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MITSUI & CO. (AUSTRALIA) LTD.

Tax Transparency Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021



MITSUI & CO.

Message from the Chief Financial Officer

I am pleased to present the Tax Transparency Report for Mitsui & Co. (Australia) Ltd. ('MCA') Multiple Entry Consolidated ('MEC') group for the year ended 31 March 2021. The information in this report is provided in response to the Board of Taxation's Voluntary Tax Transparency Code.

All taxes, royalties and fees are paid in accordance with applicable Commonwealth and State laws and regulations.

At Mitsui, our corporate mission is to build brighter futures, everywhere. This means continuing to create new value in ways that truly reflect who we are as a company. We believe that through the work we do, we can have a meaningful impact, make a positive difference to all our stakeholders and do so to the betterment of the communities we work in.

MCA is a responsible taxpayer. We are a significant contributor of tax in Australia and we recognise the importance of the tax payments that we make in the communities we serve. We operate in a transparent manner with all relevant tax authorities and conduct our business dealings in accordance with the tax law. Our core values underpin our approach to taxation.

More information on our business in Australia is available from the MCA website: www.mitsui.com.au



MR MASAFUMI KIKUMOTO
Chief Financial Officer

Mitsui & Co. (Australia) Ltd.

Our Business in Australia



Mitsui & Co. is a long-term partner of Australia, investing in its growth and strengthening its future.

We are proud to have played a pioneering role in Australia's resources sector. By connecting markets, capital, and technical expertise, we helped form some of the country's first international consortiums to develop coal and iron ore projects. And we still remain in many of these projects as a founding partner.

Today we are a leading exporter and a major investor in Australia. Our diverse business portfolio covers iron ore, coal, LNG, oil, gas, power generation, transportation, construction and mining machinery, chemicals, steel products, woodchips, salt, food, and financial services.

We are skilled in finance, marketing, logistics, and project management and we often work in partnership with leading Australian and international companies. The scale and reach of our network provide us the opportunity to forge global connections and unparalleled market understanding. We strive to enhance the value of our established portfolio of businesses in Australia. We do this by driving synergies and seeking new opportunities to collaborate with partners from around the world.



Tax Transparency Report continued

1. MCA Multiple Entry Consolidated ('MEC') Tax Group

Mitsui group has a number of investments and participates in joint ventures in Australia. This tax report covers the MCA Multiple Entry Consolidated ('MEC') tax group, which comprises entities 100% owned by Mitsui & Co., Ltd, MCA's Japanese parent company. The provisional head company of the MCA MEC tax group, MCA lodges one consolidated income tax return on behalf of its wholly owned subsidiaries and other members of the MCA MEC tax group.

Please refer to Appendix 1 for members of the MCA MEC tax group.

The financial data presented in this report is quoted in Australian Dollars unless otherwise stated.

The report follows the guidelines set out in the Board of Taxation's Voluntary Tax Transparency Code.

2. Tax Policy, Risk Management and Governance

MCA's approach to taxation aligns with our business values. MCA has a well-developed and structured risk management framework to allow tax risks to be identified, evaluated, monitored and managed. Tax is managed within that corporate governance framework and aligns with the Mitsui & Co., Ltd global tax management policy which is available via the Mitsui website: www.mitsui.com/jp/en/company/outline/governance/system/pdf/global_tax_policy_e.pdf

MCA's Tax Corporate Governance Policy is outlined below:

"...In continuous striving for effective cost management we ensure all applicable tax regulations at the local level are considered. For example, to eliminate double taxation. We do not engage in artificial tax arrangements or structures as stated below:

- 1) Arrangements or structures without reasonable business purpose or commercial rationale other than the intention of tax avoidance.*
- 2) Arrangements or structures which inappropriately erode the tax basis, or shift the attribution of profits from a state based on economic activities and value creation to a state in which to achieve tax avoidance..."*

The MCA tax corporate governance framework was prepared in accordance with the ATO's Tax Risk Management and Governance Review Guide. The policy sets out MCA's approach to conducting its tax affairs and dealings with tax risks and is periodically reviewed by the MCA tax team. MCA has paid all its tax liabilities and all tax compliance obligations are up to date.

3. Australian Taxation Office ('ATO') Engagement

MCA values and is committed to maintaining an open and transparent relationship with tax authorities. We proactively engage with the ATO as part of the ATO's Pre-lodgment Compliance Review Program ('PCR') which is targeted at Australia's top taxpayers and involves ongoing real-time discussions with the ATO to discuss any of our significant transactions and/or our tax positions adopted on certain matters. MCA has been working and shall continue to work closely with the ATO in respect of the ATO's justified trust program with the goal to attain the highest possible assurance on all identified issues.

The ATO will partner with MCA to maintain good compliance. Furthermore, the ATO acknowledges MCA's commitment to engage cooperatively and transparently to mitigate tax risks, including obtaining tax certainty on key transactions and, where appropriate, using Private Binding Rulings and Bilateral Advanced Pricing Arrangements.

MCA interprets the tax law using relevant guidance and discusses such interpretations with tax authorities where appropriate, to review possible risks and minimise the extent of disputes. We maintain full and timely disclosure of necessary information as required by law, by providing tax authorities with information as part of regular filing or during the course of any review or audit. If any disputes arise, we will maintain an open and constructive relationship with tax authorities to achieve a mutually acceptable resolution.

Tax Transparency Report

continued

4. Reconciliation of Profit before Tax to Income Tax Expenses & Income Tax Payable

	FY2021 AUD ('Mil)	FY2020 AUD ('Mil)
MCA MEC Group Income	7,723.9	7,827.9
MCA MEC Group Expense	4,758.0	4,725.5
Profit before tax (per MCA MEC group tax return)	2,965.9	3,102.4
Tax @ 30%	889.8	930.7
Non-Temporary Differences		
Share of profits - equity accounting	(348.6)	(327.6)
Non-deductible expenses (and other items)	91.2 ¹	19.4
Under/(Over) income tax provision	(9.1)	(0.9)
Income tax expense	623.3	621.6
Franking credits	391.7	426.9
Other temporary (provisions, accruals)	132.5	(32.8)
Income tax payable	1,147.5	1,015.7
Less: franking credits	(391.7)	(426.9)
Less: foreign tax credit / R&D credits	-	(0.9)
Income tax paid	755.8	587.9
MCA Effective Tax Rate ("ETR")	21.0% ²	20.0%
Mitsui ETR	22.2% ³	23.0%

1 Comprising mainly of accounting write-down of investments

2 The key factor for the difference between MCA's ETR of 21.0% and the Australian corporate tax rate of 30% is the receipt of the franked dividend from MCA's other Australian investments, which entitles MCA to a tax offset when calculating its Australian Income tax

3 Refer to page 5 of the 'Consolidated Financial Results for the Year Ended March 31, 2021 [IFRS]' report, located here: [Consolidated Financial Results for the Year Ended March 31, 2021 \[IFRS\] \(mitsui.com\)](#).

Tax Transparency Report continued

5. Australian Tax Return Information Published by the ATO

In December 2020, the ATO published Australian tax information for MCA and several other large public companies relating to the FY2020. Further guidance on Corporate Tax Transparency in Australia can be found on the ATO website.

The information that was reported for MCA:

Mitsui & Co. (Australia) Ltd
ABN 64 004 349 795
All figures in AUD 'Mil

Total Income	7,827.9
Taxable Income	3,385.6 ⁴
Income Tax Payable	587.9

6. Total Tax Contributions (Other Taxes)

During the 2021 financial year, MCA paid AUD 1,093 million in Commonwealth and State taxes. Total tax contributions only include the results of the MCA MEC tax group.

In addition to GST, MCA also withholds and remits PAYG withholding taxes on salaries paid to Australian employees as well as other withholding on interest payments to non-residents.

Federal and State taxes paid

	FY2021	FY2020
	AUD	AUD
	('Mil)	('Mil)
Corporate Income Tax – Australia	755.8	587.9
Fringe Benefits Tax	1.8	2.4
Payroll Tax	3.8	3.7
Stamp Duties	5.4 ⁵	0.2
Mining Royalties	313.0	354.9
Other	13.2 ⁶	7.0
Total	1,093.0	956.1

Taxes Collected on behalf of Governments

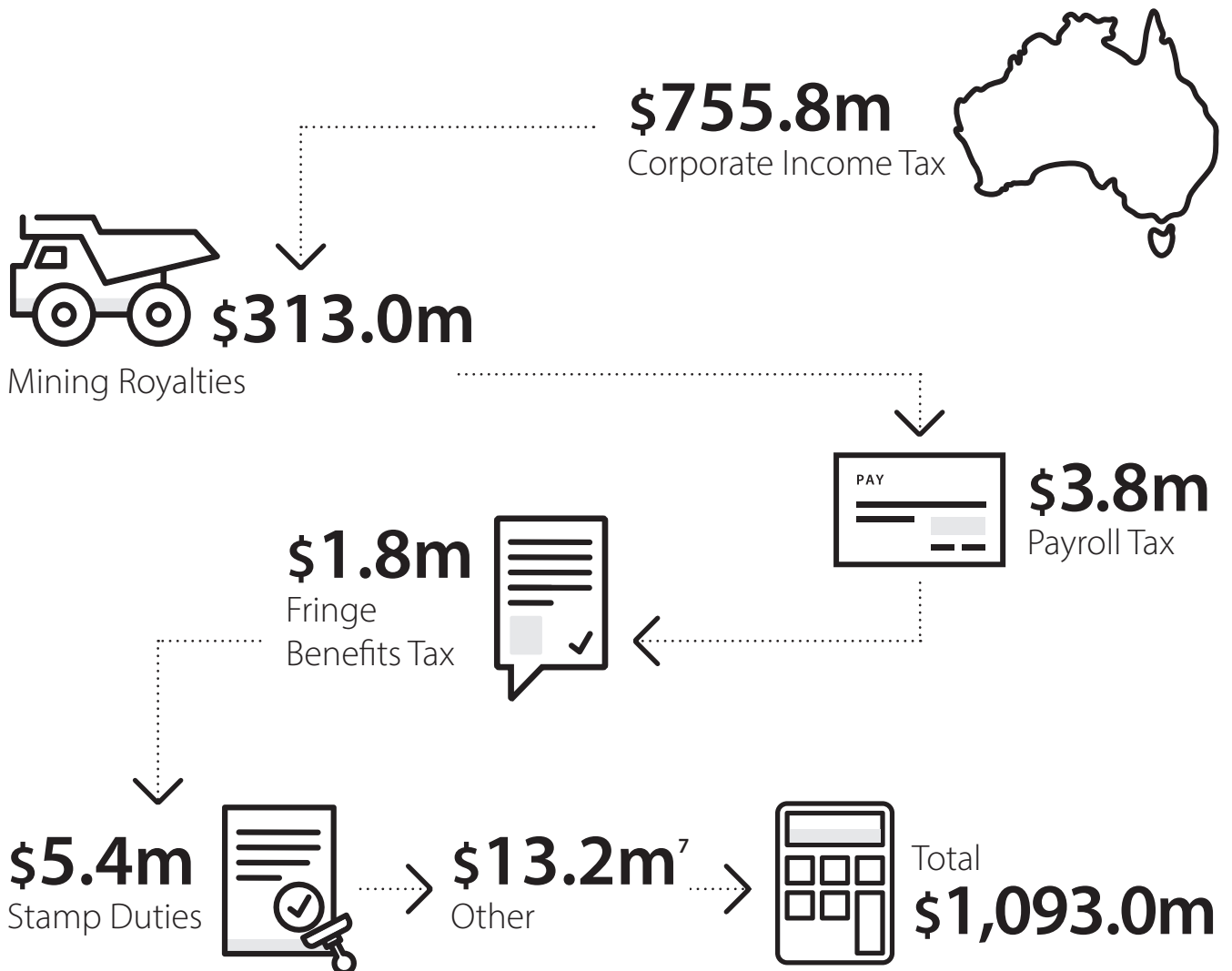
	FY2021	FY2020
	AUD	AUD
	('Mil)	('Mil)
GST (paid but reclaimed)	71.2	94.3
GST Collected and remitted	44.8	47.5

4 Taxable income for MCA MEC group is derived from the deduction of expenses from its Total Income and making other adjustments required by the tax law. The variance in Profit before tax from the Financial Statements is a result of the adjustments for Temporary and Non-temporary differences.

5 Purchase of dutiable assets

6 Includes a variety of other taxes such as Petroleum Resources Rent Tax and Land Tax

Federal and State Taxes Paid by Mitsui
 Tax period: 1 April 2020 – 31 March 2021
 AUD (Millions)



Taxes Collected on
 Behalf of Governments
 AUD (Millions)



⁷ Includes a variety of other taxes, not included in the above such as Petroleum Resources Rent Tax and Land Tax

Tax Transparency Report continued

7. International Related Party Dealings

The parent company of MCA, Mitsui & Co., Ltd is located in Japan, with 129 offices in 63 countries/regions globally, including Australia. The Australian operations are part of Mitsui's global business and inherently involve substantially related party dealings.

For the year ended 31 March 2021, MCA's significant related party dealings were with Mitsui entities located in Japan, Singapore and China.

Each year, MCA discloses its related party transactions in the International Dealings Schedule, which forms part of its income tax return, as well as submission of the Australian Local File as part of the Country-by-Country reporting requirements.

MCA seeks to conduct its international related party dealings at arm's length and prepares contemporaneous transfer pricing documentation to support these positions, which is shared with the ATO.

The significant business dealings between MCA and overseas related-parties are highlighted as follows:

- Service fees paid by MCA to Mitsui entities in Japan and Singapore
- Trading business transactions between MCA and Mitsui entities in Japan and China.
- MCA operates as an in-house bank as part of the "Mitsui Global Cash Management system" for efficient use of Mitsui global funds which transacts with Mitsui entities in Japan, United States, United Kingdom and Singapore;
- MCA enters into Bilateral Advance Pricing Agreements (BAPA) to agree on prices charged between significant related party transactions between Japan and Australia to reduce the risk of disputes.

8. Basis of Preparation

This report has been prepared in accordance with the Board of Taxation Tax Transparency Code guidelines.

i. Entities

This report includes all amounts paid and received by MCA MEC group corporate entities which are 100% owned.

Other entities which are not wholly owned by Mitsui & Co., Ltd. have not been included in this report as disclosed in Appendix 1.

ii. Reporting Currency

All payments are reported in Australian dollars unless otherwise stated.

iii. Source of Information

Information has been sourced from submitted tax returns and audited financial statements.

iv. Approach to Materiality

Materiality for disclosures has been set at the nearest million dollars.

v. AASB Guidance

The group prepares special purpose financial statements and follows Australian Accounting Standards Board (AASB).

Deloitte are the auditors of the Mitsui & Co., Ltd. Group.

vi. Reporting Period

The report has been prepared for MCA MEC group's financial year from 1 April 2020 to 31 March 2021.

Appendix 1 - MCA MEC Group

MCA MEC Group as at 31 March 2021. All entities are incorporated in Australia.

1. Mitsui & Co. (Australia) Ltd.	21. MEPAU A Pty Ltd
2. Mitsui & Co Financial Services (Australia) Ltd	22. Karugamo Energy Management Pty. Limited
3. Mit Power Australia Pty Ltd	23. Mittwell Energy Resources Pty Ltd
4. Mitsui Coal Holdings Pty Ltd	24. AWE Pty Ltd
5. Mitsui Bengalla Investment Pty Ltd	25. AWE Energy Holdings Pty Ltd
6. Mitsui German Creek Investment Pty Limited	26. AWE (Beharra Springs) Pty Ltd
7. Mitsui Kestrel Coal Investment Pty Limited	27. AWE (Carnarvon) Pty Ltd
8. Mitsui Moranbah North Investment Pty Ltd	28. Peedamullah Petroleum Pty Ltd
9. Mitsui Moura Investment Pty Ltd	29. AWE Petroleum Pty Ltd
10. Mitsui Bussan Woodchip Oceania Pty. Ltd	30. AWE Perth Pty Ltd
11. Bunbury Fibre Exports Pty Ltd	31. AWE Administration Pty Ltd
12. Bunbury Fibre Plantations Pty Ltd	32. AWE Australia Pty Limited
13. Mitsui & Co Mineral Resources Development Pty Ltd	33. AWE Finance Pty Limited
14. Mitsui Iron Ore Development Pty Ltd	34. AWE Offshore Pty Limited
15. Mitsui Iron Ore Corporation Pty. Ltd.	35. AWE Overseas Pty Limited
16. Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd.	36. AWE (WA) Investment Company Pty Ltd
17. Shark Bay Salt Pty Ltd	37. AWE (Bass Gas) Pty Ltd
18. Shark Bay Resources Pty Ltd	38. AWE (Houtman) Pty Limited
19. Onslow Salt Pty Ltd	39. Hazelwood Pacific Pty Ltd
20. Mitsui E&P Australia Pty Limited	40. Hazelwood Churchill Pty Ltd

Other Mitsui & Co., Ltd. majority-owned investments in Australia

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1. Mitsui-Itochu Iron Pty Ltd has also adopted the Tax Transparency Code and has released its own report for the year ended 31 March 2021, available via the following link: [MII TTR YEM2021](#)
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