

CSR Management Platform



To Mitsui, CSR means providing value to society through its core businesses in its role as a *sogo shosha* (general trading company) and actively helping society achieve sustainable progress. In order to enable Mitsui to fulfill this responsibility, it is important for each of our employees to be aware at all times of the meaning of *Yoi-Shigoto* (good quality work), our core approach to work, and to put it into practice. To continue contributing to society through our core businesses and to remain a company that society trusts, Mitsui must have a sound corporate governance structure and internal control. In order to establish our CSR management platform, which is necessary to put *Yoi-Shigoto* into practice, we will enhance our corporate governance structure, establish and improve internal control on a global Group basis, and build a stronger organization to heighten awareness of the importance of human rights and compliance among all management and staff.

Corporate Governance: Corporate Governance and Internal Controls

We are making efforts to enhance our corporate governance framework and develop and improve our internal controls on a global group basis, to make Mitsui a company that is trusted by society.

We recognize that ensuring thorough compliance with respect to internal controls is a particularly important issue.

Corporate governance and internal control: Systems and implementation

Corporate governance framework

Mitsui has chosen to base its corporate governance framework on a corporate auditor system, headed by the Board of Corporate Auditors. To achieve effective corporate governance for shareholders and other stakeholders, the Company has established the following governing bodies:

1. The Board of Directors is Mitsui's ultimate decision-making body for business execution and oversight. To ensure that those functions are fulfilled, Mitsui appoints no more than the number of directors necessary to enable effective deliberations. Mitsui has also established the Governance Committee, Nomination Committee, and Remuneration Committee as advisory bodies to the Board of Directors, with external directors and external corporate auditors serving as members of these committees.
2. The Board of Corporate Auditors audits the execution of the duties of the Board of Directors as an independent body and reports to shareholders. In pursuit of this objective, the corporate auditors carry out multifaceted, effective auditing activities, such as attending important internal meetings and auditing various types of reports, and develop necessary measures in a timely manner.

To ensure transparency and accountability, key requirements of corporate governance, Mitsui is endeavoring to strengthen management oversight and supervision, taking into account the perspectives of external directors and external corporate auditors. At the same time, the Company is developing its internal control framework with respect to information disclosure, and, based on the general rules of fair disclosure, executives and employees are responsible for ensuring accountability. Furthermore, to separate the functions of business execution and oversight, Mitsui has broadly transferred the authority for business execution to the Company's executive officers, with the Board of Directors responsible for overseeing the execution of business by the executive officers. The chief operating officers of the Company's 12 head office business units and three overseas regional business units also serve concurrently as executive officers, supporting a dynamic approach to business execution across the consolidated group.

At the time of the General Meeting of Shareholders in June 2014, there were 13 directors, four of whom were external directors.

We have five corporate auditors, two full-time and three external, and we have established a Corporate Auditor Division as a framework to provide added support to the corporate auditors in the execution of their duties. Corporate auditors attend the meetings of the Board of Directors and other important in-house meetings, overseeing procedures and resolutions, and visit offices in and outside Japan and important subsidiaries and associated companies.

Business execution and internal control system

In 2011 we adopted the so-called “J-SOX” standards defined in Japan’s Financial Instruments and Exchange Act as the basis for the evaluation of our internal control systems. We are determined to maintain highly effective internal control systems that are compliant with the new global standards and in keeping with the values of Mitsui & Co., and to ensure that all employees, including those working for subsidiaries and affiliated companies, are fully aware of and comply consistently with the basic principle that without compliance there will be no work and no company.

At the core of our internal control system, the Internal Control Committee, chaired by the president, establishes basic internal control policy and carries out company-wide internal control evaluations and improvements. The Compliance Committee, Disclosure Committee, and J-SOX Committee all operate under the Internal Control Committee.

Furthermore, to respond to the increasingly diverse kinds of risks associated with our business, we have established the Portfolio Management Committee, which met a total of 28 times during the fiscal year ended March 31, 2014, monitors the Company’s entire portfolio, makes proposals on the Company’s overall portfolio strategy, and conducts individual discussions on important projects. In addition, we have formed the Crisis Response Headquarters, an ad-hoc body reporting directly to the president, which exercises swift, precise decision making when there is a need for a swift response, and the CSR Promotion Committee, which met a total of three times during the fiscal year and promotes company-wide CSR management, builds our internal CSR-related systems, and works to heighten the awareness of CSR among employees. Moreover, we have formed the Information Strategy Committee, which formulates policies related to company-wide information and IT strategy and prepares and monitors the implementation of major policies related to promoting the enhancement of the management base and information strategy.

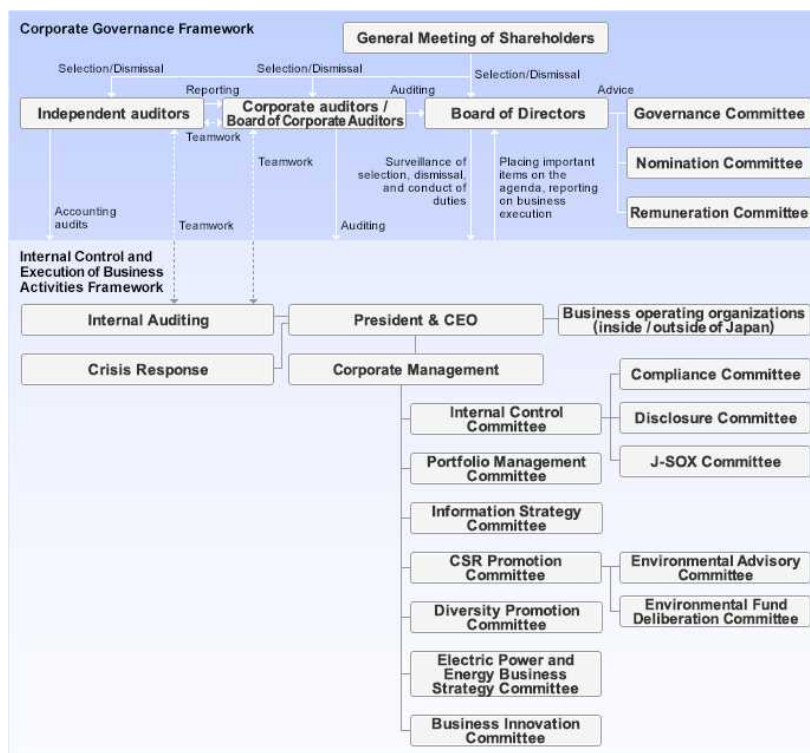
Current status of the internal auditing structure

The Internal Auditing Division, which reports directly to the president and has a staff of about 80, conducts regular audits, including audits of subsidiaries inside and outside Japan. Internal auditors make independent and objective evaluations of such areas as management and operational effectiveness, compliance, and the reliability of financial reporting. The audit results are reported to the president, and follow-up reports from the audited department are requested on items where improvement is deemed necessary.

Furthermore, we have established an internal auditing section in each business unit. Each department and branch carries out self-auditing on their own initiative, and combined with Internal Auditing Division audits, this contributes to further improving the effectiveness of our internal controls.

Initiatives to enhance corporate governance over the last fiscal year

As we have terminated our registration with the U.S. Securities and Exchange Commission (SEC), the current fiscal year is the 3rd year that we adopted the J-SOX standards as the basis for the evaluation of our internal control systems. The same as last year, we took great care to maintain the same high level of transparency, information disclosure and internal control discipline as under the U.S. standards. We recognize that institutional investors, including those based in other countries, have taken an increasing interest in corporate governance in recent years, and we have therefore started and continuing to provide direct briefings to shareholders and others concerning our corporate governance systems.



Corporate Governance and Internal Control Principles

Mitsui & Co., Ltd. has enacted the following “Corporate Governance and Internal Control Principles” in April 2006 (Revised: April 2012)

Corporate Governance: Compliance and Risk Management

Our sound reputation is the foundation of our business. As such, we recognize that it is only through compliance that we can maintain that reputation and gain even more trust from our customers.

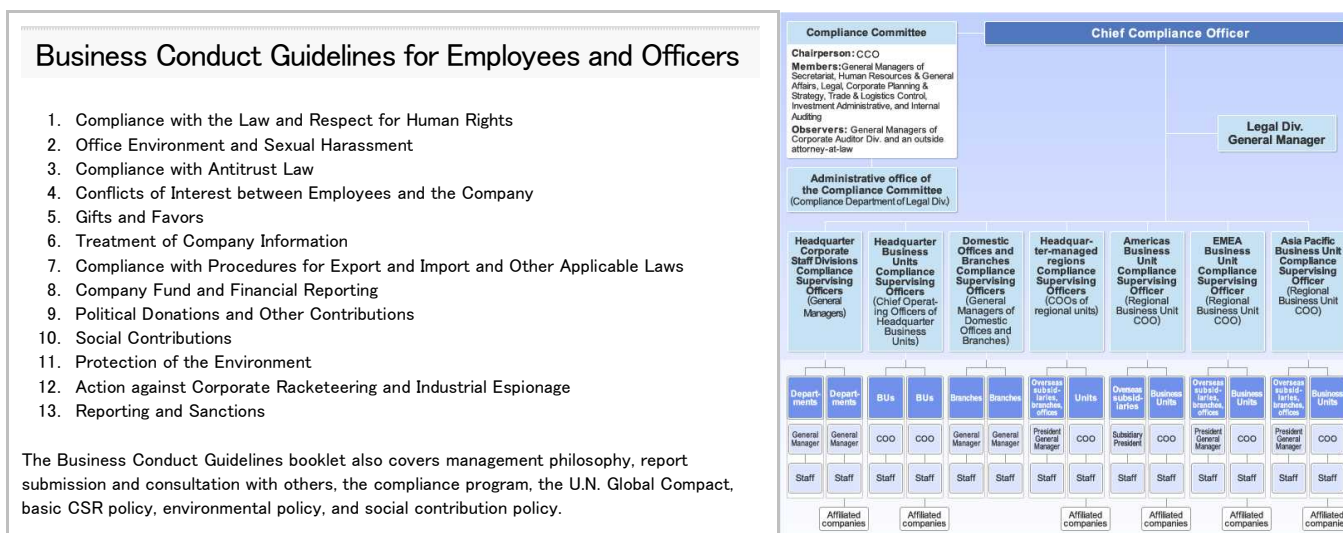
To that end, we are working to heighten awareness among all management and staff of the importance of upholding high ethical standards and are accordingly striving to build a global compliance framework that advances best business practices.

Building a Better Compliance Framework

Business Conduct Guidelines for Employees and Officers

The “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” specify how every Mitsui employee should act in his or her daily activities, from the perspective of compliance with laws, internal regulations, and corporate ethics. The Business Conduct Guidelines help us fulfill our corporate social responsibility (CSR) and win the trust of our stakeholders. They have been revised from time to time since their enactment in February 2001, to reflect changes in the law and best practices.

Our aim is to ensure that all Mitsui employees develop a broad awareness of the Business Conduct Guidelines through training and e-learning opportunities, and to see that all employees have pledged to comply with them. We have also introduced bespoke business conduct guidelines for each of our Group companies, which are based on the Business Conduct Guidelines but tailored to the specific business structures of those companies. In addition, we have put in place the Business Conduct Guidelines in each of our overseas offices, reflecting the local laws, regulations, and customs of the countries in each region.



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The Compliance Program

The Compliance Department of the Mitsui Legal Division leads compliance efforts on a global and Group-wide basis under the direction and supervision of the Chief Compliance Officer (CCO) and with the support of the Compliance Supervising Officers appointed in each of Mitsui’s domestic and overseas business units, in Mitsui branches and offices, and in other such entities. The objectives of these efforts are to: (i) heighten awareness of compliance issues, (ii) strengthen and improve compliance programs and systems within Mitsui, and (iii) respond to specific compliance issues that arise. In addition, a Compliance Committee has been established as a forum for discussions relating to the promotion of compliance with laws and ethical standards across the Group as a whole. With the participation of external attorneys, the Compliance Committee discusses various issues that have arisen in the wider Group, and discussion outcomes are made available on the company intranet.

Specific measures carried out with compliance in mind include conducting thoroughgoing supervision at the working level, strengthening business process controls, and promoting the rotation and movement of personnel. Such initiatives are implemented on an ongoing basis, and with the aim of preventing misconduct.

Facilitating Communication and Improving the Internal Whistleblowing System

We believe that the compliance function essentially calls for us to prevent compliance-related incidents from arising by maintaining an open working environment that is facilitated by transparent and open communication within the Mitsui community, and which reflects our management philosophy and values. Accordingly, we require that employees who have concerns about possible misconduct promptly raise those concerns with their supervisors or other managers, and duly seek their guidance, in an appropriate and timely manner.

Mitsui offers eight channels for raising compliance concerns, including internal reporting lines and reporting routes involving external attorneys or third-party hotline service providers that promise anonymity. Mitsui has published Whistleblowing System Regulations clearly stipulating that no employee will suffer any form of retaliation or prejudice for raising any compliance concern. Furthermore, we have made it possible for Group companies in Japan to refer compliance reporting to Mitsui's designated external attorneys and third-party hotline service providers as their own external reporting channels, and we are enhancing our system to allow employees of Group companies to raise concerns without fear of retaliation through providing guidance to Group companies on how to set up and manage internal whistleblowing channels.

Overseas, our regional Compliance Supervising Officers are chiefly responsible for overseeing the implementation of reporting channels that make it possible for employees in overseas offices and affiliated Group companies in each region to report and seek guidance on compliance concerns in line with local laws and customs.

Effective Education and Training

Mitsui provides employees with a wide range of compliance training programs to promote a high degree of awareness of business ethics throughout Mitsui and to ensure that all employees have the necessary skills and information available to them to ensure that work practices remain in compliance.

In the fiscal year ended March 31, 2014, we provided such training for employees at all levels, including new employees, line managers, operations staff, and administrative staff, as well as for Mitsui employees moving overseas or being seconded to Group companies. Mitsui also provides an extensive program of compliance training for executives and employees of Group companies.

In addition, during the fiscal year ended March 31, 2014, Mitsui provided lessons involving the Compliance Handbook for Mitsui employees in Japan and also conducted online testing to ensure that employees understood handbook content. Through such activities, we are working to ensure that all management and employees have adequate knowledge related to compliance that they need to conduct of day-to-day business activities.

We also provide overseas operations and Group companies specifically-tailored compliance training that takes into account particularities of the regions in which they are located.

Compliance Awareness Survey

In order to understand and monitor the level of compliance awareness among executives and employees, we have conducted Compliance Awareness Surveys as appropriate not only in Mitsui & Co., Ltd., but also in our oversea offices and major subsidiaries. We use the survey results to address issues and implement a variety of measures to promote further compliance awareness and to reduce compliance problems.

Other Initiatives

In addition to the previously mentioned initiatives, we also visit individual key subsidiaries and associated companies to ensure adherence to best compliance practices at the Group level. In so doing, we gain a better understanding of compliance issues facing each company, thereby enabling us to offer advice geared toward helping those companies design and implement compliance programs that can be run autonomously and independently.

Throughout the fiscal year ending March 31, 2015, we will continue initiatives that call for even better communication needed to support more effective and more fully-instilled compliance program design and implementation in order to further make compliance an integral part of daily Group-wide operations.

Protecting Personal Information

We stand committed to the task of fortifying systems involved in managing the Mitsui consolidated Group, which includes our subsidiaries and associated companies. To that end, we are working to ensure that mishaps related to personal information are avoided by establishing better information security measures and by providing education and training through e-learning and other programs regarding personal information protection.

Our system for ensuring personal information protection is based on our Privacy Policy (Personal Information Protection Guidelines) and Regulations for the Protection of Personal Information, and involves the appointment of Chief Privacy Officer (CPO). Accordingly, the CPO is in charge of the CPO office which has been established to deal with matters such as facilitating awareness of information protection issues and handling related that arise in the daily course of business.

As a general trading company, we, our subsidiaries, and our associated companies handle a wide range of products. In our B-to-C (business to consumer) consumer goods business fields we handle particularly large volumes of personal information and must exercise extreme care to ensure that this data is protected. Accordingly, we have set up management teams to respond in the event that an

incident involving the leakage of information should arise, and we also appoint Personal Information Management Officers in each company division who monitor the status of information management so that we can avoid such incidents in the first place.

Ensuring Safety and Consumer Confidence

The Consumer Affairs Agency of Japan was established to ensure consumer safety and confidence, and to that end has been granted jurisdiction over laws that have close relationships with the lives of consumers. Likewise, Mitsui is also well aware that consumer safety, confidence and security are of major importance in conducting its business.

With such concerns in mind, Mitsui has established its Consumer Product Handling Policy and Consumer Product Handling Regulations, and has also prepared detailed regulations for each business unit to ensure the appropriate handling of consumer products.

Moreover, in the foods area, Mitsui works to secure food products to supply Japan, which has the lowest rate of food self-sufficiency among the industrialized countries. Food Resources Business Unit, Food Products & Services Business Unit place maximum priority on food safety and security and accordingly has established internal rules and committee for food sanitation, maintains a food-safety database, and monitors related activities overseas down to the food production stages.

To manage the risk against food safety and security, we have been holding ongoing food safety seminars for our employees and those of Mitsui subsidiaries and associated companies, and have been redoubling efforts to ensure that details on labels such as country of origin, product quality, and product grade are accurate, and to facilitate product traceability.

When it comes to product safety and peace of mind, consumers can rest assured that the overriding priority that Mitsui places on ensuring the safety and security of consumer products and food extends to all of the items that we handle.

The Consumer Product Handling Policy

Placing More Emphasis on the Consumer and Ensuring Product Safety

Whether engaging in manufacturing, importing, or domestic marketing of consumer products, Mitsui reaches beyond its goal of providing products that offer cost savings or superior performance, and thereby additionally emphasizes a consumer-oriented approach by which the utmost priority is placed on handling safe products that consumers can use with total confidence. This policy is aligned with our management philosophy comprising our Mission, Vision and Values (MVV) and ties in with our aspiration to engage in what we refer to as *Yoi-Shigoto* (good quality work).

Developing and Operating a Risk Management System

To ensure that the Consumer Product Handling Policy functions in practice, we have developed a sound risk management system and are working to maintain and improve systems used in collecting, disseminating, and disclosing information on accidents involving products, and arranging for product recalls in the event of product-related accidents.

Information Risk Management

Under recognition that suitable management of the information as an important resource is indispensable to our company, the Information Risk Management Subcommittee which is a subordinate body of the Information Strategy Committee that the Chief Information Officer (CIO) chairs promotes integrated information risk management, based on the information security policy.

While upgrading the "Rules on Information Management" for users and the "Rules on IT Security" for system administrators, we operate and control information risk management, and continue education activities through performing self-assessment, e-learning, etc. one by one.

We have further safeguarded sensitive information physically as follows;

- Access control systems based on the use of electronic employee ID cards and admission cards.
- Introduction of information devices with built-in hard disk encryption systems, and of remote data erasing systems in the unlikely event that a device is lost in order to prevent unauthorized access to information.

CSR-Related Risk Management

Business opportunities and the risks associated with doing business have increased and are becoming more diverse due to economic globalization, progress in information technology, and the increasing awareness of CSR. Based on this understanding, Mitsui recognizes the necessity of comprehensively managing risk from both quantitative and qualitative perspectives, by responding appropriately to changes in social conditions and business models. With this awareness, we have designated the business domains listed in the table below, which have high qualitative risks, including risks related to the natural environment, society, and governance, as specially designated business, and we have been endeavoring to develop such businesses with due caution under our Specially Designated Business Management System. Specifically, when beginning new projects, we conduct internal assessments and, wherever necessary, approach the CSR Promotion Committee as well as the Environmental Advisory Committee for advice as to whether or not to proceed with the proposed projects and for recommendation on how improvements can be made. Ultimately, the final decisions on whether or not to proceed with any given project are made by representative directors after respective proposal documents have been circulated to the relevant departments. The members of the Environmental Advisory Committee are selected from among outside individuals who are familiar with technology trends in a broad range of fields—including global warming, environmental restoration, and environmental policy related to water, energy, and other matters—attorneys, and other knowledgeable individuals.

In the fiscal year ended March 31, 2014, 56 projects were individually assessed under the Specially Designated Business Management System. By business domain, 12 of these projects were environment-related businesses, 5 were the Medical/healthcare/bioethics-related business, 38 were the businesses that are eligible for direct or indirect subsidies from Japanese government or other governments, and 1 was the businesses with a high public profile.

In this fiscal year, we continue to conduct a more comprehensive and well balanced management of risks on specially designated business at the earlier stage of business development process with support from those units.

Furthermore, we have established the Rules on ODA Business Management for promoting ODA business, which has a high public profile and, therefore, requires operation processes that are highly transparent. Under this system, as necessary, Mitsui's ODA Projects Evaluation Committee considers these projects and engages in appropriate risk management practices.

Business Domains Subject to Specially Designated Business Management System

Business Domain		Key Points for Screening
		Applicable to All Four Business Domains <ul style="list-style-type: none"> ● Significance and social value of the business itself ● Significance of Mitsui engaging in respective business
1	Environment-related business All businesses that have serious influences on the environment Examples: Clean development mechanism (CDM) business, business using biomass, recycling business, wastewater treatment business, etc.	<ul style="list-style-type: none"> ● Contribution of such business to the environment and society ● Measures to mitigate environmental impact, and safety assurance ● For development business, appropriate consideration and understanding of local residents and other related parties ● Compliance with environmental laws, regulations and guidelines, etc.
2	Medical/healthcare/bioethics-related business Businesses related to the medical and healthcare fields, businesses related to the development of technologies involved in genetic analysis, genetic recombination, and related areas, and businesses related to products that use such technologies. Examples: Business with a high public profile in the medical and healthcare fields (senior living business, pharmaceutical-dispensing business), development of new drugs using genetic analysis technology, etc.	<ul style="list-style-type: none"> ● Ethical screening based on guidelines of three Japanese ministries (Ethical Guidelines for Human Genome and Genetic Sequencing Research: MEXT, MHLW, METI) ● Approval by the ethics committee of the research institute, acquisition of informed consent, checking of processes, etc.
3	Businesses receiving subsidies Example: Businesses that are eligible for direct or indirect subsidies from Japanese government or other governments	<ul style="list-style-type: none"> ● Evaluation in light of Mitsui's management philosophy (MVV) ● Social impact and ensuring accountability and process transparency ● Determination of interests of stakeholders, and resultant considerations and responses ● Responsibility and capability over the medium-to-long term acting as the operator of a business with a high public profile
4	Businesses with a high public profile Businesses which have high-risk cases that may be in conflict with public order and morality, Mitsui's management philosophy, or other CSR-related matters. Examples: Business with sensitive personal information, public businesses (businesses based on PFI, designated administrator system, market testing, etc.), businesses with strong regional exclusivity (public transportation systems, etc.), etc.	<ul style="list-style-type: none"> ● Evaluation in light of Mitsui's management philosophy (MVV) ● Social impact and ensuring accountability and process transparency ● Determination of interests of stakeholders, and resultant considerations and responses ● Responsibility and capability over the medium-to-long term acting as the operator of a business with a high public profile

Human Rights Initiatives

Operating businesses globally in many countries and regions of the world, Mitsui considers the protection of human rights in accordance with international standards to be its CSR management platform. Mitsui Basic CSR Policy states that, make prudent efforts to understand the culture, traditions, and customs of countries and regions around the world; and recognize the significance and importance of the human rights contained in the international standards.

The "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." prescribes and requires Mitsui employees and officers to observe: full consciousness of their role as members of international society; understanding and respect of the cultures, customs, and history of individual nations; protection of human rights; and eschew of any form of discrimination based on race, creed, gender, social status, religion, nationality, age, or physical or mental ability. Furthermore, regarding measures to prevent any kind of discrimination and sexual harassment, we are raising employee and officer awareness by providing compliance seminars and other opportunities tailored to each job level.

We also support various international standards such as the Universal Declaration of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work.

International Standards

Supporting the Universal Declaration of Human Rights

The Universal Declaration of Human Rights is a common standard of objectives for all peoples and all nations to respect human rights and freedom. The Declaration was proclaimed on December 10, 1948 at the third United Nations General Assembly and occupies an important position in the history of human rights.

Following this declaration, the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR) were adopted by the 21st United Nations General Assembly on December 16, 1966. They both recognize the majority of the rights indicated in the Universal Declaration of Human Rights. Japan ratified both treaties in 1979. Mitsui supports the Universal Declaration of Human Rights, the ICESCR and the ICCPR

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ILO Core Labour Standards

The International Labour Organization (ILO) was founded in 1919 as an international organization responsible for drawing up and overseeing international labour standards. ILO is a tripartite agency that brings together representatives of governments, employers and workers to shape programs together on the subjects of human rights, occupational safety and health, hiring policies and the development of human knowledge for the adoption of ILO agreements and recommendations.

In 1998, the ILO established the ILO Declaration on Fundamental Principles and Rights at Work. As the basic rights of workers (ILO Core Labour Standards), they are defined in the 8 conventions in 4 fields (freedom of association and the right to collective bargaining C87/C98; the prohibition of all forms of forced labour C29/C105; elimination of the worst forms of child labour C138/C182 and non-discrimination in employment C100/C111).

Mitsui supports the 8 conventions constituting the ILO Declaration on Fundamental Principles and Rights at Work.

Respecting Indigenous Peoples

When conducting operations, Mitsui strives to comply with all laws of the applicable country or region, and to respect the human rights and cultures of its indigenous peoples in accordance with international standards such as the United Nations Declaration on the Rights of Indigenous Peoples and the Convention concerning Indigenous and Tribal Peoples in Independent Countries (ILO Convention : C169). For example, in our forest resource business in Australia, we are exercising due diligence by assessing the level of impact that Mitsui's projects may have on the indigenous Aboriginal population. As part of our research into available solutions in the event that any problems be discovered, we conduct advance surveys from the viewpoint of cultural protection to ensure that our operations will not destroy Aboriginal historical sites. In our iron ore mining operation in Brazil, we maintain close communication with the indigenous Parketêjê people to foster mutual respect. In Japan, Mitsui concluded an agreement with the Biratori Branch of the Hokkaido Ainu Association under which action is being taken to stimulate the preservation of the culture of the Ainu people, who are the original inhabitants of the Saru Forest, which is located inside one of Mitsui's Forests.

Guidelines for appointing a security firm

The UN Code of Conduct for Law Enforcement Officials was adopted in December 1979 so that the UN can promote and ensure that law enforcement authorities such as police and military in membership countries take on appropriate roles as well as respect and protect human dignity. The Principles on the Use of Force and Firearms by Law Enforcement Officials was also adopted in August/September 1990 as the standard for the use of force and firearms by law enforcement officials.

Mitsui bases its appointment of security firms on both the UN Code of Conduct for Law Enforcement Officials and the Principles on the Use of Force and Firearms by Law Enforcement Officials.

Management system for human rights and labor

Internal Survey on Compliance with UN Global Compact

Mitsui conducts an internal survey in alternate years concerning compliance with the UN Global Compact to raise awareness of the management and the regular employees awareness on human rights and labor issues at our Business Units, Corporate Staff Divisions and domestic and overseas organizations (branch offices and consolidated subsidiaries).

1. Do you fully understand the UN Global Compact
2. Are there any violations of the 10 principles in the UN Global Compact and, if so, report the details of the violation and what measures were taken to handle the situation.

As a consequence of this survey, if it is found that we have a unit, a division or organization which materially lacks an understanding of the UN Global Compact, we will take measures such as to provide training seminars additionally to it. We will continue with this survey to raise awareness on human rights and labor issues while referring to Guiding Principles on Business and Human Rights (report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie) which is endorsed by the United Nations Human Rights Council.

Holding of Business and Human Rights Seminar

Mitsui held a seminar on “Business and Human Rights” for CSR Promotion Officers in October 25, 2013.

Emi Sugawara, a special researcher in the Osaka School of International Public Policy of Osaka University, gave a lecture on the concept of human rights and recent trends concerning business and human rights, and also conducted some basic exercises. One participant commented, “I realized that many matters that I thought are unrelated to human rights are actually linked to human rights.” Another participant said, “I came to understand the historical background and system of human rights,” while another explained, “I can see now that the perspective of what the rights are and for whose benefit they exist is important.” The seminar was an important opportunity for the participants to deepen their understanding of business and human rights.

Participation in Conference on CSR and Risk Management

The relationship between business and human rights has come under closer scrutiny in international society in recent years, and it is becoming increasingly important for companies to address human rights issues. Mitsui participated in “Conference on CSR and Risk Management”(organized by Caux Round Table-Japan and the United Nations Working Group on the issue of human rights and transnational corporations and other business enterprises) held at the Tokyo International Forum on September 5, 2013, followed by group work session. Information was shared on best practices for corporate human rights due diligence from the perspective of risk management, and intensive discussions on CSR risks that should form the basis of human rights due diligence were conducted with various stakeholders, including the United Nations and NGOs. Mitsui’s concept of achieving growth with suppliers was praised by UN members.

Mitsui will continue cooperation with suppliers and other stakeholders.



Supply Chain Initiatives

Having built diverse value chains throughout the world and providing a wide range of functions and services, we at Mitsui are working with our business partners to respond to the needs of society. Our goal is to help solve the various issues present in our supply chains, including the human rights issues, labor issues, and global environmental problems that confront today’s society.

Supply Chain Management

Because Mitsui has built diverse value chains throughout the world and provides a wide range of functions and services, we have gone beyond environmentally friendly green procurement and are striving to comply with laws, respect human rights, maintain safe and sanitary working conditions, and ensure the safety and security of the products and services we provide. In order to correctly assess and solve CSR-related supply chain issues, Mitsui formulated its Supply Chain CSR Policy in December 2007, and has since worked to ensure that all of its business partners fully understand this policy and cooperate in its implementation. We are working to ensure compliance with and implementation of the policy while conducting reviews based on changes in society's expectations and demands, and we revised the policy in September 2011 and November 2013. We are making every effort to enhance our supply chain management by identifying potential problems in our supply chains and extracting key issues based on the characteristics of each supply mode, country, and industry.

Supply Chain CSR Policy

1. Mitsui & Co., Ltd. will strive to contribute to the creation of a sustainable society by understanding and solving issues associated with the supply chains of its businesses, consistent with the wishes of its stakeholders.
2. Mitsui & Co., Ltd. will strive to support improvements in the supply chains by seeking understanding and implementation of the following principles by its business associates :
 1. To engage in fair trade, prevent corruption and comply with all applicable laws and regulations.
 2. Not to be complicit in human rights abuse and violation.
 3. To prevent discrimination with respect to hiring and employment.
 4. To respect the rights of employees to associate freely and bargain collectively.
 5. To appropriately monitor employees' working hours, holidays, leaves of absence and prohibit unlawful excessive work.
 6. To prevent forced labor, child labor, unlawfully-cheap labor, physical discipline, and physical, sexual and other forms of harassment.
 7. To ensure a safe and sanitary work environment.
 8. To reduce and mitigate business impact on the global environment.
 9. To ensure the safety and reliability of products and services.
 10. To disclose adequate and timely information relevant to the above.

Current State of Implementation of Supply Chain CSR Policy

Mitsui is implementing this policy based on the following two pillars.

1. Company-wide uniform supplier communication forms

Beginning in the fiscal year ended March 31, 2009, we sent a letter to all suppliers requesting their understanding and cooperation in regards to our Supply Chain CSR Policy in a move to ensure that all Mitsui suppliers are fully aware of this policy. More than 31,000 companies among Mitsui's Business Units, Overseas offices, and subsidiaries received the letter, which we prepared in Japanese, English, and four other languages (Chinese, French, Spanish, and Portuguese). We are continuing to promote further compliance through a range means, including explanations provided by local staff and through our company related website.

2. Individualized Handling

In promoting compliance with this policy, we consider interactive communication with business partners to be very important. Therefore, we hope to build trusted relationships and strengthen our supply chains by working jointly on improvement ideas with our partners wherever needed. In the fiscal year ended March 31, 2012, we surveyed our business partners in high-risk fields, which include agricultural crops and consumer products, focusing on human rights abuse, child labor, environmental friendliness, etc. None of our business partners related to agricultural crops (39 companies), such as coffee and cocoa, or our business partners related to textiles (153 companies) had violated this policy based on the results of this survey in addition to direct feedback from five of our business partners related to textiles.

In the fiscal year ended March 31, 2014, Mitsui personnel and outside experts visited two apparel manufacturers in China that serve as suppliers to its subsidiary in order to conduct on-site inspections focusing on local human rights and labor practices. The inspections did not find any significant problems.

Future Actions

We will continue sending out letters before beginning business relationships with new suppliers and continue to ensure that all suppliers of Mitsui and its subsidiaries understand our Supply Chain CSR Policy.

To increase the sensitivity of all employees to human rights, labor, and other such issues in our supply chains and to prevent problems, we will continue to heighten awareness and provide training seminars (participants in the fiscal year ended March 31, 2014: 268) including but not limited to newly-hired employees and managers. Furthermore, we will endeavor to assess any actual business situations that do or may conflict with our Supply Chain CSR Policy, and ensure that suppliers embrace the policy and improve such situations.

If a business should violate this policy, Mitsui will strive to make improvements by providing necessary support to the suppliers. However, if there are no improvements to the situation by the suppliers, Mitsui will determine carefully whether to continue our business with the supplier which includes contract termination.

Beginning in current fiscal year, we are studying the possibility of identifying areas and countries that require our focus and taking clear and stronger actions.

Examples: Assessing and Solving Supply Chain Issues

Initiatives to Ensure Stable Supply of Raw Coffee Beans



The production of coffee is easily affected by natural conditions such as frost, drought, and rainfall in the dry season. In addition, the coffee bean is a commodity whose price is determined by the balance between supply and demand. For both these reasons, the income of coffee growers is highly unstable. Additionally, since most coffee beans are grown in developing countries that were once colonies, they are an agricultural crop that invites a number of supply chain-related issues.

Mitsui's goal is to establish a stable supply of carefully selected, high-quality green coffee beans from many locations around the world, including Central and South America, Southeast Asia, and Africa, and to achieve an appropriate balance between quality and price.

In Brazil in particular, through our base, Mitsui Alimentos (a wholly owned Mitsui subsidiary), we have formed alliances with superior producers and built personal, face-to-face trading relationships in each phase of the supply chain, thereby building a system for the stable supply of high-quality green coffee beans.

One example of this, at the Bau Farm in Brazil's Cerrado region, is Mitsui's comprehensive support, in collaboration with Mitsui Alimentos, of the international marketing and sales of produce. The farm owner, second-generation Japanese Brazilian Mr. Tomio Fukuda, is a former engineer. Mr. Fukuda has applied himself earnestly and rigorously to coffee production, applying the quality control concepts of *Kaizen* (improvement) and 5S, and in the process has established one of leading specialty coffee plantations in the country. With Mitsui's cooperation, he is expanding his sales to not only to Japan, but to other countries across Asia.

Mr. Fukuda has raised the quality of the coffee beans at the Bau Farm by taking care of his employees and improving the quality of their labor. Based on his belief that conscientious work requires motivation, which can be only achieved through education and fair conditions, Mr. Fukuda has improved the working environment of his employees by, for example, installing air conditioners in tractor cabs. Also, due to the thorough implementation of 5S activities, his employees are proactively engaging in improvement of their working environment.

Mr. Fukuda also continues to strive to deepen his workers' understanding of coffee through explanations during training of topics including trends in consumer nations and basic information about coffee.

By focusing on high-quality employee training through such efforts, Mr. Fukuda has been able to maintain a more stable workforce than other farms. Another of the core characteristics of the Bau Farm is the fact that new technologies to enable the production of better coffee are proactively introduced under the slogan of *Kaizen*, and that ingenuity is constantly exercised in trying new methods and coffee varieties. One example of this is the installation of an irrigation system to guard against drought, control the timing of blossoming of each production area for avoiding concentration of the harvest timing, resulting in more efficient utilization of his labor force. Another example is the introduction of technology that utilizes GPS to improve soil quality.

Mitsui delivers consumers the high-quality coffee produced through these various initiatives with the passion of the producers. Mitsui brings farm owners to Japan approximately once every two years and creates opportunities for them to meet and speak directly with workers at coffee shops and beverage manufacturers, always striving both to improve understanding of the kind of coffee that consumers want and to build a face-to-face value chain.



The Fukuda family, owners of the Bau Farm

Initiatives in Lumber Procurement

Ensuring Complete Legal Compliance and Improving Reliability

Significant deforestation and reduction and degradation of biodiversity and forest ecosystems caused by illegal logging have become major environmental issues. In 2006, as a countermeasure against illegal logging, the Japanese government enacted the Green Purchasing Law, which requires that government agencies only purchase lumber that is certified to have come from legal logging in sustainably managed forests. As one of Mitsui's missions is to ensure the stable supply of building materials, paper resources, and other wood products, we cooperate with suppliers from around the world to ensure that our purchases contain no illegally logged lumber. For example, in our tree plantations and woodchip production operations in Australia, Mitsui implements environmental management and operation procedures based on FSC™/PEFC. We conduct regular checks to ensure that only reputable plantation operators are used, that operations do not result in environmental destruction, for example through chemical soil contamination, and that the obligation to replant logged areas is being fulfilled. Furthermore, Sumisho & Mitsubussan Kenzai Co., Ltd., a Mitsui affiliate, strives to buy only FSC™/PEFC- or CoC-certified wood.



Woodchip production plant
(Bunbury Harbour in Western Australia)

Initiatives in Apparel Operations

Implementation of the Supply Chain CSR Policy

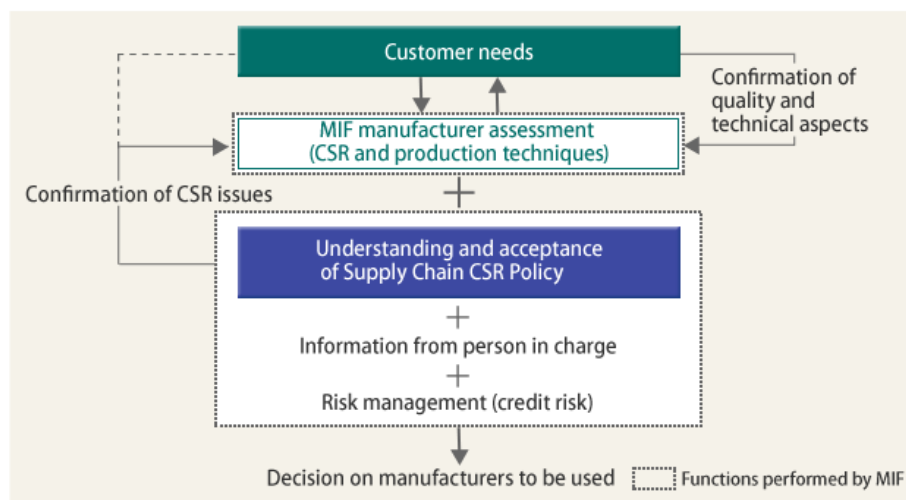
Mitsui Bussan Inter-Fashion Ltd. (MIF)—a Mitsui subsidiary that handles the production and procurement of apparel and fashion goods—outsources the production of goods for apparel companies to subcontracted suppliers in Japan and overseas.

MIF has formulated a Supply Chain CSR Policy and has corresponded with all suppliers, including subcontracted manufacturers inside and outside Japan, requesting their understanding of the policy. By securing agreement from suppliers regarding this policy, MIF seeks to improve understanding of the policy and ensure that it becomes entrenched among suppliers. As of March 2014, consent to the policy has been obtained from a cumulative total of 2,665 Japanese companies and 656 foreign companies.

In the year ended March 31, 2012, MIF confirmed that none of its business partners violated this policy by surveying the supply chain initiatives of its main suppliers in Japan and overseas (153 suppliers).

For major suppliers subcontracted to produce licensed products, MIF assigns employees who are responsible solely for overseeing CSR issues at the suppliers, implementing surveys on working conditions and providing feedback. These employees are present during CSR audits performed by licensors, and coordinate with them to support the management efforts of suppliers.

MIF's functions when determining whether to form ties with a manufacturer



MIF and Mitsui conducted inspections by outside expert for two subcontracted manufacturing plants in China in November 2013. The on-site inspections focused mainly on labor health and safety conditions, working environments, including interviews with management and plant workers. The self-assessment and the report from the experts confirmed that there were no particular problems, and this result was shared at the Mitsui CSR Promotion Officers Meeting. In addition, in January 2014, MIF organized a CSR seminars by outside expert on supply chain management for management people of 24 domestic suppliers to deepen their understanding of the importance of supply chain management through an lecture on latest international developments in supply chain CSR management and the state of on-site inspections for overseas production plants.



On-site inspection of subcontracted manufacturing plants in China



Interviewing of plant manager

MIF will continue listening to comments from worksites, while emphasizing daily communication and the provision of feedback, in order to support the development of appropriate working environments of the plants in Japan and overseas, leading to achieve sustainability.