

Investor Day 2023 Panel Discussion Summary

Date:	November 30, 2023	
Panelists:	<u>Representative Director, President and Chief Executive Officer</u>	Kenichi Hori
	<u>Representative Director, Executive Vice President, Chief Human Resources Officer</u>	Yoshiaki Takemasu
	<u>External Director</u>	Takeshi Uchiyamada
	<u>External Audit & Supervisory Board Member</u>	Yuko Tamai

Overview of HR Strategy

Moderator: This September, Mitsui published its first human capital report entitled *Empowering People to Build Brighter Futures*. I would like to begin by asking CHRO Takemasu about the publication of the report and an overview of Mitsui's HR strategy.

Takemasu:

- To begin with, the first thing I would like to say is that Mitsui is a company that has truly placed importance on people throughout its long history. For Mitsui, placing importance on people means people are constantly placed at the center of management. As you are aware, Mitsui has a variety of businesses in a very wide range of industries globally. As a result, Mitsui's activities are inevitably somewhat difficult to understand when viewed from outside. Therefore, we took some steps when publishing this report to place the highest priority on increasing comprehensive understanding as much as possible starting with human resources and human capital for a wide range of stakeholders. Based on this, we hope that this report will provide an opportunity and assistance for investors to gain a deeper understanding of how the company's continuous focus on human resources is connected to the sustained increase of the company's corporate value.
- When preparing the report, we were conscious of introducing management data in a way that is as accessible as possible to provide an understanding of the company's current situation and the direction it should take, such as coverage of diverse employees actually working in the company, improvement of training systems inside and outside the company that Mitsui has focused on for the past

few years, significant revisions to personnel systems planned to be implemented next year, and various personnel measures for work style reforms. After discussions in several meetings of the Corporate Management Committee, the content was eventually confirmed by the Board of Directors, resulting in the publication of the report. Meanwhile, several areas for improvement also became visible through preparation for publication. Based on suggestions and requests from readers about these, we will endeavor to make further improvements to content in future. To be honest, as this publication was the first one, we didn't make it with too much of a pre-determined structure, and instead just pushed ahead in a way we felt was right. We would like to improve in various areas and hope this will provide an opportunity to have dialogue with you all.

- Mitsui has mentioned strengthening of group management capability in the Medium-term Management Plan which ends in FY March 2026. We have three specific HR strategies for the realization of this. The first is the development of diverse and highly-capable individuals, the second is the practice of inclusion required for this, and the last is ensuring the appropriate global assignment of people. The most important management issue in Mitsui is achieving sustained improvement of corporate value by drawing out the full value of human resources and further increasing this. Through updates to the report, we would like to continue to show the virtuous cycle of growth of employees to be encouraged through investment in HR, employees who have grown contributing to sustained improvement of corporate value, and being able to powerfully continue to further invest in HR through enhancement of corporate value.

Characteristics of HR Strategy and Issues Faced by the Company

Moderator: Director Uchiyamada and Audit & Supervisory Board Member Tamai have experience serving as officers in other companies. Please tell us your thoughts on the characteristics of Mitsui's people and HR strategy, and the issues faced by Mitsui from the perspective of an external officer. Let us begin with you, Mr. Uchiyamada.

Uchiyamada:

- When viewing Mitsui from the outside, I often heard the phrase *Mitsui is People*. Now that I have actually joined the company, I have learned that it is a company that truly emphasizes HR development and HR utilization. As explained by Vice President Takemasu earlier, I feel that the three pillars of our HR strategy, which are HR development, inclusion, and the utilization of HR through appropriate HR assignment, are working very well. Internal discussion on HR strategy is

conducted in a very open format, and efforts are made every day to share the results not only on an office organization level but among all employees.

- Direct communication between top management and junior employees is actively carried out in a variety of opportunities not limited to the aspect of HR. The current CEO, Mr. Hori, is also very actively providing opportunities for junior employees to hear what top management has to say on not only the approach to HR development, but also an overarching viewpoint. As a result, we have been able to provide many junior employees with a variety of opportunities at work, and junior employees are also seen working in a variety of situations in internal newsletters much more frequently than in the past.
- The company places much emphasis on HR in this way, but if I had to raise an issue going forward, it would be increasing diversity. Specifically, I think there is still a lot of room to promote diversity more than in the past concerning opportunities for female employees and non-Japanese employees to fulfill their potential.

Tamai:

- Mr. Uchiyamada raised what I think are the important points, so I would like to add to it. To begin with, something that I view very favorably as a characteristic of the company concerning HR strategy or people is inclusion. Within the scope of diversity and inclusion (D&I) in the HR strategy, I think various companies are progressing well toward the targets set for promoting diversity. I think a characteristic of Mitsui is that it emphasizes inclusion.
- As mentioned by Mr. Uchiyamada, placing great importance on internal communication supports this. I think this is something that applies not only within head office but also with group companies. Something I often hear in group companies is the word *Kurumaza* meeting, which means sitting in a circle and having discussions. Not only Japanese people, but I've also heard also non-Japanese are using this Japanese word *Kurumaza*. You can tell that a great deal of attention is given to encouraging vigorous communication.
- Something I see to be a challenge that may be a wider problem not limited to Mitsui could be that diversity between generations is a very difficult issue. Lifestyles, thinking and expectations about the company and work vary depending on the generation. I think it is necessary to devise HR strategy while skillfully taking these onboard. In particular, management is inevitably limited to a specific generation, so I think skillfully taking in the opinions of a wide range of ages in this context is vital and an important issue.

Progress of D&I in Mitsui

Moderator: When the Q&A session was conducted in the external director panel discussion at last year's investor day, former external director Kobayashi raised the diversity issue by commenting, "although Mitsui has many talented female employees and non-Japanese employees, they have unfortunately not risen to the level of top management on the executive side, and I would like to see us put in more effort".

I would like to hear from President Hori about what kind of progress there has been with D&I in Mitsui since last year's Investor Day.

Hori:

- I have received a very high level of support and guidance about the progress of D&I from the company's external directors including former Director Kobayashi. Everyone in the management team is facing the same direction, and we would like to steadily accumulate results by addressing each case one by one.
- Over the past year, particular progress has been made with mentoring of female executive candidates by members of the Corporate Management Committee. This activity has paid off very well, and a total of over twenty individuals are now in the program. Nine of them are serving as general managers. Also, this year marked the first time a female who joined the company as a new graduate became a managing officer. Although there has been a certain degree of progress such as this, we would like to carefully take action to further broaden and deepen the talent pool.
- At Mitsui, the accomplishments of global employees have historically involved employees hired in Japan being transferred to be stationed overseas in many cases. However, there has now been an actual increase in cases where people hired in a variety of countries worldwide go to other countries as experts and representatives. This is now being institutionalized as well. This energizes the company as a whole, and leads to a common belief among all members of the company to create such a diverse team. We will proceed to spread specific examples of this. Furthermore, there have also been cases in which executives have been transferred from group companies to the parent company in both domestic and overseas companies.
- We would like to deliberately pick up such cases, expand the HR pipeline and proceed with D&I from a larger perspective in Mitsui.

Contributions to D&I Management in the Board of Directors

Moderator: Since this year's General Meeting of Shareholders, Ms. Ishiguro, Ms. Casanova and Ms. Tan have been appointed as new external directors, increasing the ratio of female and non-Japanese directors of the Board of Directors. I would like to hear comments from Director Uchiyamada, who chairs the Nomination Committee, about his views on how D&I in the Board of Directors contributes to management.

Uchiyamada:

- At present, there are six external directors, including four women and two men. In addition, the five external directors other than myself are non-Japanese or people who have experience living or working overseas, and I am the only one who is completely local, so to speak. Something that has immediately changed since June is that everyone stands around talking before a meeting of the Board of Directors, and this is now mainly conducted in English, which is difficult for me. Jokes aside, I feel that the breadth of discussion has expanded due to the increase in diversity of external directors in meetings of the Board of Directors since June. For example, I think there have been exchanges of diverse opinions in a variety of discussions such as sustainability, future portfolio reconfiguration, utilization of HR and further participation by female and non-Japanese employees.
- Increasing diversity is something the Nomination Committee has been asking the executive side to implement. We have started by actively increasing diversity of external directors, but we think it will also be necessary to expand this to internal directors in future.

Points Required for Creating a Workplace Enabling Active Participation by Female Employees

Moderator: Ms. Tamai, acceleration of the promotion of women has been raised as a recent D&I issue, but what are your thoughts about the kind of initiatives required to create a workplace enabling active participation by women?

Tamai:

- I think there are two points with respect to establishing a workplace environment. The first is ensuring an environment without unnecessary stress. In particular, I think women who work while raising children are required to fully utilize limited time to produce results in their work.
- Regarding this point, Mitsui has established a very large number of various systems and institutions, so I think it is just a matter of operation and awareness.

I think it is important to create a virtuous cycle in which employees feel good utilizing the systems and this leading to the improvement of performance.

- Another point is a positive one regarding the company providing employees with opportunities for feeling fulfillment and growth within the work they actually do is also very important.

HR Measures

Moderator: Next, I would like ask CHRO Takemasu some questions. Mitsui has currently established a variety of HR measures based on its HR strategy. How much do you think their operation has permeated through the company? Also, what is your view of employees' awareness and understanding of the various measures?

Takemasu:

- Mitsui is planning a major revision of the HR system next year. I think many people are cautious or feel concern about significant changes. To address this, the Human Resources & General Affairs Division is already playing a central role by providing a considerable number of employee briefings. Steps are being taken in a variety of ways in the form of townhall meetings in an effort to ensure understanding of the intent of the systems through interactive communication with employees. Meanwhile, tone at the top (management's stance toward employees) is also very important. President Hori has already given several messages on revising the HR system. We intend to continue such detailed approaches in future. In addition, we also believe that line managers and managerial personnel on the business frontline are the key to spreading new systems throughout the business frontline, and would also like to make sincere efforts to provide training to such people. Revisions to the HR system will provide employees with a wider range of career options. Meanwhile, the company expects that each employee will accumulate work with higher added value through the revised system, and that there will be a shift in work style itself to more productive work as an organization.
- I would also like to comment on human capital. Displaying the full potential of human capital is up to employees themselves. For this reason, I think improving employee engagement is more important than ever before. Human capital itself also basically belongs to employees, and by no means unconditionally belongs to the company. Therefore, I think the company must do its best to engage in improving retention of employees.
- As human resource mobilization and globalization progress more and more, Mitsui must establish a more appealing workplace environment to attract

human resources. We would like to implement the revision of HR systems with this in mind.

Relevance and Future Emphasis of HR Strategy and D&I for Enhancement of Corporate Value

Moderator: Finally, I would like to hear some comments from President Hori. How have Mitsui's HR and D&I initiatives led to the enhancement of corporate value? Also, could you tell us about what you would like to further emphasize in future?

Hori:

- Mitsui provides solutions to a variety of social issues, and we call these *real solutions*. This is a model that does not work unless Mitsui's teams providing solutions can have realistic ideas.
- The most important thing is having a professional background, but it is important to have diversity and for people within the team to complement each other. I think our source of strength is in building diverse groups enabling various ideas regardless of race, gender, nationality or age. I believe that naturally working within a diverse group with respect for each other is Mitsui's style of inclusion. For example, a wide range of solutions cannot be found without the perspectives of both economically developed regions and markets referred to as the global south. In this respect, I think it is important to combine people with experiences in various countries. Creating a dynamic team and ensuring it fully functions will become increasingly important for the creation of added value for Mitsui.
- I think D&I initiatives are a source of corporate value. I would like to strengthen this point based on the policies and measures that today's panelists have spoken about.

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