



Contents	Corporate Information	Message from Our CEO	CSR at Mitsui & Co.	Five Material Issues in the CSR Field	Evaluation by Society	Independent Practitioner's Assurance Report
	Activity Reports by Material Issue	Protection of the Global Environment	Respect for Human Rights	Enhancement of Local Industrial Bases & Quality of Life	<b>Stable Supply of Resources &amp; Materials</b>	Corporate Governance & Human Resource Development



Stable Supply of Resources & Materials

# Strategic Focus

Key Strategic Domain: Mobility  
Related Product Segment: Machinery & Infrastructure

## Participating in a newly emerging economy's integrated logistics business to support the stable supply of resources and food at the transport level

Although Brazil has an abundant supply of mineral and metal resources, agricultural products, and other export items, its domestic transport infrastructure is lagging. Reliance on trucks is higher than in developed countries, and expensive transport costs are an issue.

In 2014 Mitsui invested in VLI S.A., a Brazilian integrated logistics enterprise set up by the major iron ore extractor Vale S.A., and provides integrated logistics services using 10,700 kilometers of railroads connecting to port terminals. Mitsui's participation has enhanced business value through the utilization of our knowledge and experience in such areas as the procurement of rolling stock and equipment, as well as our port engineering subsidiary.

Mitsui has been involved in the iron ore business in Brazil since the 1970s and, in collaboration with Vale, has engaged in mine development and infrastructure construction taking local communities and the global environment into consideration. The latest venture into the logistics business aims for the stable supply of not only raw materials for steelmaking and steel products but also other resources and food, such as grain and fertilizer. The modal shift from trucks to rail will also help to alleviate Brazil's serious traffic congestion and air pollution.

While contributing to the solution of environmental and social issues, Mitsui is promoting the response to increased demand for resources and food due to world population growth by supporting the stable supply of resources and food on the logistics side.

VLI's railway network

Approx. **10,700** km  
(about 35% of Brazil's railway network)

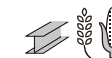
Logistics volume in this project

**34.85** billion ton-km  
(2015)





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## Mitsui & Co.'s Approach

We will work with suppliers, users, and business partners in Japan and overseas to engage in resource development, production, product distribution, processing, and recycling initiatives in various parts of the world. We will also build optimized supply chains through the improvement of infrastructure and logistics, including the development of railroad transportation and port facilities. At the same time, we will work to identify CSR priorities and achieve comprehensive improvements and solutions across the supply chain as a whole.

### Activities for FY Ended March 2016

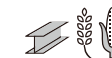
**Business Area >** ● Metal ● Machinery & Infrastructure ● Chemicals ● Energy ● Lifestyle ● Innovation & Corporate Development ● Corporate & Others

Theme	Business Activities
<b>Resource Development, and the Securing and Stable Supply of Materials and Food</b>	<ul style="list-style-type: none"> <li>● Stable supply of the materials, such as rails, steel pipes, steel sheets, rebars, required for infrastructure projects around the world</li> <li>● Investment and participation in Gonvarri Eólica (Spain) to supply materials for wind power generation-related infrastructure</li> <li>● Stable supply of metal materials, such as cobalt and lithium, for secondary batteries for EcoCars and hard metal tools for automobile manufacturing</li> <li>● Continuation of iron ore project development and securing of stable supply of iron ore (Australia, Brazil)</li> <li>● Promotion of the Moatize coal mine project (Mozambique)</li> <li>● Promotion of effective use of copper resources by engaging in the concentrate ore blending business, which operates a process that adjusts the concentration level of complex ore and clean ore</li> <li>● Continuation of copper project development and securing of a stable supply of copper (Chile)</li> <li>● Promotion of energy-related infrastructure business, such as natural gas distribution business (Mexico, Brazil), gas-fired power generation business (Myanmar), and sales of electricity from renewable energy sources (Japan)</li> <li>● Stable supply of various commodities, including LNG from Mitsui project, through the possession and operation of an LNG carrier fleet (17 ships; our equity-share of LNG production volume: about 5 million tons per year, approx. 6% of the entire LNG imports into Japan)</li> </ul>

Theme	Business Activities
<b>Resource Development, and the Securing and Stable Supply of Materials and Food</b>	<ul style="list-style-type: none"> <li>● Promotion of efficient transportation through sales of marine ships (52 newly-built ships)</li> <li>● Contribution to stable supply of natural resources through sales and maintenance of mining machinery (in 6 countries)</li> <li>● Contribution to improvement of agricultural productivity through sales and maintenance of agricultural machinery (Asia)</li> <li>● Reduction of transportation cost for grains, steel products, fertilizers, etc. by engaging in integrated logistics business operations (Brazil)</li> <li>● Securing of material ingredient sources for fertilizers by engaging in phosphorus ore deposit development, etc. (Peru)</li> <li>● Promotion of fertilizer distribution business (Japan), animal feed additives manufacturing business (U.S.), and agrochemicals sales business (U.S., Europe)</li> <li>● Global, highly sophisticated hybrid distribution of ammonia and sulfur</li> <li>● Expansion of a diverse and stable supply and securing of energy sources such as crude oil, petroleum products, and LNG around the world. Expansion of upstream oil and gas assets production volume [Equity-share production: 254,000 barrels/day (FY 2015/03 ended) → 258,000 barrels/day (FY2016/03 ended)]</li> <li>● Development and launch of LNG projects (Mozambique, U.S., etc.)</li> <li>● Promotion of E&amp;P business via affiliated companies (Australia, Middle East, Asia, Europe, U.S., etc.)</li> </ul>



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Activities for FY Ended March 2016

Business Area > ● Metal ● Machinery & Infrastructure ● Chemicals ● Energy ● Lifestyle ● Innovation & Corporate Development ● Corporate & Others

Theme	Business Activities
Resource Development, and the Securing and Stable Supply of Materials and Food	<ul style="list-style-type: none"> <li>● Maintenance of FSC® CoC certification (by Mitsui Bussan Packaging: FSC® C009939) to ensure that the supply chain of certified paper contributes to sustainable forest resources management</li> <li>● Maintenance of FSC®/CoC certification (Mitsui &amp; Co.'s Life Essentials Business Div., Forest Resources Marketing Dept.: FSC® C104107; Mitsui Bussan Woodchip Oceania Pty. Ltd.: FSC® C107463) and PEFC/CoC certification, to contribute to ensuring responsible management and handling of forest resources</li> <li>● Stable supply of wood products from T.M. Baikal (Russia) for the Japanese, Chinese and Russian markets (approx. 110,000 m<sup>3</sup>)</li> <li>● Securing and stable supply of food [grain trading volume: 17.5 million tons/year (FY 2015/03 ended)→18 million tons (FY 2016/03 ended)]</li> <li>● Promotion of large-scale agriculture being conducted by Agricola Xingu (Brazil)</li> <li>● Increased supply of food resources through the provision of precision agriculture solutions (Canada, U.S., Brazil, Russia, etc.)</li> <li>● Promotion of international transportation services (Trinet group)</li> <li>● Provision of hedging functions through commodity derivatives business (Japan, U.K., U.S., Singapore)</li> <li>● Continuation of forest management and lumber production in accordance with FSC® certification and SGECC for all Mitsui's forests (approx. 44,000 ha)</li> <li>● Stable supply of ligneous resources through production of round raw timber from Mitsui's forests, which constitutes about 0.1% of entire domestic wood consumption in terms of round timber (approx. 62,000 m<sup>3</sup>)</li> <li>● Supply of round raw timber from Mitsui's forests as wood fuel for a wood biomass power generation plant in Tomakomai (Japan), which is scheduled to be operational in 2016 (approx. 10,000 m<sup>3</sup>)</li> </ul>

Theme	Business Activities
Promotion of Supply Chain Management	<ul style="list-style-type: none"> <li>● Expansion of the scope of suppliers from whom we will obtain written consent to our "Supply Chain CSR Policy", by including vendors with whom we have a transaction history of 3 years or more, in addition to our new suppliers (Mitsui Bussan Inter-Fashion), (241 companies for FY 2016/03 ended with the accumulated number of 4,391)</li> <li>● Implementation of supplier questionnaire surveys concerning our Supply Chain CSR Policy (39 suppliers)</li> <li>● Implementation of on-site survey of suppliers of pulp and paper manufacturing resources</li> </ul>



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## Resource Development, and the Securing and Stable Supply of Materials and Food

### Initiatives through Business

Mitsui has built optimal supply chains, spanning all stages from upstream to downstream, including production, distribution, processing, and logistics, and contributes to the stable supply of energy, metals, food, chemicals and other resources and materials.

As part of its efforts, Mitsui engages in investment and trading business in such areas as oil, natural gas/LNG, and coal, to secure and supply the energy resources needed by industrial society. In particular, we participate in natural gas/LNG development projects in various parts of the world to ensure stable supplies of this clean energy resource. Our extensive involvement covers the entire value chain, from production to marketing. We are also strengthening our oil trading capabilities through our business in Asia. In addition, looking ahead toward the realization of the low-carbon society, we are engaging in the commercialization of renewable energy technologies, such as bio-fuels, and the creation of business models for hydrogen transportation and storage.

Mitsui actively participates in the development of iron and steel raw materials and non-ferrous metals resources. We endeavor to ensure stable supplies of mineral and metal resources, such as iron ore and copper, for Japan and other markets around the world. We are also building a supply network of metal scrap and rebuilt automotive parts in preparation for the global recycling society of the future. With iron and steel products, we are building supply structures for infrastructure projects to meet buoyant demand in rapidly growing emerging economies. At the same time, we procure and supply iron steel products for a wide range of industrial sectors, including the motor vehicle industry and the energy sector.

In the automotive sector, we not only export vehicles, but also conduct local logistics business in respective regions, and have built a stable global chain spanning from production to finance. As regards our rail transport business, in addition to the export of freight cars and related equipment, we also engage in leasing business and other services to meet a variety of needs across the railroad value chain.

In our food business, against the backdrop of world population growth widening the gap between food supply and demand, and expanding regional imbalances in supply capacity, we strive to ensure the stable and efficient supply of safe, reliable food resources. We place particular importance on traceability management for grain crops, such as wheat, corn, and soybeans, starting at the production and harvest stages.

Mitsui is also deepening its engagement in the agricultural sector, including the manufacture of the nutritional element methionine, as well as the development of phosphate rock fertilizer resources, and global trading of fertilizer raw materials, such as sulfur and sulfates. We are also developing our chemicals business through wide-ranging transactions and investments that contribute to various industries, including new initiatives focused on carbon fiber and green chemicals.

## Promotion of Supply Chain Management



Stable Supply of Resources & Materials

### Policy

### Supply Chain CSR Policy

Mitsui has built diverse value chains throughout the world and provides a wide range of functions and services. In conducting business globally, we are fully aware of our responsibilities, such as complying with laws, respecting human rights, and maintaining safe and sanitary working conditions, giving comprehensive consideration to reduction of the environmental burden, and ensuring safety and consumer confidence. Together with our business partners, we endeavor to solve various issues present in our supply chains in order to meet society's expectations.

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 Mitsui's business partners fully understand our standards and cooperate in the implementation of the policy. We are working to ensure compliance with and implementation of this policy while conducting reviews based on society's changing 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 identifying key CSR 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 violations
  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, and 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





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Stable Supply of Resources &amp; Materials

## Activity Current State of Implementation of Supply Chain CSR Policy

We attach great importance to interactive communication with suppliers. We also conduct supplier questionnaire surveys and on-site surveys based on our Supply Chain CSR Policy.

### 1. Company-wide uniform supplier communication forms

Beginning in the fiscal year ended March 2009, we started sending letters (in Japanese, English, Chinese, French, Spanish, and Portuguese) to all suppliers of Mitsui's business units, overseas offices, and subsidiaries (more than 38,000 suppliers in total) requesting their understanding and cooperation in regard to our Supply Chain CSR Policy, in a move to ensure that all Mitsui suppliers are fully aware of this policy. In addition, we conduct internal examinations in alternate years, to verify that the letters were dispatched to the suppliers.

### 2. Supplier questionnaire surveys

In promoting compliance with this policy, we consider interactive communication with our suppliers to be very important. We work to build relationships of trust, and strengthen our supply chains by working jointly on ideas for improvements with our partners, wherever needed.

For this reason, we regularly conduct questionnaire surveys targeting the suppliers of Mitsui and its subsidiaries to confirm (1) the status of their compliance with our Supply Chain CSR Policy, and (2) whether they have CSR policies related to the areas of "legal compliance", "protection of human rights", "workplace safety and health", and "product and service safety and security".

In the fiscal year ended March 2012, Mitsui conducted supplier questionnaire surveys for coffee, cocoa, and other agricultural products (39 companies), as well as for consumer products such as apparel (153 companies). In the fiscal year ended March 2015, as part of a new initiative, we selected our main suppliers from all our business domains for the survey (72 suppliers in FY ended March 2015, 39 suppliers in FY ended March 2016). While all the companies we surveyed responded that they were "in compliance", we requested suppliers that were not equipped with a CSR policy to formulate one.

### 3. On-site survey of suppliers

In addition to the above-mentioned supplier questionnaire surveys, we also conduct on-site surveys of suppliers in order to conduct interviews with responsible persons and check the situation at the operation sites, in accordance with the checklist for compliance with the Supply Chain CSR Policy.

In the fiscal year ended March 2015, we conducted on-site surveys of coffee bean farms in Brazil that supply coffee beans to us and to our subsidiary Mitsui Alimentos. In the fiscal year ended March 2016, our targeted supply source was suppliers of pulp and paper manufacturing resources, and we visited the plantation sites of vendors in Australia that supply raw timber to us and to our subsidiary South West Fibre to conduct on-site surveys. In addition to the raw timber suppliers, we conducted on-site surveys of other suppliers in the supply chain together with external experts to check operation site situations with regard to such areas as "legal compliance", "environment", "labor practices", and "traceability maintenance". No violations of our Supply Chain CSR Policy were found.

## Activity Future Actions

We will continue taking appropriate measures to ensure that all suppliers of Mitsui and its subsidiaries understand our Supply Chain CSR Policy, and that we grasp the actual situation of the business, with regard to how the supply chain follows our CSR Policy. We will also continue sending out letters to new suppliers to obtain their agreement to follow our Supply Chain CSR Policy prior to starting business relationships with them. In the event that we discover violations of this policy in our supply chain, we will urge the supplier to remedy and improve the situation, while providing support to the suppliers as needed. However, if there are no improvements to the situation by the suppliers, we will determine carefully whether to continue our business with that supplier.

To increase the sensitivity of all employees with respect to human rights, labor, and other issues in our supply chains, and to prevent problems, we will continue to heighten employee awareness and provide training seminars (683 participants in the fiscal year ended March 2016).



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## Activity

## Summary of Supplier On-site Survey (Procurement of pulp and paper manufacturing resources)

Mitsui conducts interviews with supplier representatives and on-site surveys, along the lines of the checklist prepared in accordance with the provisions set forth in our Supply Chain CSR Policy, and reviews their CSR initiatives surveys.

In March 2016, we conducted a survey of forests, processing/exporting companies, raw timber suppliers, and forest management contractors at six locations in the Green Triangle region of western Victoria, Australia, from where Mitsui & Co. and our subsidiary (South West Fibre) procure pulp and paper manufacturing resources. Mitsui Bussan Woodchip Oceania Pty. Ltd., a wholly owned subsidiary of Mitsui & Co., provides overall management of our forestry investment business in Australia. Australia is an important business base in our supply chain, with shipments from there accounting for around 75% of our total procurement of paper resources.

The survey consisted of on-site inspections of forest plantations, the processing facility (woodchip crusher), and the

stockyard, and interviews with representatives of log suppliers and forest management contractors. The purpose of these activities was to check various aspects of suppliers' operations, including environmental performance, labor practices, and regulatory compliance.

Results from the survey showed that all suppliers were acting appropriately, and no items that did not meet the requirements of our Supply Chain CSR Policy were identified. We will continue to carry out on-site surveys as part of our supply chain CSR management.



Woodchips are the main raw material for pulp and paper production.

## Results of Supplier On-site Survey

### Environment

- Biodiversity: The forest plantations are habitats for large numbers of koalas, which are attracted to eucalyptus trees (*Eucalyptus globulus*). Australia is promoting harmonious coexistence with wildlife, and Australians have a particularly strong affection for the koala. Our suppliers place great importance on measures to protect these animals. To ensure their safety, spotters are deployed in the forests to check that no koalas are present in the area before trees are cut. The suppliers are actively working with the state government and research organizations to protect koalas in forest plantations. In addition, they cooperate in research concerning protection of koalas in the plantation area, and koala movements after trees have been logged. The suppliers also exercise care over other rare flora and fauna and indigenous cultural sites.
- Noise: Noise levels are not high in nearby affected areas. The suppliers maintain good relations with local communities by limiting working hours and maintaining good communication.
- Irrigation: The forests are not irrigated, for economic reasons, including direct costs.



Care is taken over koalas and other rare flora and fauna.

### Labor Practices

- Working hours: Logging is carried out during a single shift lasting 10.5 hours from early morning. The suppliers control total monthly working hours, including days on which operations are not possible due to the weather or other factors.
- Workers: The workforce, including field workers, is made up of local people. The suppliers do not employ low-wage foreign workers.
- Management of labor safety and health: We confirmed that safety measures are being implemented in factories and stockyards, including the use of helmets and masks, and the provision of fire extinguishers. Safety manuals have been compiled for work in the forests, and the employees have a high awareness of safety.
- Creation of amiable working environments: Offices are thoroughly cleaned and hygienic. Many female workers are playing active roles in the business. There are plans to create a better workplace environment by expanding the office space to keep pace with the growing volume of work.



Eucalyptus plantations are properly managed.

### Regulatory Compliance

- We confirmed that the suppliers are complying with local laws and regulations relating to the environment, working hours, employment and other matters, and that they have the required operating licenses.

#### International Certification and Traceability

The supplier has obtained forest certification (FSC® CoC) for the plant. Around 80% of the lumber procured is FSC® certified. Timber procured from uncertified private growers is directly checked by Mitsui's woodchip processing company, South West Fibre Pty. Ltd., to ensure that it is controlled wood and that the level of care is equivalent to FSC® certification. We checked the documentation for certified products and controlled wood, including that procured from unincorporated plantations. Supplier (forest) traceability is being ensured in lot units.

## Carrying Out the Supplier On-site Survey

### C.E.O. Dr. Naoki Adachi, Response Ability, Inc.

To carry out this survey, we traveled to the State of Victoria in Australia, the region which is the main source of woodchips for paper manufacturing handled by Mitsui & Co., and visited a subsidiary of Mitsui & Co. and that subsidiary's direct suppliers, as well as the forest plantations that supply the raw timber, to conduct on-site surveys.

Many operators in Australia have obtained FSC® or AFS forest certification. The woodchip processing company we visited has also obtained FSC® CoC certification. The raw materials are being handled appropriately, including measures to ensure traceability, and we did not find any issues in other areas, such as labor safety and health.

In recent years, there has been an increase in the number of wild koalas living in forest plantations. I was impressed to observe that far from treating the presence of these animals as a problem, the operator sees it as a natural occurrence and is taking steps to ensure their safety. I even felt that it would be appropriate to emphasize the care taken over this aspect when marketing paper made from these raw materials to Japanese consumers.

The thing that raised my concern was the decline in rainfall due to climate change. At present, this factor has had little effect on forest management, but I hope that thought will be given to measures to minimize the future impact and to reinforce the supply chain to ensure a stable supply of paper resources to Japan.



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**Examples: Assessing and Solving Supply Chain Issues**

**Intensifying Supply Chain CSR Initiatives**

Apparel Operations

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 established a “Supply Chain CSR Policy” in October 2008, and the company has promoted various initiatives to deepen understanding of the policy by its officers and employees, and sent notices to its suppliers, including manufacturing subcontractors both within Japan and overseas, to make sure they understand this policy and agree to it. In 2014 MIF went one step further by adding the phrase, “we understand the policy and observe it”, to the notice when the company sends it to new suppliers to obtain their consent. MIF sends out the revised notices also to the existing suppliers, which had already consented to the policy, to make sure that they practice the policy in their operations.

With global society’s ever increasing expectations for companies’ commitment to sustainable procurement, MIF took into consideration the CSR trends brought about by the changes in the surrounding environment and implemented the following supply chain CSR initiatives in the fiscal year ended March 31, 2016.

As part of the in-house efforts to increase understanding of supply chain CSR initiatives, MIF implemented a CSR e-learning course for all officers and employees. At the same time, the company requested its 241 main suppliers to agree to the revised consent form, which includes the phrase “we understand the policy and observe it” to replace the previous form, which just stated “we understand the policy”, and obtained consent from all of them.

If an infringement to the Supply Chain CSR Policy or related laws and regulations has occurred at a supplier, MIF has a system in place to support and follow up the supplier for them to take remedial actions and make improvements.

MIF continues its efforts to increase suppliers’ awareness by keeping communication with and providing feedback to suppliers on a regular basis, in order to support developing an appropriate labor environment, and MIF strives to create a sustainable supply chain environment.



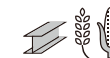
Visit to the manufacturing plant of a Japanese supplier

**Supply Chain CSR Activities at MIF**

<b>October 2008</b>	MIF established its Supply Chain CSR Policy. The company began sending notices to its suppliers, including contracted manufacturers in Japan and overseas, to request their understanding of and support for MIF’s Policy, and began obtaining their written confirmation.
<b>August 2014</b>	MIF conducted a questionnaire survey of its 93 main suppliers concerning the utilization of the Technical Intern Training Program. MIF started to require its suppliers to understand and comply with its Supply Chain CSR Policy, and started to obtain written consent from its 26 main suppliers and new suppliers.
<b>January 2015</b>	MIF required the aforementioned 26 suppliers to conduct a CSR self-check concerning their compliance with the Policy.
<b>September 2015</b>	MIF asked the 241 suppliers from which it had obtained “written confirmation” to replace these with “written consent”.
<b>As of March 31, 2016</b>	MIF had obtained “written confirmation” and “written consent” from a total of 4,391 (1,172*) suppliers: 3,444 (849*) in Japan, and 947 (323*) overseas. <small>*Figures in parentheses indicate the number of “written consents” obtained.</small>



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Examples: Assessing and Solving Supply Chain Issues

Initiatives designed to ensure a stable supply of green coffee beans

Food and Food Products

The production volume of coffee, a product enjoyed by people throughout the world, is greatly affected by natural events including frosts and droughts, as well as climatic conditions such as rainy and dry seasons, and this has a major effect on the market price. Thus, it is difficult to purchase coffee at a stable price and maintain a balance between supply and demand.

Mitsui & Co. plays the role of liaison between producers and consumers in the supply chain. Mitsui & Co. works to improve relations with suppliers around the world in order to guarantee a stable supply of high-quality green coffee beans carefully selected from regions around the world, such as Central and South America, Southeast Asia, and Africa.

In particular, our base of operations in Brazil, Mitsui Alimentos (a wholly owned subsidiary), has built alliances with superior producers, and, by ensuring traceability, transparency and identifiability at all stages of business in the supply chain, has created a stable supply system for high-quality green coffee beans.

For example, Mitsui & Co. is cooperating with Mitsui Alimentos to provide comprehensive marketing and sales support to Bau Farm in the Cerrado region. We have maintained an excellent relationship with Bau Farm for over 20 years by providing financial support as needed for the development of new plantations, and by entering into long-term agreements as the basis for stable business. Leveraging this excellent relationship, we are devising new initiatives for further expansion of the business.

Bau Farm is owned by Mr. Tomio Fukuda, a second-generation Japanese-Brazilian. As a former engineer, Mr. Fukuda is totally committed to the production of excellent coffee based on the quality control concepts of kaizen and "5S". This approach has allowed Bau



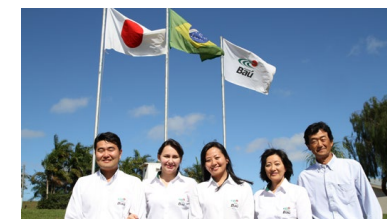
Farm to become one of Brazil's leading specialty coffee farms. With assistance from Mitsui & Co., Bau Farm is building new sales channels in Asian and European countries, as well as Japan.

Bau Farm values its employees and improves the quality of its products by improving the quality of the labor. Mr. Fukuda believes that "careful work comes from motivation, and motivation is created by the good treatment and education of employees". The owner's philosophy is reflected in the efforts made by the employees themselves to improve the working environment and consistently apply the 5S methodology. Employees also gain a deeper understanding of the world of coffee through training and workplace education, giving them relevant knowledge and experience of the product and about trends in coffee-consuming countries. This commitment to high-quality employee education has enabled Bau Farm to maintain a stable workforce, giving it an important advantage over other coffee farms.

Moreover, under the slogan of "kaizen", the Farm actively introduces new technologies to produce even better coffee. Bau Farms' another distinctive characteristic is its commitment to constantly trying new ideas that utilize new methods and kinds of coffee trees. For example, by installing an irrigation system for avoiding drought damage, Bau Farm also increases the efficiency of its workforce by controlling the flowering period of the plants in order to stagger the harvest periods. It has also introduced GPS for effective soil improvement.

The green coffee beans that Mitsui & Co. supplies to consumers embody the producer's determination to grow high-quality beans through initiatives such as these. We bring the owner of Bau Farm to Japan once every two years to engage in direct dialogue with coffee shop proprietors and beverage manufacturers. These visits provide excellent opportunities to gain a deeper understanding about the needs of consumers. Similarly, when Mitsui & Co. customers who handle Bau Farm coffee visit Brazil, we create opportunities for them to visit the farm so that they can learn more about the place where the coffee is grown. Through initiatives such as these, Mitsui & Co. works to bring producers and consumers together in a value chain based on face-to-face communication.

Mitsui & Co. will continue its efforts to provide consumers throughout the world with stable supplies of high-quality coffee, and to contribute to the success of producers through its business activities.



Bau Farm is owned by the Fukuda family.





Contents	Corporate Information	Message from Our CEO	CSR at Mitsui & Co.	Five Material Issues in the CSR Field	Evaluation by Society	Independent Practitioner's Assurance Report
	Activity Reports by Material Issue	Protection of the Global Environment	Respect for Human Rights	Enhancement of Local Industrial Bases & Quality of Life	<b>Stable Supply of Resources &amp; Materials</b>	Corporate Governance & Human Resource Development



Stable Supply of Resources & Materials

**Examples: Assessing and Solving Supply Chain Issues**

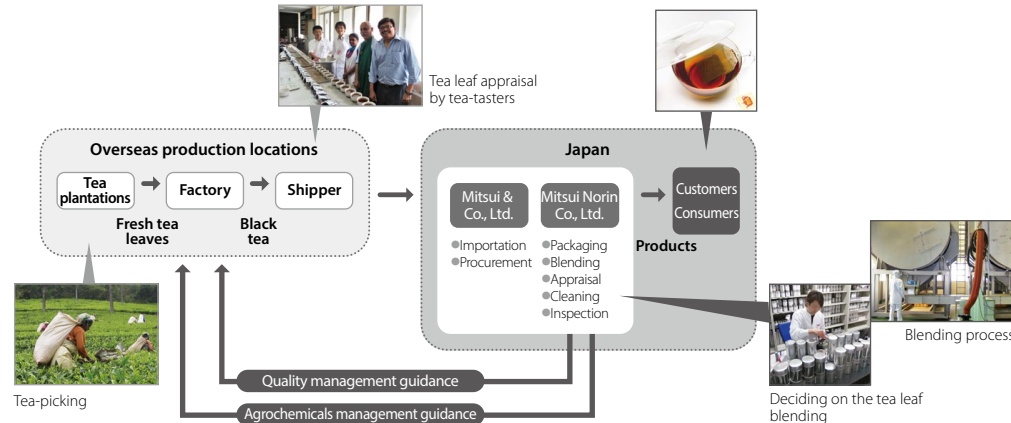
**Tea Leaves Procurement in Consideration of Quality, Safety, the Environment and Work Conditions** Food and Food Products

Mitsui Norin Co., Ltd., our subsidiary, markets "Nittoh Black Tea", which is a very familiar brand in Japan. The company procures tea leaves from tea producers around the world to meet a wide range of customer needs. At present, it procures tea leaves from approximately 450 tea producers in eight countries, including India, Sri Lanka, Kenya, and Indonesia. Mitsui Norin designates as its preferred suppliers those tea producers which give appropriate consideration to quality and safety, the environment, and work conditions, for example by carrying out controls based on Rain Forest Alliance certification and Hazard Analysis and Critical Control Point (HACCP) certification, being committed to Fair Trade, and engaging in organic cultivation.

In the Darjeeling district of India, for example, one producer makes various efforts to improve both the work conditions of employees and the profitability of the business, for example by introducing a small hydroelectric generator on the farm, entrusting its management and operation to the workers, growing and selling organic produce such as ginger and oranges, and producing honey. The producer also raises cows on the farm to provide milk to children to enhance the quality of life of the workers and their families, and uses the manure as fertilizer for organic cultivation to contribute to reducing environmental load.

Mitsui & Co. and Mitsui Norin undertake comprehensive quality control in all phases of the value chain. To ensure complete traceability in all product stages from procurement of raw materials to manufacturing, inspection, shipment, and delivery, both companies together created an original traceability system. In tea producing regions, Mitsui & Co. and Mitsui Norin periodically visit tea farms to conduct on-site surveys of tea growing environments, quality control, and agrochemical controls and other aspects. As regards agrochemical controls, both companies conduct tests for residue agrochemicals on the tea leaves at a third party contract institution, in addition to on-site visits and confirmations at the tea farms.

The Black Tea Manufacturing and Sale Business Value Chain



**Improving Procurement Reliability Through Legal Compliance and the Forest Certification System** Lumber Procurement

Significant deforestation and reduction and degradation of biodiversity and forest ecosystems caused by illegal logging have become major environmental issues globally. 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 forest resources business for pulp and paper manufacturing in Australia, Mitsui implements environmental management and operation procedures based on the two major forest certifications, the Forest Stewardship Council (FSC®) and the Pan-European Forestry Council (PEFC), and 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. In addition to Australian companies, in 2014 Trans Pacific Fibre, a forest resources business for pulp and paper manufacturing joint venture company in Chile, obtained both FSC® and PEFC certification.

Increased awareness of environmental conservation has led to increased numbers of companies and consumers who choose products with the above-mentioned forest certifications when they purchase wood and paper products. Mitsui & Co. cooperates with its partners and manufacturers to increase the use of FSC® and PEFC certified products in the supply chain, in order to create products that are in accordance with higher awareness of environmental conservation.



Woodchip processing plant (Bunbury Port in Western Australia)