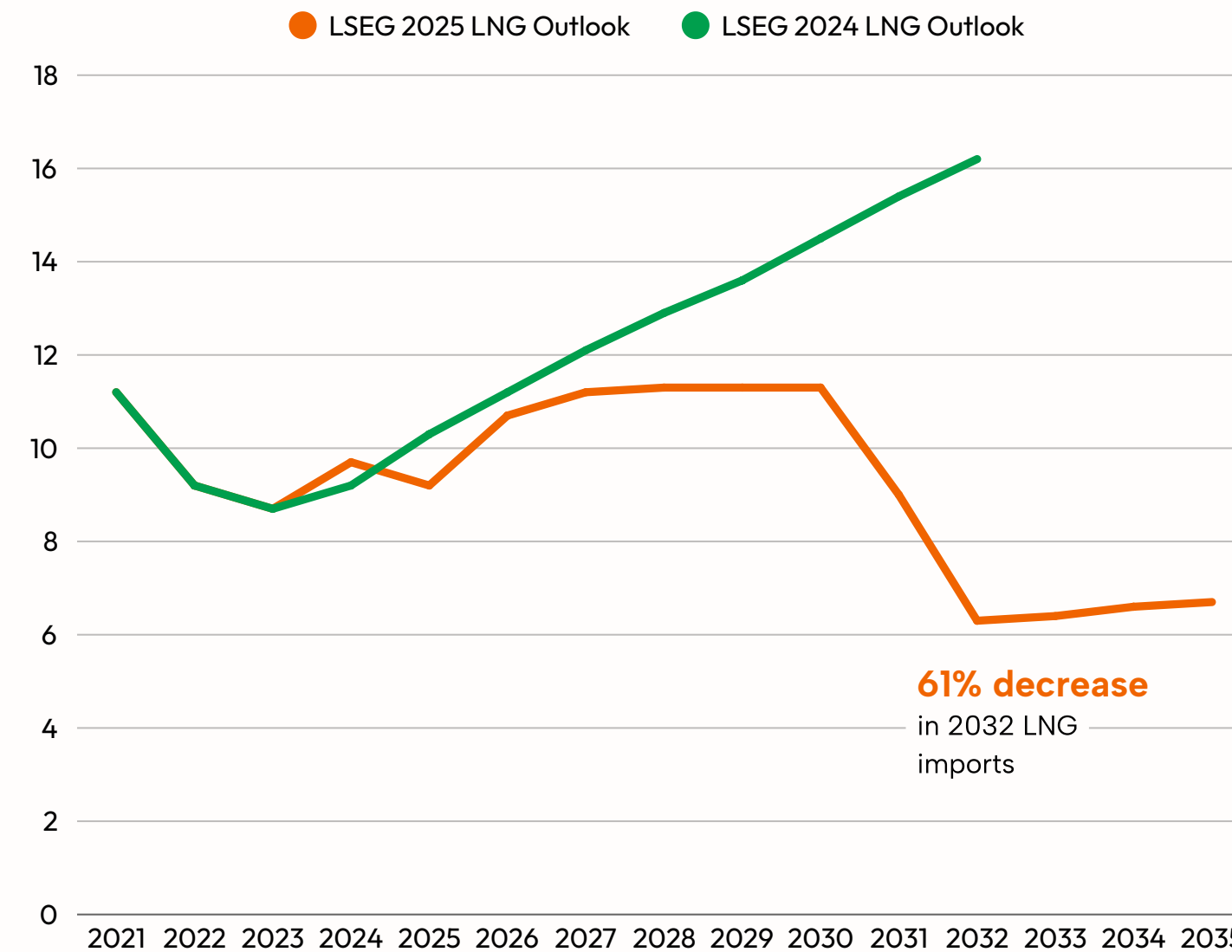
LNG kt/year



Source: CREA.

Looking forward, this trend will be even more pronounced with LSEG's LNG outlook for Pakistan dropping markedly in just one year

Bcm



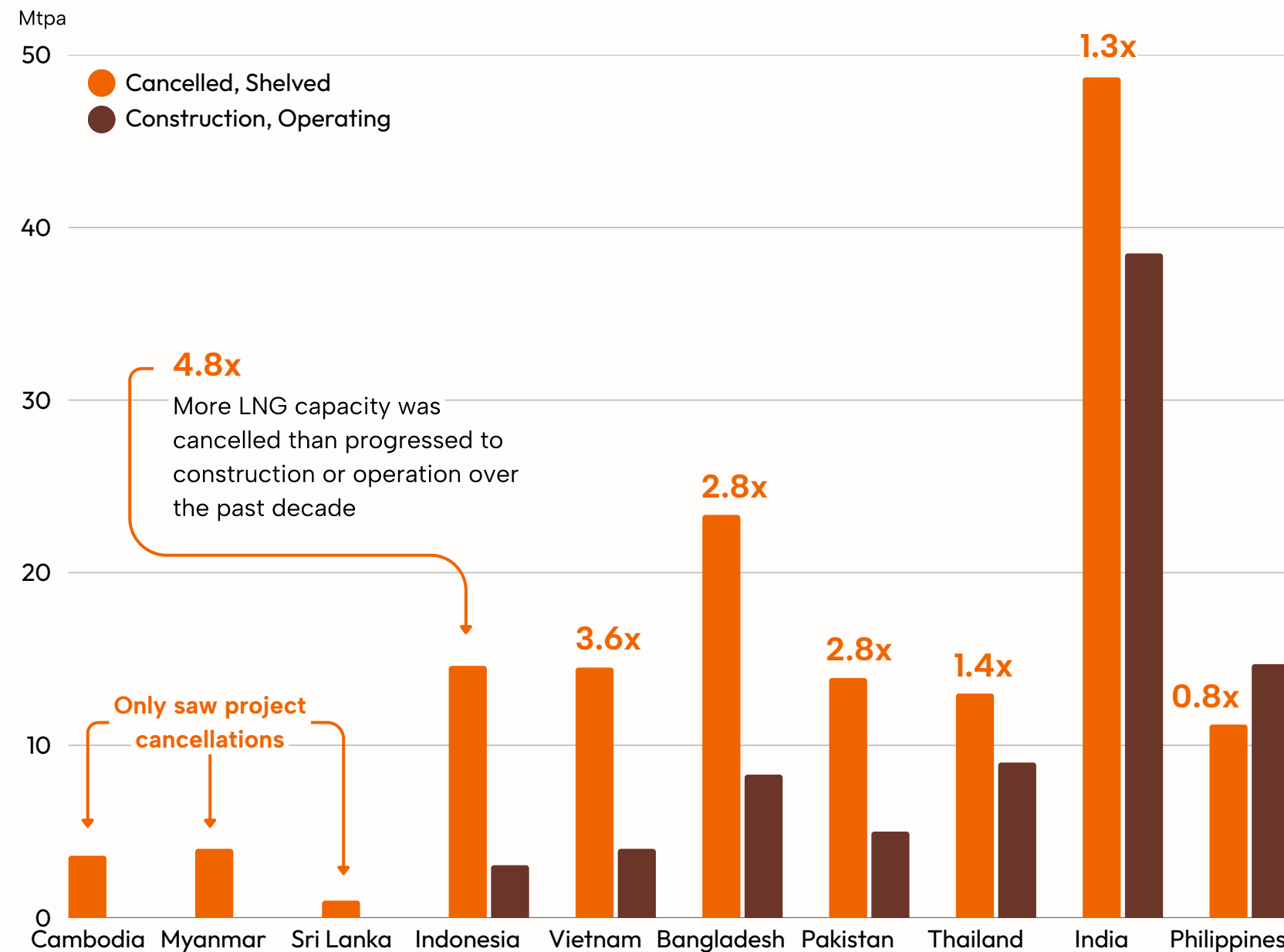
Source: LSEG.

Pakistan's massive solar and battery booms have resulted in the **cancellation of 21 LNG cargoes from Eni and 24 cargoes from Qatar for 2026.**

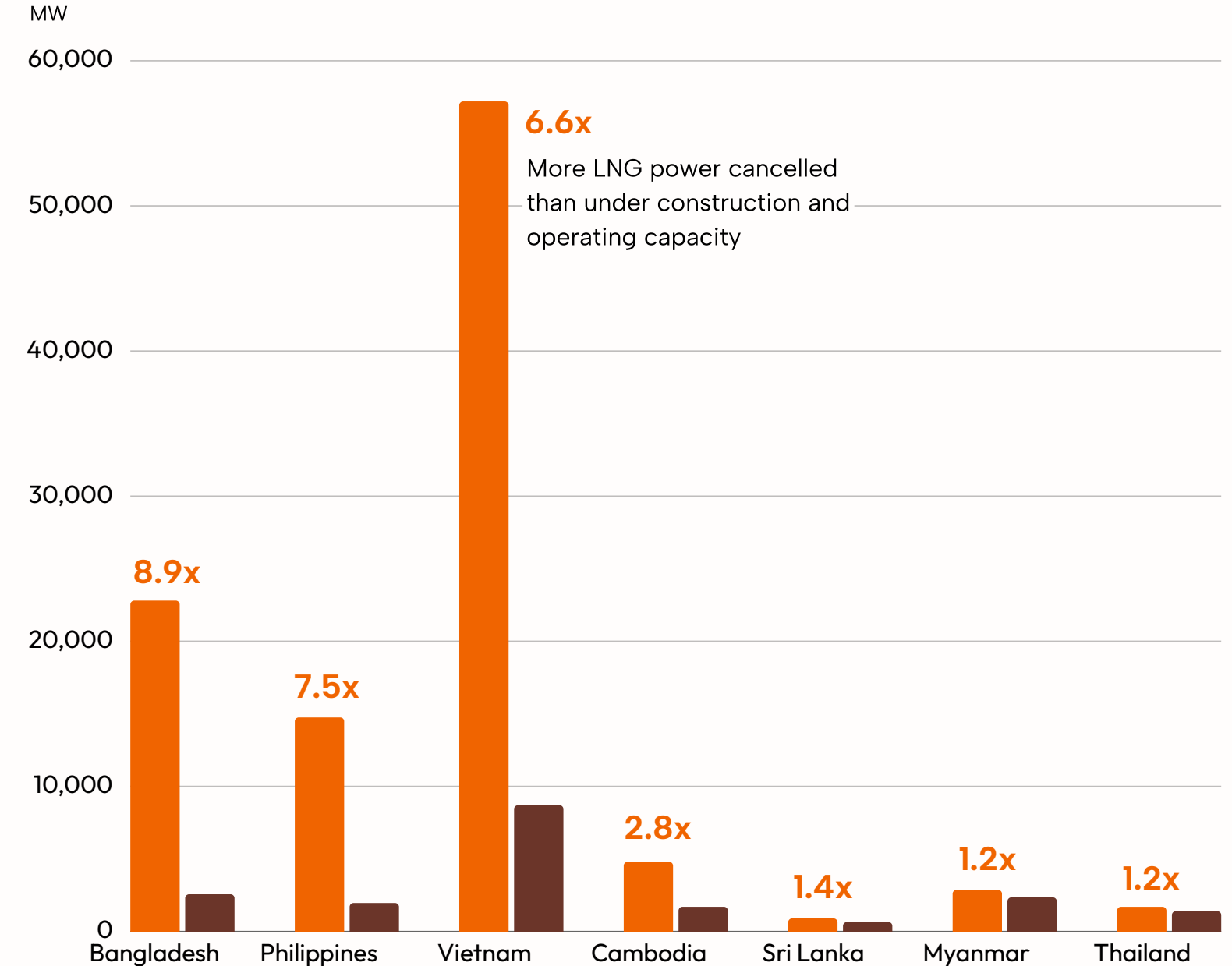
Commentary from Pakistan's Petroleum Minister emphasises that "this is **not** a temporary blip," and "we have to readjust our strategy." Furthermore, the Minister "**doesn't see any space for LNG, as shipments remain too expensive.**"

Downstream LNG projects were already being cancelled in favour of cheaper renewables; this trend set to accelerate following recent LNG price concerns

LNG import terminals



LNG-to-power projects



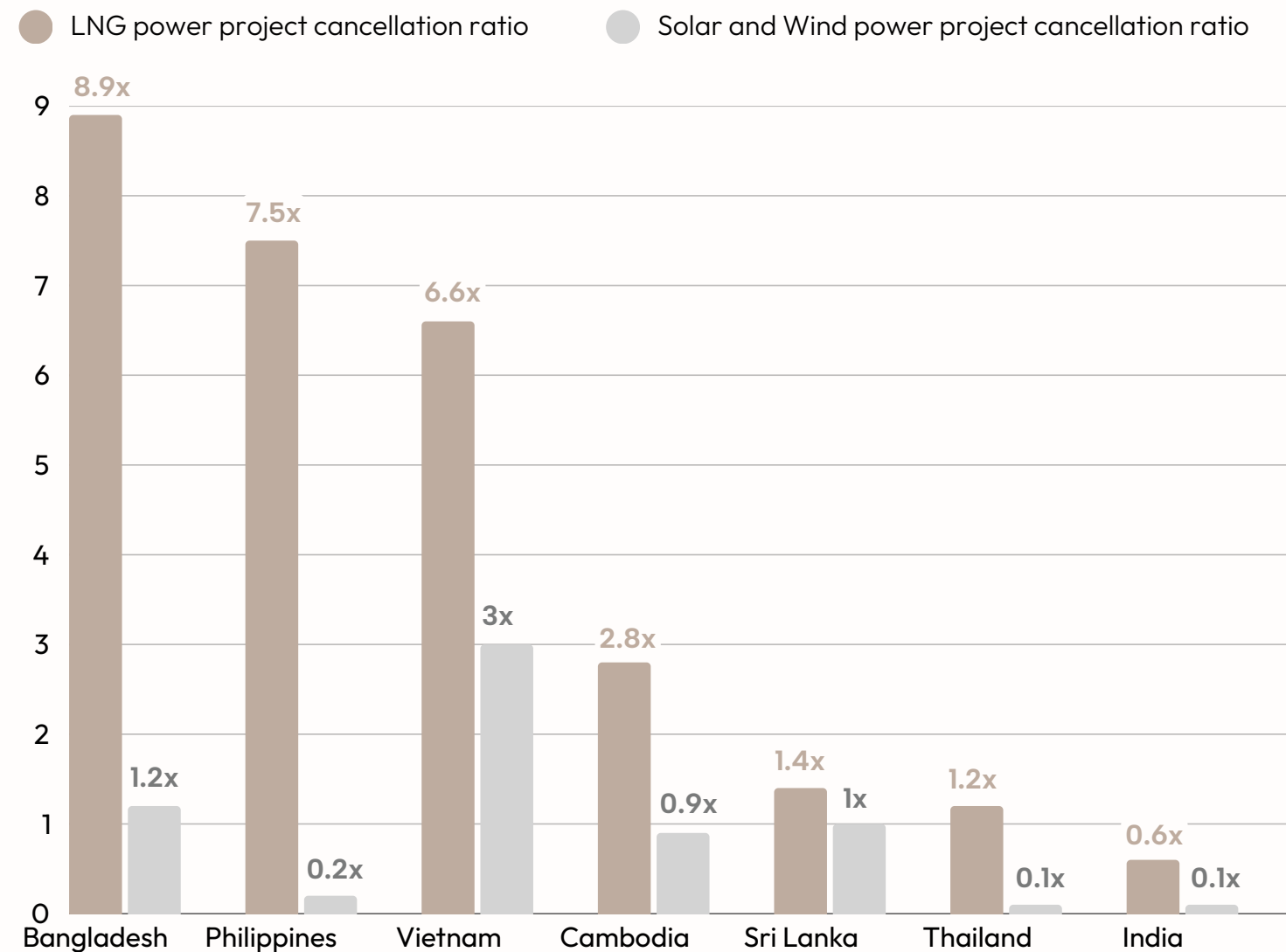
Source: [Global Energy Monitor - Asia Gas Tracker](#).

Note: For LNG-to-power fuel types include any fuel type that lists LNG. LNG import terminal cancellations/shelved/construction/operating projects based on the past 10 years of data to better reflect the pace of energy transition and impact on LNG project development. Unfortunately, LNG-to-power includes all projects (not just past 10 years due to data availability limitations).

By contrast, much greater levels of solar and wind power are coming online than being cancelled in many key markets

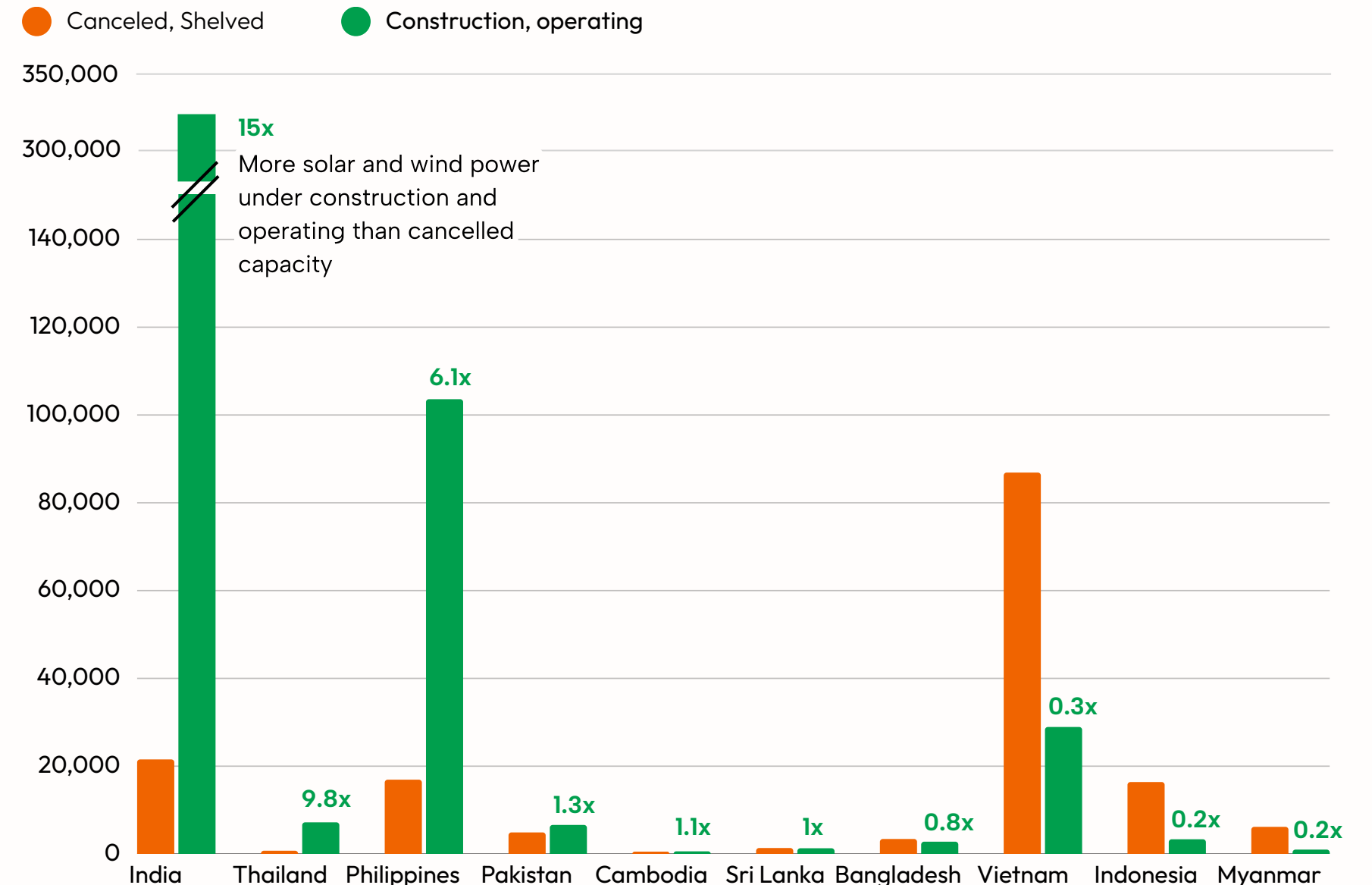
LNG power project cancellations in many key markets towers over solar/wind cancellations

Ratio of cancelled/shelved capacity to under construction/operating capacity (MW)



Solar and wind projects

MW

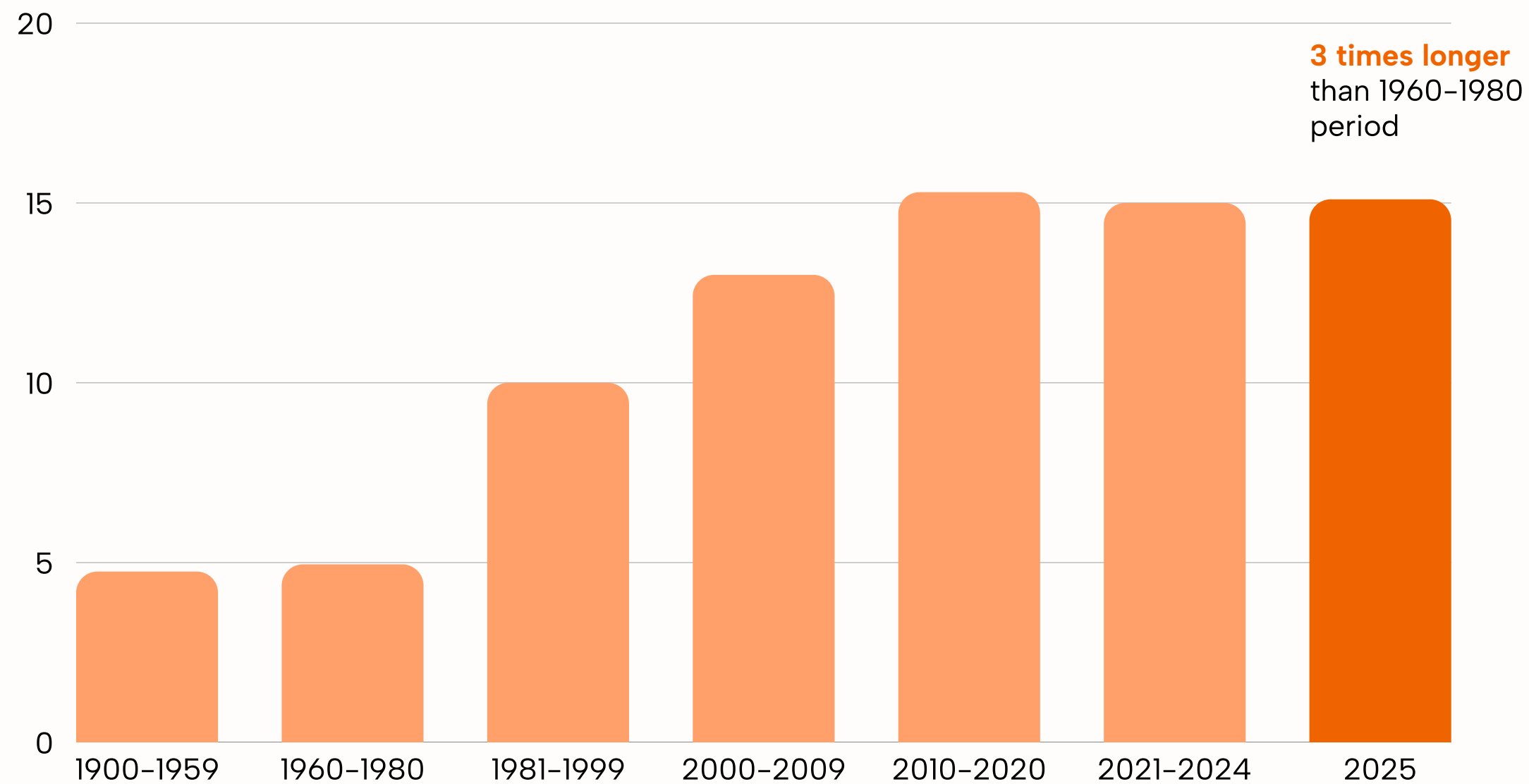


Source: [Global Energy Monitor - Solar Power Tracker](#), [Global Energy Monitor - Wind Power Tracker](#)

Note: Solar and Wind includes all projects (not just past 10 years due to data availability limitations). Project cancellation ratios indicate the amount of MW capacity which has been cancelled for every MW of capacity which is in construction or operating.

Upstream oil and gas projects face exceedingly long development times

Average number of years from discovery to first production by year



New oil and gas fields now take up to 15 years on average to come online, on average from discovery to first production, according to [Global Energy Monitor](#).

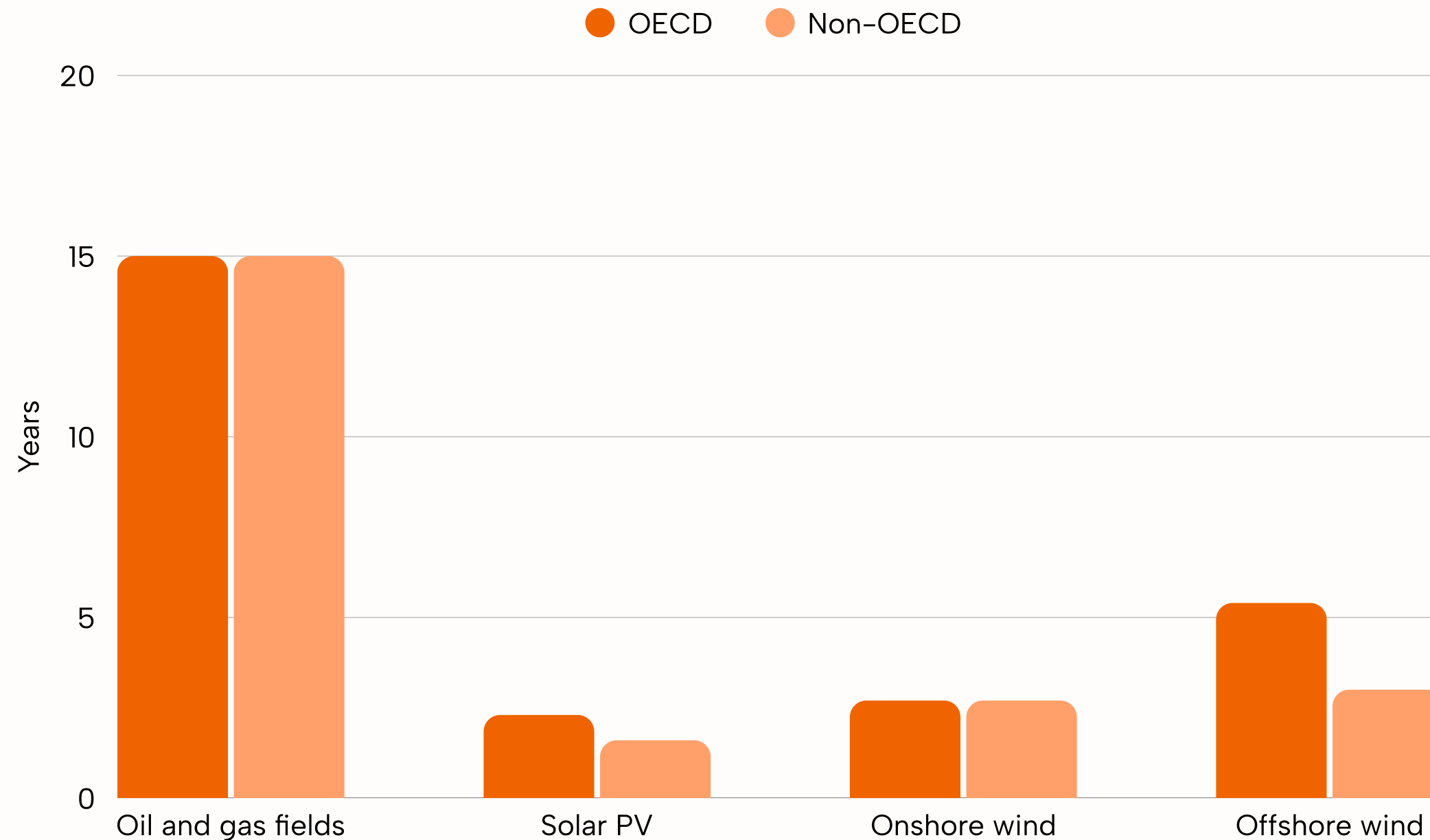
The development timeline is now 3 times higher than the 'peak' of oil and gas discovery and exploration between 1960 and 1980.

Resource recovery from oil and gas fields is becoming increasingly technically complex compared to previous projects.

"Easily accessible, conventional onshore fields were developed early, and the fields left are more difficult to bring online."

Source: "Longer leads: Increasing complexity in oil and gas field development", Global Energy Monitor, March 2026

Renewable energy projects take a fraction of the time to start-up



In contrast to upstream oil and gas projects, commercial-scale solar PV projects take between 2 and 7 years to be commissioned.

According to US-based solar design company [PVFarm](#), “most utility-scale solar power projects follow a structured development process that typically spans between 24–48 months, depending on project size, location, permitting requirements, and grid connection constraints.”

Analysis of utility-scale renewable energy project commissioning times found even offshore wind, one of the most technically complex renewable energy project types, experienced average commissioning times 3 times less than oil and gas fields.*

*Comparison is between renewable energy projects commissioned between 2005 and 2022, and average length of startup time for oil and gas fields which began production post 2010.

Source: “[A global analysis of renewable energy project commissioning timelines](#)” - Applied Energy, 2023
Analysis on 12,475 utility-scale renewable energy projects commissioned between 2005 and 2022.
Note: The Global Energy Monitor report did not compare OECD and non-OECD countries.

These stranded asset risks are only exacerbated by Strait of Hormuz 'closure'

The recent energy crisis triggered by the conflict and the blockage of the Strait of Hormuz has **directly impacted major Japanese corporations** across the oil and gas value chain.

At least 40 energy facilities across nine countries have been severely damaged, and the Strait remained largely closed to shipping traffic as of late April, despite an agreed ceasefire.

The world needs to learn how to be less reliant on LNG the hard way. And immediately.

JUNE GOH

SENIOR OIL MARKET ANALYST, SPARTA COMMODITIES

FINANCIAL REVIEW

— Analysis

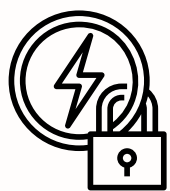
Japan watches its Middle East investment strategy burn

Japan's decades-long strategy of embedding itself in the Gulf's energy system looks unsustainable as the Iran war disrupts supply.

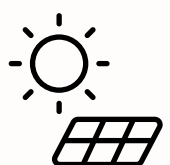
Investment opportunities for a net-zero world



Japan's transition to a net-zero economy by 2050 presents an investment opportunity that amounts to at least \$6.7 trillion, according to [BloombergNEF \(BNEF\)](#).



With the appropriate strategic governance, **Mitsui and Sumitomo can tap into this opportunity** and deploy capital that is ready for an energy transition future, ensuring energy security and protecting long-term company and shareholder value from LNG price volatility.



Analysis by Market Forces [finds](#) that **clean energy companies achieved more than double (104%) the investment returns of a global list of 200 companies with the biggest fossil fuel expansion plans** over the seven year period November 2018 – November 2025. Major global share indices – the Bloomberg World Index, MSCI World Index, S&P 500 and ASX 300 – and the Bloomberg Goldman Sachs Global Clean Energy Index have all outperformed these fossil fuel companies over these seven years.



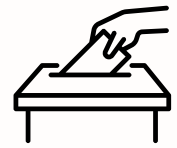
Mitsui and Sumitomo's global renewable energy development goals fall well short of what is required for these companies to capitalise on the energy transition opportunity.



Governance wakeup call
Vote against director
re-election

Time to exercise your proxy voting power

We recommend investors **“Vote No”** on the election of Board Directors in positions responsible for inadequate risk management oversight, as highlighted in this briefing.



For the upcoming Japanese Annual General Meetings in 2026, investors should **exercise their voting rights** and active stewardship **to safeguard long-term shareholder value**, including by engaging with companies to discourage investment in high-risk, value-destructive projects such as fossil fuel expansion.

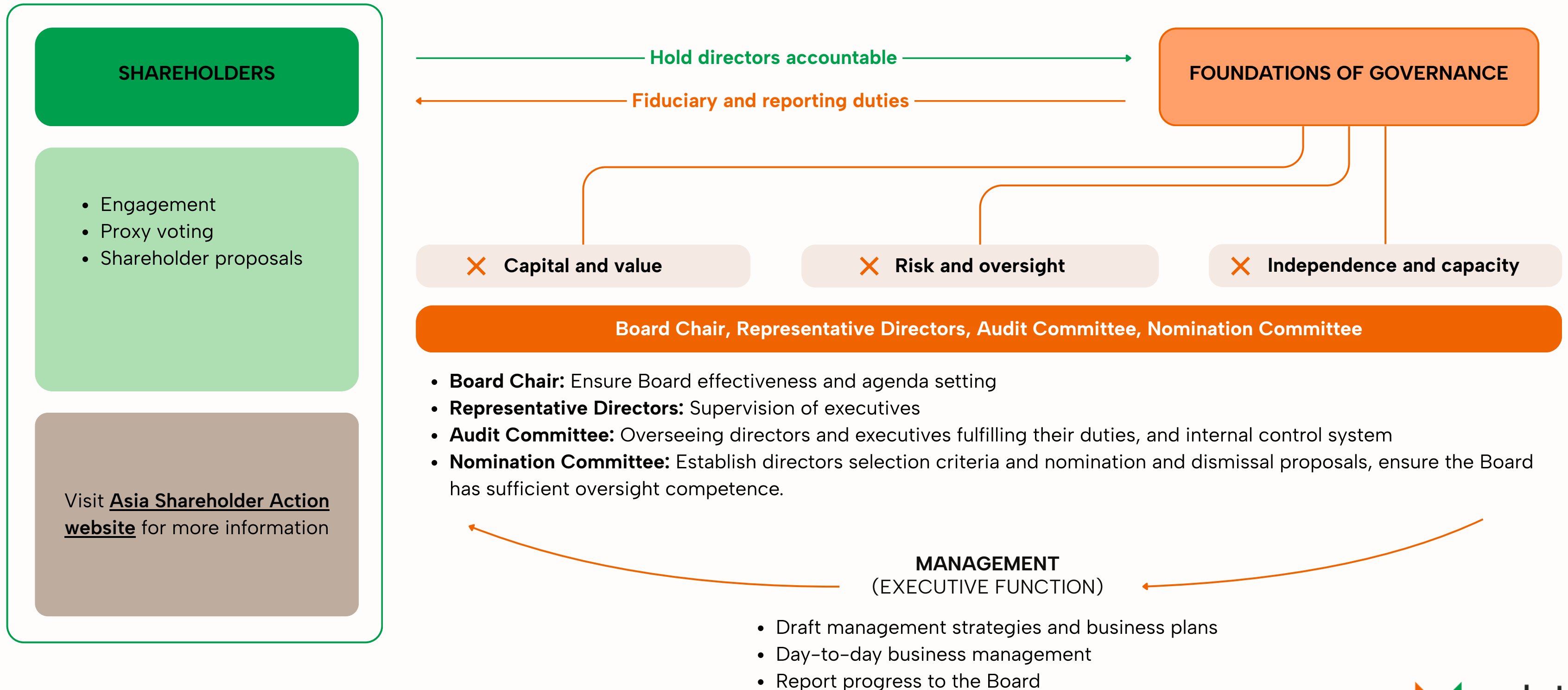


Investors should incorporate **risk management** considerations, including environmental, social, and governance criteria, into their voting decisions.



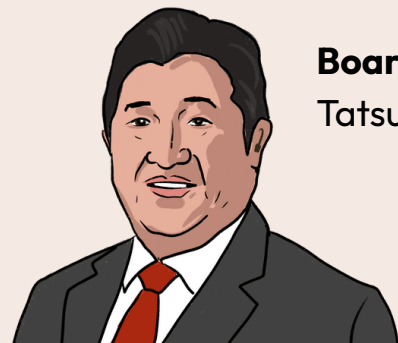
Failure to act exposes investors to reputational damage, potential devaluation of beneficiaries' assets, heightened systemic climate-related risks, and the possibility of **falling short of their fiduciary duties for asset owners**.

Baseline governance expectations



“Vote No” on the re-election of Mitsui directors found to be falling short of governance expectations

Mitsui directors



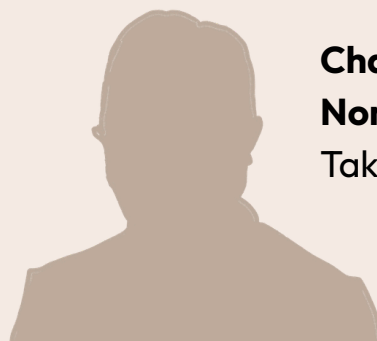
Board Chair
Tatsuo Yasunaga



Representative Director, President and CEO
Kenichi Hori



Director responsible for sustainability
Kazumasa Nakai



Chair of the Nomination Committee
Takeshi Uchiyamada



Audit & Supervisory
Tetsuya Shigeta



Audit & Supervisory
Yuko Tamai



Capital and value

Failure to align capital allocations with long-term business and sustainability strategies can undermine corporate value.



Risk and oversight

Failure of risk oversight severely threatens long-term corporate value by exposing the company to reputation, regulatory, climate, physical, and transition risks.

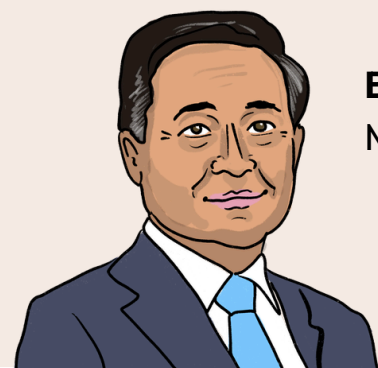


Independence and capacity

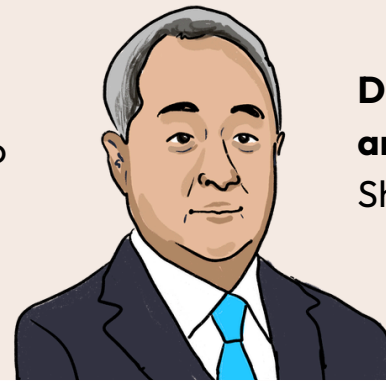
Failure to equip the Board of Directors with appropriate competencies for effective governance oversight and risk management by executives.

“Vote No” on the re-election of Sumitomo directors found to be falling short of governance expectations

Sumitomo directors



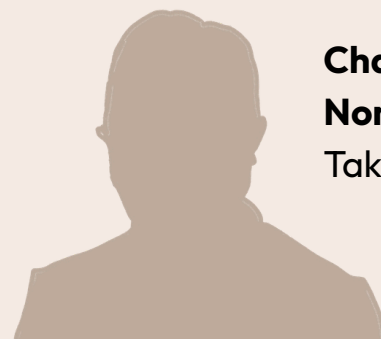
Board Chair
Masayuki Hyodo



Director, President and CEO
Shingo Ueno



Director, President and CFO
Reiji Morooka



Chair of the Nomination Committee
Takashi Mitachi



Audit & Supervisory
Mitsuhiro Takeda



Capital and value

Failure to align capital allocations with long-term business and sustainability strategies can undermine corporate value.



Risk and oversight

Failure of risk oversight severely threatens long-term corporate value by exposing the company to reputation, regulatory, climate, physical, and transition risks.



Independence and capacity

Failure to equip the Board of Directors with appropriate competencies for effective governance oversight and risk management by executives.

“Vote No” on the re-election of Mitsui and Sumitomo directors found to be falling short of governance expectations



Mitsui and Sumitomo are exposed to material long-term risks that threaten shareholder value. Governance oversight and risk management are core responsibilities of directors.



Persistent climate misalignment—evidenced by continued investment in high-risk fossil fuel projects—alongside alleged human rights violations and a track record of involvement in controversial projects, points to **broad governance issues**.



These issues suggest that **risk is neither being adequately identified nor effectively managed**, undermining long-term corporate value and investor confidence.

VOTE NO

We recommend investors “Vote No” on the re-election of Mitsui and Sumitomo directors if investors find the companies fall short of governance expectations.

Investors should use their proxy voting rights to ensure sustainable growth and governance accountability for companies and investors’ own portfolios.

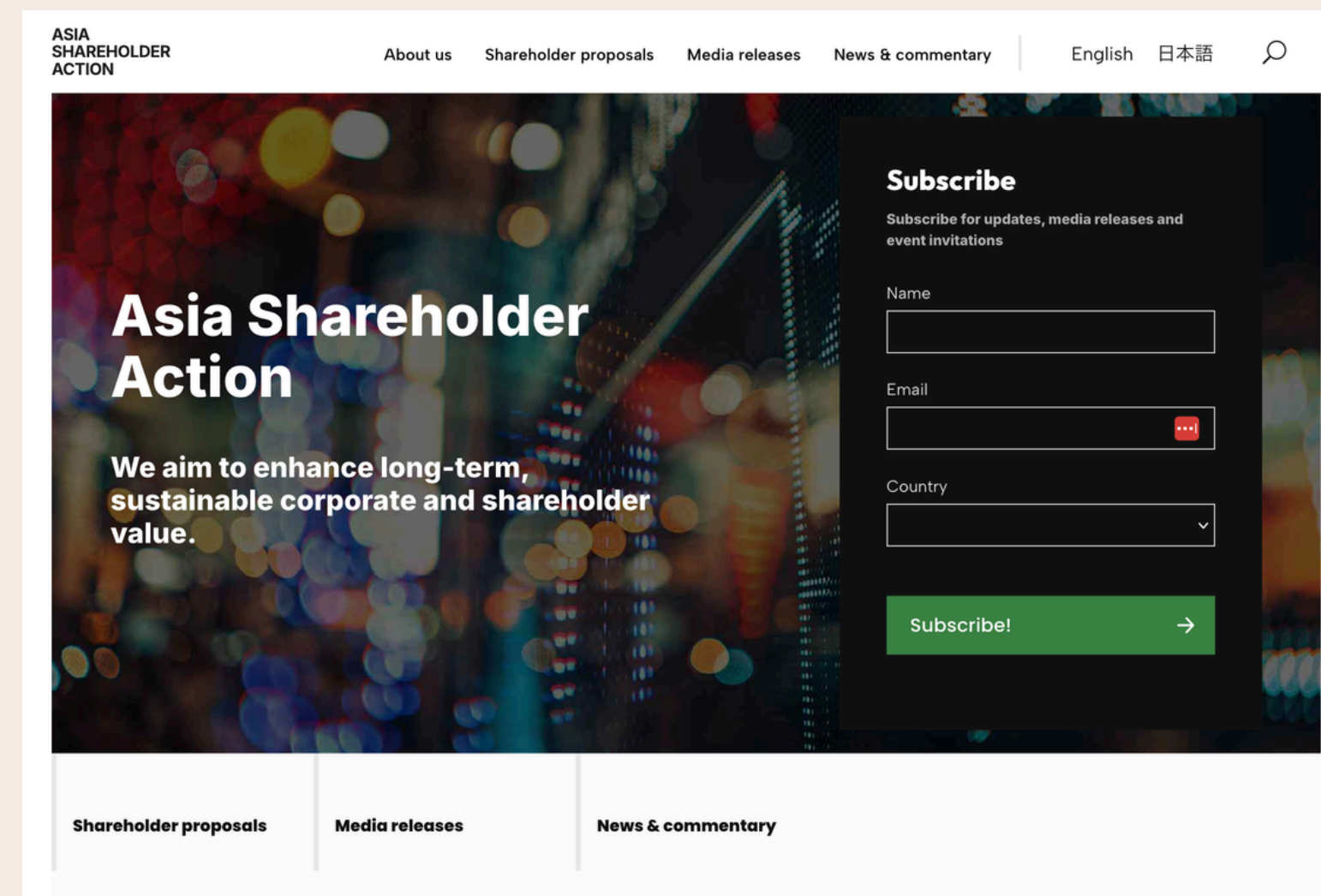
Get in touch and find out more

[Book a meeting](#) with us, or find more information and related resources on our [Asia Shareholder Action](#) website.

Munira Chowdhury

Director, Asia Energy Transition

munira.chowdhury@marketforces.org.au



Disclaimer

Informational purposes only – This communication is provided solely for informational purposes only and is not, and should not be construed as, investment advice or investment recommendations for the purposes of the Financial Instrument Exchange Act of Japan.

No joint-exercise of voting rights – Nothing in this written communication, nor in any related oral discussion, is intended to be, nor should it be construed as, an offer, an acceptance or a consent, to enter into an agreement for the joint exercise of voting rights or any other shareholder' rights for the purposes of the Financial Instrument Exchange Act and Foreign Exchange and Foreign Trade Act of Japan. If needs be, it is hereby emphasised that each shareholder exercises its shareholder's rights independently based upon its own decision and shall not be held liable for its exercise of its shareholder's rights in any event or in any result, as a breach of any discussion between the shareholders.

No proxy solicitation – Nothing in this written communication, nor in any related oral discussion, is intended to be, nor should it be construed as, a "solicitation for proxies" for the purposes of the Financial Instrument Exchange Act of Japan. The shareholder is not soliciting or seeking any authorization by any other shareholders to exercise their voting rights or any other shareholders' rights on their behalf or as their agent at the annual shareholders' meeting. This is a non-commercial product for public dissemination only. Not for sale.

Analysis featured in this briefing does not substitute analysis and disclosure from the companies themselves with primary information" – The purpose of the information featured here is to demonstrate to investors the substantial climate-risks the companies are exposed to, and encourages them to undertake their own detailed, forward-looking analysis to demonstrate to investors how they are managing these risks.

Appendix: Engagement timeline

2019–2022

Market Forces and partners engaged Sumitomo on climate issues, including policies on coal power plants. In 2021, a proposal on Paris-aligned strategy disclosure gained strong support. In February 2022, Sumitomo prohibited new coal power plant projects and construction without exception.

2022–PRESENT

Market Forces and FoE Japan engage with Mitsubishi on climate-related issues, including policies on fossil fuel business and decarbonisation strategies. In 2022, a proposal to disclose emissions targets and a Paris-aligned strategy gained strong support. In March 2023, Mitsubishi disclosed scope 3 emissions, including category 11, but excluded it from reduction targets. In 2023, the same proposal again received strong support, highlighting investor demand for greater disclosure.

Market Forces and FoE Japan continued engaging with Mitsubishi, including social issues such as human rights violation risks.

2024–PRESENT

Market Forces began engaging Sumitomo and Mitsui on fossil fuel exposure and transition plans in late 2024, with FoE Japan joining Mitsui engagement. In 2025, co-filers continued discussions with Mitsubishi, Sumitomo, and Mitsui on climate and social risk management, and stronger transition plans and governance, proposing advisory resolutions for AGMs. After companies declined to include these, shareholder proposals demanding disclosure of the financial cost of not meeting 1.5°C and financial risk audit by the Audit & Supervisory Committee/Board.

August–September 2025

Market Forces had online and in-person meetings with Mitsubishi, Mitsui, and Sumitomo. Discussions about the topic raised at the AGM reiterated our concerns and interests regarding governance enhancements in risk management and further climate-related financial disclosures.

September–December 2025

Market Forces engaged Mitsubishi and Mitsui through email exchanges and formal letters regarding projects linked to serious human rights concerns. While responses were received, concerns about ongoing impacts remain unresolved.

Letters were also sent to Mitsubishi's CEO and Board regarding LNG Canada, and to Mitsui's directors and Auditors regarding Mozambique LNG, requesting meetings with external directors and Audit Committee members; no meetings have been secured to date.

February–March 2026

Market Forces held online meetings with Mitsubishi, Mitsui, and Sumitomo, followed by email exchanges to further clarify the role of Boards, committees, and Auditors in risk management for new and existing projects. Companies shared progress and improvement of the climate change measures, if any, and exchanged views. Requested a meeting with external directors, but was declined by all companies.

April 2026

Market Forces exchanged emails to follow-up questions including the internal escalation process used for grievance mechanism and its disclosure status.