

## **Disclosure for FYE 3/2021 (Evaluation of the Effectiveness of the Board of Directors)**

### **Evaluation of the Effectiveness of the Board of Directors**

The Board of Directors analyzes and evaluates its effectiveness each year based on self-evaluations by individual directors and other data and discloses summaries of the results. As shown in the attached materials, disclosure of the results for FYE March 2021 will also be accompanied by disclosure about the composition of the Board of Directors, and the activities of directors.

The method used to evaluate the effectiveness of the Board of Directors in FYE March 2021 is outlined below, together with a summary of the results.

#### **1. Evaluation Method (Self-Evaluation)**

In FYE March 2021, we evaluated the effectiveness of the Board of Directors through a self-evaluation process.

- (1) In January 2021, a survey (“the FYE 3/2021 survey”) of all 14 directors and Audit & Supervisory Board members was carried out. Topics covered included the composition and operations of the Board of Directors as well as the content of deliberations.
- (2) On February 2, 2021, all external directors and external Audit & Supervisory Board members attended an external members meeting and shared their views on the effectiveness of the Board of Directors.
- (3) The results of the FYE 3/2021 survey and the external members meeting were discussed at a Governance Committee meeting held on February 24, 2021.
- (4) Following discussions at a Corporate Management Committee meeting held on March 29, 2021, the Board of Directors discussed the report from the Governance Committee at a meeting held on April 7, 2021 and then confirmed the effectiveness evaluation for FYE March 2021.

#### **2. Items in the Survey**

Questions in the FYE 3/2021 survey were divided into the following major categories. For each question, participants were asked to provide a score using a five-point scale. Space was also provided for free comments on each item. In addition, to allow progress toward the improvement of the effectiveness of the Board of Directors to be monitored, participants were asked to indicate the level of improvement compared with the previous fiscal year on a three-point scale.

- I. Composition of the Board of Directors
- II. Operations of the Board of Directors
- III. Deliberations by the Board of Directors
- IV. Roles and responsibilities of the Board of Directors
- V. Advisory committees
- VI. Performance of duties by individual directors and Audit & Supervisory Board members
- VII. Support for directors and Audit & Supervisory Board members
- VIII. General

#### **3. Effectiveness Improvement Initiatives in FYE 3/2021**

Based on the results of the evaluation of the effectiveness of the Board of Directors in FYE March 2020, the Board of Directors and Board of Directors Secretariat worked to address the following issues in FYE March 2021.

##### **(1) Further improvement of the operations of the Board of Directors**

In the past, 30-minute pre-briefing sessions were held for each agenda item. However, based on the results of the effectiveness evaluation survey last year, the pre-briefing sessions were extended and enhanced, with 45 minutes allocated for each item. Furthermore, two free discussion sessions were held in FYE March 2021 in response to calls for additional sessions. Efforts were also made to enhance the information in materials provided at Board meetings, including cash flow and IRR trends for projects affected by impairment losses, as well as progress reports on projects approved by the Board of Directors.

In their responses to the FYE 3/2021 survey, the majority of external board members gave positive evaluations in relation to further improvements in the operations of the Board of Directors. There was a comment that the pre-briefings had been enhanced. Another comment was that there was room for improvement by leveling the number of agenda items, which varied according to the meeting.

### **(2) Further enhancement of the effectiveness of the Board of Directors in relation to discussions on overall strategy**

Based on the results of the effectiveness evaluation for the previous fiscal year, two free discussion sessions were held during FYE March 2021. The themes for the first session in November 2020 were sustainable growth strategies that reflect ESG perspectives and Mitsui & Co.'s Materiality, and the DX strategy. The theme for the second session in March 2021 was the Mitsui Engagement Survey. Both directors and Audit & Supervisory Board members took part in lively discussions in these sessions.

In the FYE 3/2021 survey, all external members provided positive evaluations of the free discussion sessions and expressed the view that these sessions again provided useful opportunities to talk about macroscopic themes, that they resulted in deeper discussions in the context of changes in social environment, and that there was more discussion about the company's broad strategic direction over the past year.

### **(3) Clarification of the expected roles of advisory committees**

One of the views expressed during the evaluation of the effectiveness of the Board of Directors in FYE March 2020 was that expectations concerning the roles of the advisory committees in relation to external members meetings, the Governance Committee, and the Board of Directors should be clarified. Following a meeting of the Governance Committee on May 14, 2020, it was decided at a meeting of the Board of Directors on June 10, 2020 to review the functions of the Governance Committee, Nomination Committee, and Remuneration Committee and redefine the expected roles for each of these committees, by revising the Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles and the Internal Regulations on Advisory Committees to the Board of Directors.

In the FYE 3/2021 survey, most external members provided positive evaluations concerning the clarification of the expected roles of advisory committees. The majority view was that the revision of the rules had resulted in greater clarity.

## **4. Outline of Evaluation Results**

The evaluation of the effectiveness of the Board of Directors in FYE March 2021 was confirmed on the basis of the FYE 3/2021 survey, discussions at an external members meeting, and deliberations by the Governance Committee and Board of Directors.

- It was confirmed that actions had been taken to improve effectiveness in FYE March 2021 by addressing the following issues.
  - Further improvement of the operations of the Board of Directors: Improvement of pre-briefing sessions, holding two free discussion sessions, enhancement of information provided in materials provided at Board meetings, including cash flow/IRR trends relating to projects affected by impairment losses, and the enhancement of progress reports on matters approved by the Board of Directors
  - Further enhancements to the effectiveness of the Board of Directors in relation to discussions about overall strategy: Two free discussion sessions on the themes outlined above in FYE

March 2021

- Clarification of the expected roles of advisory committees: Review of expected roles and functions through the revision of related rules
- Concerning the composition of the Board of Directors, the appointment of Director Egawa has further enhanced the diversity of the company by increasing the number of female external members.
- In relation to the operations of the Board of Directors, there was a qualitative improvement in the provision of information, including the early distribution of materials by the Board of Directors Secretariat.
- Sufficient time was provided for detailed pre-briefings in preparation for deliberations at Board meetings. There was strong awareness of corporate governance.
- During the COVID-19 crisis, meeting operations were characterized by thorough precautions against infection, with the result that it was possible to engage in free and open discussions.

Based on the preceding summary, the Board of Directors determined that an appropriate level of effectiveness was achieved in FYE March 2021. However, the Board of Directors also identified the following issue that will need to be addressed in order to achieve further improvements in effectiveness.

## **5. Initiative toward the Further Improvement of Effectiveness**

### **Ongoing consideration of the optimal number of directors, the ratio of internal to external members, the number of internal directors, and organizational design**

The following views were expressed in the FYE 3/2021 survey, during discussions in the external members meeting, and at Governance Committee meetings.

- While the present number of directors appears to be necessary from a diversity perspective, the number is slightly too large for effective discussions.
- Concerning the ratio of internal to external directors, while the number of internal directors is high compared with the number of external directors, this is unavoidable given Mitsui & Co.'s business portfolio.
- The number of internal directors can be reduced. This is a matter that should be considered in the future.
- The Governance Committee should continue to consider organizational design, which is a fundamental aspect of governance.
- The Governance Committee should discuss issues such as the optimal number of directors, the ratio of internal to external directors, and organizational design, based on external benchmarks, such as trends in other companies.

There will be further deliberations and discussions, led by the Governance Committee, concerning the optimal number of directors, the ratio of internal to external directors, the number of internal directors, and organizational design. This process will take into account the views outlined above, and trends in other companies.

The Board of Directors will continue its efforts to achieve sustainable improvement in Mitsui & Co.'s corporate value by maintaining and enhancing its effectiveness, including the aspects outlined above, and by providing effective supervision of management.

## Board and Other Meetings Held in FYE March 2021

BD Board   
 FD Free Discussion   
 G Governance Committee   
 R Remuneration Committee  
N Nomination Committee   
Ex External Members Meeting   
T Training Session

2020/4	2020/5	2020/6	2020/7	2020/8	2020/9	2020/10	2020/11	2020/12	2021/1	2021/2	2021/3
BD	BD	BD	BD	N	BD	BD	BD	BD	BD	BD	BD
Ex	BD	BD	BD		G	BD	N	N	N	BD	R
	G	N	G		N	R	N	Ex		G	N
		Ex	Ex		Ex	N	Ex			R	Ex
		Ex	Ex			Ex	FD			Ex	FD
		Ex				Ex	T				

## Directors and Audit & Supervisory Board Members

	Name	Position at the Company	Term of Office Stipulated	Board	Governance Committee*1	Nomination Committee*1	Remuneration Committee*1	External Members Meeting	Female	Foreigner
				○	◎	○	○	○	○	○
Directors	Masami Iijima	Representative Director, Chairman of the Board of Directors	1 year	○ 16/16	◎ 4/4	○ 9/9				
	Tatsuo Yasuanga	Representative Director, President and Chief Executive Officer		○ 16/16	○ 4/4	○ 9/9				
	Yukio Takebe	Representative Director, Executive Vice President		○ 16/16						
	Takakazu Uchida	Representative Director, Executive Vice President		○ 16/16			○ 3/3			
	Kenichi Hori	Representative Director, Senior Executive Managing Officer		○ 16/16						
	Hirotsu Fujiwara	Representative Director, Senior Executive Managing Officer		○ 16/16			○ 3/3			
	Yoshio Kometani	Representative Director, Senior Executive Managing Officer		○ 15/16						
	Shinichiro Omachi	Representative Director, Senior Executive Managing Officer		○ 12/12	○ 4/4					
	Miki Yoshikawa	Representative Director, Senior Executive Managing Officer		○ 12/12						
	Izumi Kobayashi	Director (External)*2		○ 16/16		◎ 9/9	○ 3/3	○ 12/13	○	
	Jenifer Rogers	Director (External)*2		○ 15/16	○ 4/4			○ 12/13	○	○
	Samuel Walsh	Director (External)*2		○ 16/16	○ 4/4			○ 13/13		○
	Takeshi Uchiyamada	Director (External)*2		○ 16/16		○ 9/9		○ 13/13		
Masako Egawa	Director (External)*2	○ 12/12	○ 3/3		○ 3/3	○ 10/10	○			
Audit & Supervisory Board Members	Makoto Suzuki	Full-time Audit & Supervisory Board Member	4 years	○ 16/16						
	Kimiro Shiotani	Full-time Audit & Supervisory Board Member		○ 16/16						
	Haruka Matsuyama	Audit & Supervisory Board Member (External)*2		○ 16/16	○ 4/4			○ 11/13	○	
	Hiroshi Ozu	Audit & Supervisory Board Member (External)*2		○ 16/16		○ 9/9		○ 12/13		
	Kitataka Mori	Audit & Supervisory Board Member (External)*2		○ 16/16			◎ 3/3	○ 12/13		

\*1. ◎: Committee chair for the respective advisory committees

\*2. Independent Director/Audit & Supervisory Board Member

## Number of proposals/reports to the Board of Directors

Type	FYE 2020 March	FYE 2021 March
Corporate strategy/sustainability/ governance-related	26	28
Financial closing and finance-related	17	16
Audit & Supervisory Board Members/Independent Auditor-related	7	5
Risk management/ internal controls/ compliance-related	6	8
Human resources-related	4	5
Individual proposals	12	26
Total	72	88

## Sustainability , internal control or risk management-related reports to the Board FYE March 2021

Board of Directors Agenda	Date	Type of Risk	Reference: Risk management framework and rules
Internal Control System Review	2020/4/8	<ul style="list-style-type: none"> <li>Internal control overall</li> </ul>	<ul style="list-style-type: none"> <li>Authority delegation system, ringi system, oversight and support by corporate staff divisions</li> <li>Prior setting of position limits, monitoring by specialist units</li> <li>Portfolio Management Committee</li> </ul>
Sustainability related	2020/7/31 2020/9/9 2021/4/7	<ul style="list-style-type: none"> <li>Report on Formulation of Human Rights Policy</li> <li>Approval of the Statement under the UK Modern Slavery Act</li> <li>Overall activities related to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Committee</li> </ul>
Mitsui & Co. Group Compliance System	2021/1/15 2021/4/7	<ul style="list-style-type: none"> <li>Compliance risks</li> </ul>	<ul style="list-style-type: none"> <li>Compliance Committee</li> <li>Establishment of and compliance with Business Conduct Guidelines for Employees and Officers of Mitsui &amp; Co., Ltd.</li> <li>Development of internal whistle-blowing system</li> <li>Implementation of training and other awareness-raising activities.</li> </ul>
Internal control evaluation report given under the Financial Instruments and Exchange Law	2020/6/19	<ul style="list-style-type: none"> <li>Internal controls relating to financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>J-SOX Committee</li> <li>Self-assessment of effectiveness of internal control systems by units under assessment, and testing by independent units</li> </ul>
Internal Auditing Div. Activity Report	2020/9/9	<ul style="list-style-type: none"> <li>Result of internal auditing</li> </ul>	<ul style="list-style-type: none"> <li>Internal audit framework centered on Internal Auditing Div.</li> </ul>
Mitsui & Co.'s risk exposure and controls	2021/2/3	<ul style="list-style-type: none"> <li>Credit risk (commercial claims, external loans/guarantees, term deposits)</li> <li>Market risk (commodity/forex long and short positions, inventories)</li> <li>Business risk (business assets, loans/guarantees to related parties, external investments)</li> <li>Country risk</li> </ul>	<ul style="list-style-type: none"> <li>Examination of credit lines and ringi applications and monitoring</li> <li>Ringi examination of commodity/forex long and short positions, on-site inspection of inventories, etc.</li> <li>Examination through ringi processes, realization of returns from investment projects and their optimization</li> <li>Collection and analysis of country risk information, position monitoring by country, designation of countries for suspension of transactions, designation of special countries, formulation of country-specific policies</li> </ul>
Cyber Security	2021/1/15	<ul style="list-style-type: none"> <li>Cyber Security</li> </ul>	<ul style="list-style-type: none"> <li>Technical support, human support (including security awareness activities), support to affiliated companies</li> </ul>

## Advisory Committees Activities (FYE March 2021)

Advisory Committees	①Governance Committee	②Nomination Committee	③Remuneration Committee
Committee chair	Chairman of the Board of Directors	External Director	External Audit & Supervisory Board Member
Composition (including committee chair)	Chairman of the Board of Directors President and Chief Executive Officer 1 Internal Director(Chief Strategy Officer (CSO)) 3 External Directors 1 External Audit & Supervisory Board Member	Chairman of the Board of Directors President and Chief Executive Officer 2 External Directors 1 External Audit & Supervisory Board Member Chief Human Resources Officer (CHRO) shall serve as Director-General	2 Internal Directors (Chief Financial Officer (CFO), CHRO) 2 External Directors 1 External Audit & Supervisory Board Member
Expected Role*	The Committee will work to enhance management transparency and fairness and achieve sustained improvement in Company's corporate governance by continually monitoring corporate governance and considering governance enhancement measures.	To enhance the transparency and objectivity of processes relating to the nomination of directors and executive officers (referred to collectively as "Officers", including the CEO, the same to apply below) through the involvement of External Members, and to ensure the fairness of Officer nominations.	To enhance the transparency and objectivity of decision-making processes relating to remuneration for Officers through the involvement of External Members, and to ensure the fairness of remuneration for Officers through ongoing monitoring.
Function*	To consider basic policies and measures concerning the governance of the Company, to consider the composition, size, and agenda of the Board of Directors, with the aim of achieving further improvement in corporate governance, and to consider the role of the Board of Director's advisory committees, including recommendations on deliberations and discussions in meetings of the Nomination and Remuneration Committees.	To study the selection and dismissal standards and processes for nominating Officers, establish succession planning for President and Chief Executive Officer and other top executives, and evaluate Director nomination proposals and to deliberate on the dismissal of Officers.	To study the system and decision-making process relating to remuneration and bonuses for Officers, and to evaluate proposals of remuneration and bonuses for Directors and proposals for evaluation and bonuses for Managing Officers.
Term	The term of this Committee Members shall be from the date of the ordinary general meeting of shareholders on the year when such Committee Member is appointed as a Committee Member to the end of next year's general meeting of the shareholders.	The term of this Committee Members shall be from the date of the ordinary general meeting of shareholders on the year when such Committee Member is appointed as a Committee Member to the end of next year's general meeting of the shareholders.	The term of this Committee Members shall be from the date of the ordinary general meeting of shareholders on the year when such Committee Member is appointed as a Committee Member to the end of next year's general meeting of the shareholders.
Meetings in the FYE March 2021	4	9	3
Results in the FYE March 2021	Governance Committee discussed (i) review of Expected Roles of Advisory Committees, (ii) the Agenda of Board of Directors Meeting, Free Discussion for FYE March 2021, and (iii) Evaluation of Effectiveness of the Board of Directors.	The Nomination Committee discussed (i) Consideration/Deliberation/Formulation of CEO Succession Plan(Consideration and Deliberation of candidates), and (ii) Continuous review of Skill Matrix, Next Generation Leader image, etc.	The Remuneration Committee discussed (i) Determined policy of personalized reward of the Board of Directors in line with the amendment of the Companies Act (basic remuneration, bonuses, stock-based compensation), and (ii) Review of the process of determining bonuses linked to the evaluation of executive officers, etc.

\* June 10, 2020 The Board of Directors has revised the relevant internal rules, etc. and has organized the expected role and functions of each Advisory Committees.

## Free Discussion among all members of BOD and ASB

Since the first free discussion held in the fiscal year ended March 31, 2019 and it had marked very positive in the evaluation of effectiveness in the fiscal year ended March 31, 2020, we organized in the free discussion continuously during the fiscal year ended March 31, 2021.

	Date, Venue, etc.	Agenda
<div style="border: 1px solid black; padding: 5px;">                     FYE 2020 March The opinions for the evaluation of the effectiveness                 </div>	<ul style="list-style-type: none"> <li>November 17, 2020</li> <li>Free discussion attended by all members of the Board of Directors and the Audit &amp; Supervisory Board</li> </ul>	① Sustainable revenue growth strategy considering ESG and our Materiality ② DX Strategy
	<ul style="list-style-type: none"> <li>March 24, 2021</li> <li>Free discussion attended by all members of the Board of Directors and the Audit &amp; Supervisory Board</li> </ul>	Mitsui Engagement Survey

## Agenda of External Members Meeting in FYE Mar 2021

1	Business outline of Mineral & Metal Resources Business Unit	8	DX Comprehensive Strategy (DX Business Strategy / Data Driven Management Strategy)
2	Explanation regarding Individual Matter	9	Our Efforts in Response to Climate Change / Decarbonization
3	Response to Shareholders' Questions at General Meeting of Shareholders	10	Business Environment Outlook
4	FY 3/20 Full Year Results and Medium-term Management Plan 2023 Market Reaction, Points of Interest	11	Review of Leadership Values & Mitsui & Co. Competency Standards
5	Review External Members' Meeting	12	Discussion on Evaluation of Effectiveness of the Board of Directors
6	Long-term Oil Price Assumption	13	Exchange of opinions and information with independent auditor
7	Business outline of Food Business Unit		

## Major Activities of External Directors

Major activities of External Directors during the year ended March 31, 2021 are as follows.

<p>Izumi Kobayashi (Director since June 2014)</p>	<p>Ms. Kobayashi has participated in all 16 Board of Directors meetings held during the year ended March 31, 2021. She has applied her deep insight related to organizational management for generating innovation, and risk management, gained from her experience serving as a representative of private sector financial institutions and a multilateral development bank. At the Board of Directors meetings, she speaks out actively from diverse perspectives, making a significant contribution to deepening the discussion. In the year ended March 31, 2021, she served as a member of the Remuneration Committee (attending 3 out of 3 such meetings) and contributed to the discussions on the design of the remuneration system for officers and evaluation systems. In addition, as chair of the Nomination Committee (attending 9 out of 9 such meetings), she exercised strong leadership in improving the transparency and effectiveness of the succession plan for the post of Chief Executive Officer.</p>
<p>Jenifer Rogers (Director since June 2015)</p>	<p>Ms. Rogers has participated in 15 of the 16 Board of Directors meetings held during the year ended March 31, 2021. At the Board of Directors meetings, she has made many useful comments concerning risk control from her global perspective and based on her deep insight related to risk management gained from her work experience at international financial institutions and experience in legal operations as a corporate attorney. As such, she makes a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2021, she has served as a member of the Governance Committee (attending 4 out of 4 such meetings), and actively provided her opinions with the aim of creating a highly transparent governance system.</p>
<p>Samuel Walsh (Director since June 2017)</p>	<p>Mr. Walsh has participated in all 16 Board of Directors meetings held during the year ended March 31, 2021. He has offered proposals and suggestions from a broad-minded standpoint based on his global expertise, outstanding managerial skills, and abundant business management experience cultivated through his long years working in upper management within the automotive industry and as chief executive officer of an international mining and resource company. He has made significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of the said meetings. In the year ended March 31, 2021, he has served as a member of the Governance Committee (attending 4 out of 4 such meetings), and actively contributed his opinions for the creation of a highly transparent governance system.</p>
<p>Takeshi Uchiyamada (Director since June 2019)</p>	<p>Mr. Uchiyamada has participated in all 16 Board of Directors meetings held during the year ended March 31, 2021. He has long been involved in research at Toyota Motor Corporation on environmental and safety technologies development that could realize a mobility society called for by today's society, as well as in the development of products demanded by consumers, and is exercising his excellent managerial skills as an executive officer of Toyota Motor Corporation. At the Board of Directors meetings, he makes numerous proposals and suggestions from diverse perspectives, based on his management experience in a global company and deep insight into society in general. He makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of the said meetings. In the year ended March 31, 2021, he served as a member of the Nomination Committee (attending 9 out of 9 such meetings) and contributed significantly to discussions for improving the transparency and effectiveness of the succession plan for the post of Chief Executive Officer.</p>
<p>Masako Egawa (Director since June 2020)</p>	<p>Ms. Egawa has participated in all 12 Board of Directors meetings held during the year ended March 31, 2021 since she took her position. She has made significant contributions to reviving the discussions at the meetings of the Board of Directors and improving its effectiveness, based on her deep insight in finance and corporate management gained through her management experience as a director of The University of Tokyo, her many years of experience working at global financial institutions, and through her research on management and corporate governance at Japanese companies. In the year ended March 31, 2021, she served as a member of the Governance Committee (attending all 3 of 3 such meetings held since she took her position) and actively expressed her opinions toward building a highly transparent governance system. She also served as a member of the Remuneration Committee (attending 3 out of 3 such meetings) and contributed to discussions on the design of the remuneration system for officers.</p>

Major activities of External Audit & Supervisory Board Members during the year ended March 31, 2021 are as follows.

<p>Haruka Matsuyama (Audit &amp; Supervisory Board Member since June 2014)</p>	<p>Ms. Matsuyama has participated in all 16 Board of Directors meetings and all 28 Audit &amp; Supervisory Board meetings held during the year ended March 31, 2021. She offered advice and expressed opinions based on her knowledge and experience gained as a judge and an attorney at law. In the year ended March 31, 2021, as a member of the Governance Committee (attending 4 out of 4 such meetings), she has actively provided opinions that contribute to developing transparent and objective governance.</p>
<p>Hiroshi Ozu (Audit &amp; Supervisory Board Member since June 2015)</p>	<p>Mr. Ozu has participated in all 16 Board of Directors meetings and all 28 Audit &amp; Supervisory Board meetings held during the year ended March 31, 2021. He offered advice and expressed opinions based on his knowledge and experience gained as a public prosecutor and an attorney at law. In the year ended March 31, 2021, as a member of the Nomination Committee (attending 9 out of 9 such meetings), he contributed to discussions toward improving the transparency and effectiveness of the succession plan for the post of Chief Executive Officer.</p>
<p>Kimitaka Mori (Audit &amp; Supervisory Board Member since June 2017)</p>	<p>Mr. Mori has participated in all 16 Board of Directors meetings and all 28 Audit &amp; Supervisory Board meetings held during the year ended March 31, 2021. He offered advice and expressed his opinions based on his knowledge and experience gained as a certified public accountant. In the year ended March 31, 2021, as the chair of the Remuneration Committee (attending 3 out of 3 such meetings), he demonstrated strong leadership in discussions on examining and revising the remuneration system for officers from an objective standpoint.</p>