

mitsui & co.

MITSUI & CO. (AUSTRALIA) LTD.

Tax Transparency Report

FOR THE FINANCIAL YEAR ENDED
31 MARCH 2023

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 2023.

The information in this report is provided in response to the Board of Taxation's Voluntary Tax Transparency Code.

At Mitsui, our corporate mission to build brighter futures everywhere, underpinning everything we do. This means remaining committed to further growth and delivering optimal value to our stakeholders, whilst doing what's right for all of society.

As one of the Top 100 corporate taxpayers in Australia, we recognise the significance of our tax contributions within the communities we serve. We continue to uphold openness and transparency in our interactions with all relevant tax authorities while meeting the growing administrative

responsibilities of compliance. Our business dealings align with tax laws to ensure equitable contributions.

I am proud to announce that this marks the 6th consecutive year of publishing the Tax Transparency Report by Mitsui. In the year ended 31 March 2023, our collective tax contributions across the group amounted to \$2 billion, reflecting an Australian effective tax rate of 23.7 %.



Mr Masafumi Kikumoto

Chief Financial Officer
Mitsui & Co. (Australia) Ltd.



For a more comprehensive review, the report is accessible on the MCA website.
<https://www.mitsui.com/au/en/company/financial/index.html>





Our Australian Business

The former Mitsui & Co. established¹ a presence in Australia in 1901 and has stood by Australia as a committed partner, investing in its growth and strengthening its future.

We are proud to have played a pioneering role in the nation's resource sector, where we helped form international consortiums to drive iron ore, metallurgical coal and LNG projects. Many of these projects continue today, with us as founding partners.

Today, we are a major investor in Australia and a significant exporter, collaborating closely with local and global companies. Our diverse business portfolio covers iron ore, coal, liquified and natural gas, 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 Australia and international companies. The scale and reach of our network provide us with the opportunity to forge global connections and unparalleled market understanding.

Mitsui is dedicated to achieving net zero emissions by 2050. This will be achieved with our roadmap which outlines a pathway to halve the impact of our greenhouse gas emissions by 2030. We believe that there is an intrinsic link between economic growth and environmental sustainability, and we have a responsibility to foster both across our portfolio of investments in Australia and around the world.

¹ From a legal perspective, there is no continuity between the former Mitsui & Co. and the present Mitsui & Co., and they are totally separate corporate entities.

Federal and State Taxes Paid by Mitsui

TAX PERIOD: 1 APRIL 2022 - 31 MARCH 2023

 **CORPORATE INCOME
TAX – AUSTRALIA**

\$1,011.9m

 **FRINGE BENEFITS
TAX**

\$2.2m

 **PAYROLL
TAX**

\$5.3m

 **GST PAID
AND CLAIMED**

\$181.5m

 **STAMP
DUTIES**

\$0.6m

 **MINING
ROYALTIES**

\$789.9m

 **PETROLEUM RESOURCE
RENT TAX**

\$169.6m

 **GST COLLECTED AND
REMITTED**

\$64.6m

 **OTHER**

\$7.3m

**TOTAL TAX
CONTRIBUTIONS - AUSTRALIA**

\$1,986.8m

**TOTAL GST PAID AND
COLLECTED - AUSTRALIA**

\$246.1m

Tax Transparency Report

MCA Multiple Entry Consolidated ('MEC') Tax Group

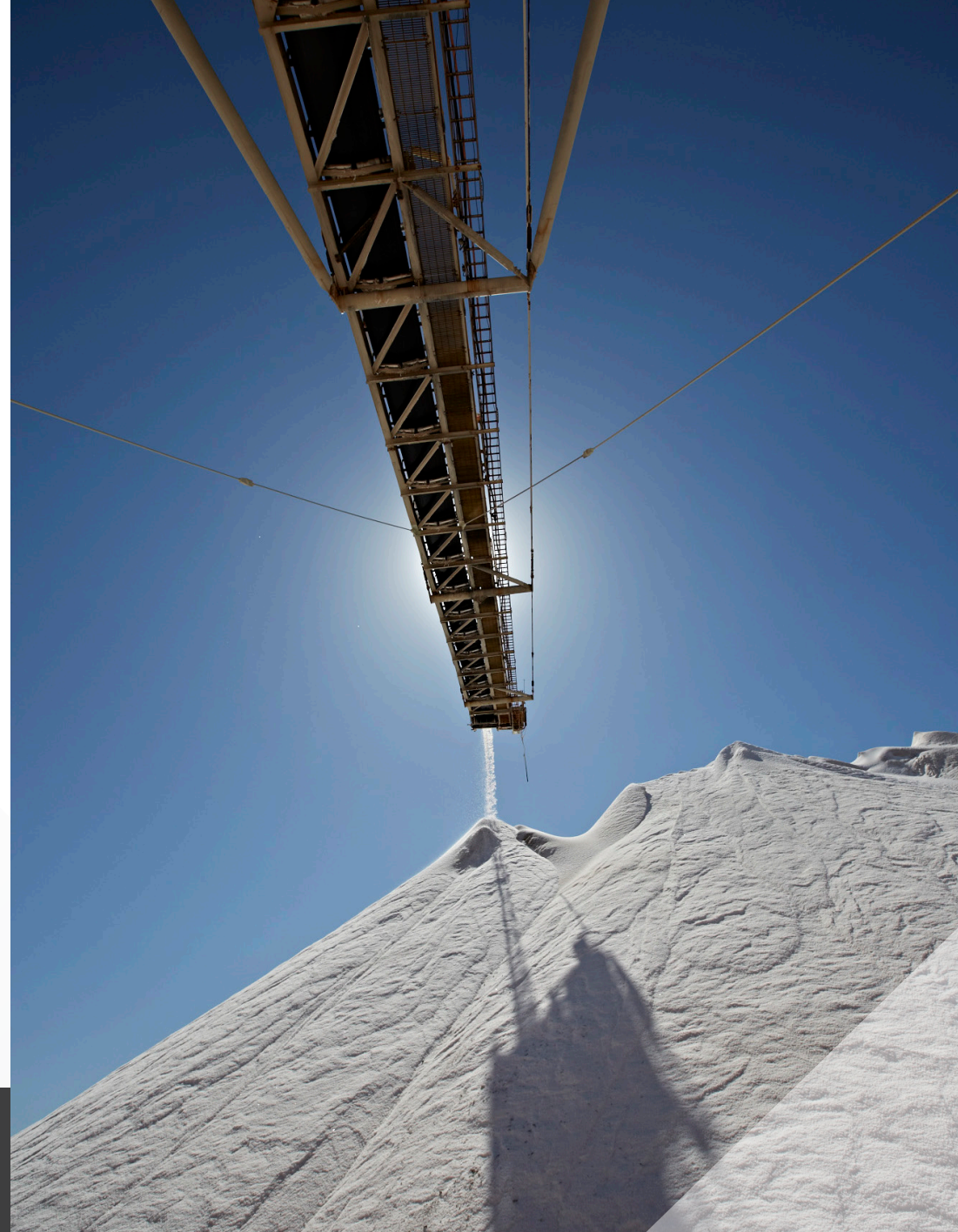
The Mitsui Group maintains several investments and engages in joint ventures in Australia. This tax report specifically pertains to the MCA Multiple Entry Consolidated ('MEC') tax group. This group consists of entities that are entirely owned by Mitsui & Co., Ltd., the Japanese parent company of MCA. MCA, serving as the provisional head company of the MEC tax group, consolidates the income tax return on behalf of its wholly owned subsidiaries and other members within the MEC tax group. All financial figures within this report are presented in Australian Dollars, unless otherwise indicated. The content of this report adheres to the guidelines outlined in the Board of Taxation's Voluntary Tax Transparency Code.

Other Mitsui & Co., Ltd. majority-owned investments in Australia outside the MEC group who have adopted the Tax Transparency Code:

Mitsui-Itochu Iron Pty Ltd will release its own report for the year ended 31 March 2023, available via the link or QR code below.



Read the Mitsui-Itochu Iron Pty Ltd report for year ended 31 March 2023.
https://www.mitsui.com/au/en/group/1226100_9223.html



Tax Transparency Report (cont'd)

WESTERN AUSTRALIA ENTITIES

1. Athena Gas Processing Pty Ltd
2. AWE (Bass Gas) Pty Ltd
3. AWE (Beharra Springs) Pty Ltd
4. AWE (WA) Investment Company Pty Ltd
5. AWE Administration Pty Ltd
6. AWE Australia Pty Limited
7. AWE Energy Holdings Pty Ltd
8. AWE Finance Pty Ltd
9. AWE Offshore Pty Ltd
10. AWE Overseas Pty Ltd
11. AWE Perth Pty Ltd
12. AWE Petroleum Pty Ltd
13. Bunbury Fibre Exports Pty Ltd
14. MEPAU A Pty Ltd
15. Mitsui & Co Mineral Resources Development Pty Ltd
16. Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd
17. Mitsui E&P Australia Holdings Pty Ltd
18. Mitsui E&P Australia Pty Ltd
19. Mitsui Iron Ore Corporation Pty Ltd
20. Mitsui Iron Ore Development Pty Ltd
21. Mittwell Energy Resources Pty Ltd
22. Onslow Salt Pty Ltd
23. Outback Carbon Pty Ltd
24. Peedamullah Petroleum Pty Ltd
25. Shark Bay Resources Pty Ltd
26. Shark Bay Salt Pty Ltd
27. Waitsia Project Pty Ltd

QUEENSLAND ENTITIES

1. Mitsui German Creek Investment Pty Ltd
2. Mitsui Kestrel Coal Investment Pty Ltd
3. Mitsui Moranbah North Investment Pty Ltd
4. Mitsui Moura Investment Pty Ltd
5. Mitsui Resources Pty Ltd

VICTORIA ENTITIES

1. Hazelwood Churchill Pty Ltd
2. Hazelwood Pacific Pty Ltd
3. Karugamo Energy Management Pty Ltd
4. Mit Power Australia Pty Ltd
5. Mitsui & Co Financial Services (Australia) Ltd
6. Mitsui & Co. (Australia) Ltd
7. Mitsui Bussan Woodchip Oceania Pty Ltd

Tax Transparency Report (cont'd)

Tax Policy, Risk Management and Governance

MCA's approach to taxation aligns with our business values. MCA has a well-developed and structured tax risk management framework to allow tax risks to be identified, evaluated, monitored and managed. Tax is managed within the tax risk management framework and aligns with Mitsui & Co., Ltd.'s global tax management policy.

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.



For more information read our Global Tax Management Policy
https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/global_tax_policy_e.pdf

Tax Transparency Report (cont'd)

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 through the ATO's Pre-lodgement Compliance Review ('PCR') which is targeted at Australia's Top 100 taxpayers. This involves ongoing realtime discussions with the ATO regarding significant transactions and/or our tax positions adopted on specific matters. MCA has and will continue to work closely with the ATO in respect of the ATO's justified trust program, with the goal to attain the highest level of assurance on all identified issues. ATO liases with MCA to maintain good compliance and acknowledges our commitment to cooperative and transparent engagement in mitigating tax risks. This commitment includes seeking tax certainty for key transactions, and when appropriate, utilising 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 thorough and timely disclosures of necessary information required by law, providing tax authorities with required information as part of regular filing or during any reviews or audits. In the event of any disputes, we will maintain an open and constructive relationship with tax authorities to achieve a mutually acceptable resolution.



Tax Transparency Report (cont'd)

Reconciliation of Profit Before Tax ('PBT') to Income Tax Expense ('ITE') and Income Tax Provision ('ITP')

	Note	FY2023 AUD ('Mil)	FY2022 AUD ('Mil)
MCA MEC Group Income		10,842.7	11,763.7
MCA MEC Group Expense		6,034.0	4,810.6
Profit before tax (per MCA MEC group tax return)		4,808.7	6,953.1
Tax @ 30%		1,442.6	2,085.9
Non-Temporary Differences			
Share of profits - equity accounting		(366.9)	(463.4)
Non-deductible expenses (and other items)	1	66.6	(117.5)
Under / (Over) income tax provision		(1.0)	0.2
Income tax expense		1,141.3	1,505.2
Franking credits		452.9	759.2
Other temporary (provisions, accruals)		(119.8)	(391.4)
Under / (Over) income tax provision		(2.5)	(12.2)
Income tax payable		1,471.9	1,860.8
Less: franking credits		(452.9)	(759.2)
Less: foreign tax credit / R&D credits		(7.1)	(0.1)
Income tax paid		1,011.9	1,101.5
MCA Effective Tax Rate ('ETR')	2	23.7%	21.6%
Mitsui ETR	3	17.3%	19.5%

1. Comprising mainly of dividends received from majority-owned investments outside the MEC group.
2. The key driver for the difference between MCA's Effective Tax Rate ('ETR') of 23.7% and the standard Australian corporate tax rate of 30% is the receipt of the franked dividend from MCA's other Australian investments. This receipt entitles MCA to a tax offset when calculating its Australian Income tax liability.
3. Refer to page 56 of the 'Notice of the 104th Ordinary General Meeting of Shareholders' report, located here: https://www.mitsui.com/jp/en/ir/library/business/_icsFiles/afeldfile/2023/05/23/en_104th_shoshu.pdf Mitsui's ETR is determined by considering its global operations in multiple jurisdictions, each subject to differing corporate tax rates. This calculation involves dividing Income Tax Expense (JPY240.7B) by Profit Before Tax (JPY1,395.3B) for the financial year ended 31 March 2023.

Tax Transparency Report (cont'd)

Total Tax Contributions

	Note	FY2023 AUD ('Mil)	FY2022 AUD ('Mil)
Corporate Income Tax – Australia		1,011.9	1,101.5
Fringe Benefits Tax		2.2	1.9
Payroll Tax		5.3	4.1
Stamp Duties		0.6	0.7
Mining Royalties	4, 5	789.9	522.7
Petroleum Resource Rent Tax	6	169.6	5.2
Other		7.3	8.7
Total		1,986.8	1,644.8

4. Mining royalties remitted to the state government of Western Australia and Queensland.
5. Revised Mining royalties paid to the state government of Queensland.
6. Increase in Petroleum Resource Rent Tax ('PRRT') remitted to the Australia government resulting from legislative changes.

Australia Tax Return Information Published by the ATO

ABN 64 004 349 795

	2021-22
Total Income	11,763.7
Taxable/Net Income	6,202.6
Tax Payable	1,101.5

GST Paid/Collected and Remitted - Australia

	FY2023 AUD ('Mil)	FY2022 AUD ('Mil)
GST Paid and Claimed	181.5	128.5
GST Collected and Remitted	64.6	49.5
Total	246.1	178.0

Tax Transparency Report (cont'd)

International Related Party Dealings

The parent company of MCA, Mitsui & Co., Ltd. is located in Japan, with 128 offices in 63 countries/ regions globally, including Australia. The Australian operations are part of Mitsui's global business and inherently involve substantial number of related party dealings.

For the year ended 31 March 2023, 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 to and received from Mitsui entities in Japan and Singapore by MCA
- Trading business transactions between MCA and Mitsui entities in Singapore, 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 Kingdom and Singapore
- New share capital injection from Mitsui & Co., Ltd to the MEC Group
- 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.

Tax Transparency Report (cont'd)

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

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 General Purpose Financial Statements ('GPFS') 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 2022 to 31 March 2023.

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