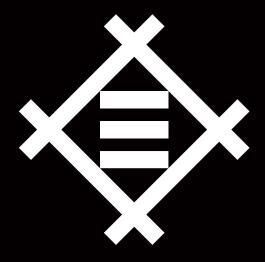
360° business innovation.



MITSUI & CO., LTD.
ANNUAL REPORT 2017

MITSUI&CO.

## Mission

Strive to contribute to the creation of a future where the aspirations of the people can be fulfilled.

## Vision

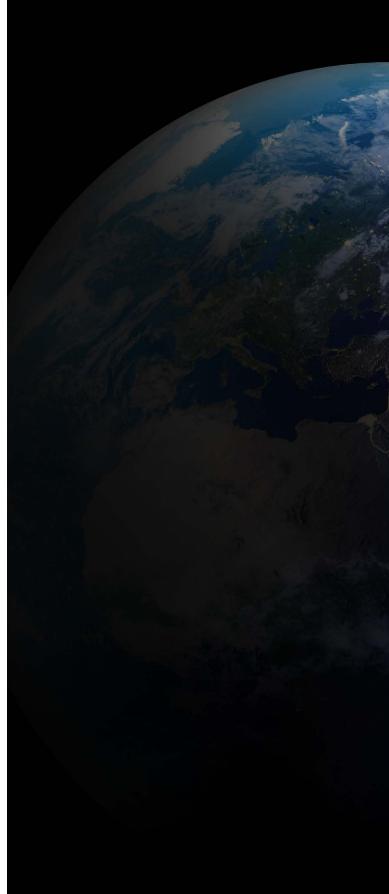
Aim to become a global business enabler that can meet the needs of our customers throughout the world.

## Values

- Build trust with fairness and humility.
- Aspire to set high standards and to contribute to society.
- Embrace the challenge of continuous innovation.
- Foster a culture of open-mindedness.
- Strive to develop others and oneself to achieve full potential.

#### Mitsui's Value Creation







#### 02 CEO Message

#### 08 Mitsui's Value Creation Process

#### 16 New Medium-term Management Plan Driving Value Creation

This section explains four key initiatives under the new medium-term management plan, which was announced in May 2017.

## 46 Mitsui's ESG Sustainability

This section explains the initiatives Mitsui is undertaking in "environmental" and "social" in order to pursue sustainable development for both society and the Company. Also explained is Mitsui's "governance" as a company with an Audit & Supervisory Board.

#### 70 Key Data

Data is compiled by operating income segment and includes quantitative information such as 10-year financial data. Please refer to this section if you wish to analyze the Company from a quantitative perspective.

#### **Editorial Policy**

The challenges we will boldly take on towards the future. We hope that, through this report, our stakeholders can gain a better sense of our unwavering commitment to value creation.

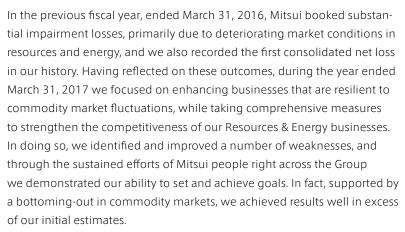
#### A Cautionary Note on Forward-Looking Statements

This Annual Report contains statements (including figures) regarding Mitsui & Co., Ltd. ("Mitsui," Mitsui & Co.," Company")'s corporate strategies, objectives and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui's management but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to: (i) changes in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui's ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.





I firmly believe in the importance of getting results, and will do my utmost to combine effective leadership with sound corporate governance to achieve the quantitative targets set in our new medium-term management plan, and beyond that, to fulfill our vision for Mitsui.



Our new medium-term management plan, "Driving Value Creation", began in April 2017, and targets record profit of 440 billion yen. This target represents significant growth over our most recent results and could be viewed as overly ambitious. However, I am confident that reaching our three-year quantitative targets will be only one of many milestones we pass on the road to fulfilling our long-term vision for Mitsui as a group that draws on its comprehensive strengths and continuously takes the initiative to incubate and develop new businesses.



## Changes in the business environment are opportunities for growth

There are four key changes in the business environment that inform Mitsui's new medium-term management plan: climate change, globalization, growing populations and improving living standards in developing countries, and technological innovation. Although each of these topics would merit in-depth examination by itself, I will limit my observations to the primary factors influencing our business planning.

Looking first at climate change, decarbonization has become a major theme in both advanced and emerging economies, demanding changes in our business models in resources, energy, and infrastructure sectors.

Turning to globalization, although we are seeing a slowdown in the form of globalization that has been led by the U.S. and Europe, we are increasingly seeing countries and their people joining together in a form of "partial globalization" that is based on regional ties, shared systems and values, and common challenges and problems. Reflecting this, we see a need for a business development model aligned with the issues faced by each region or trading block, rather than pursuing a single global model.

Living standards in developing nations, meanwhile, are trending upward as their populations grow. This is accompanied by an increase in demand for food, food products and medical services, as well as rapidly changing consumer tastes and expectations.

The fourth key change, technological innovation, impacts every aspect of our work at Mitsui. As digital transformation progresses, businesses are becoming more productive, with greater pace and variation in development models. Consumers, too, are being empowered by information, so we have to embrace the opportunities arising from new tools with which to meet the different

demands and tastes of consumers worldwide.

These major changes in the business environment signal the approach of an era in which our previous experiences of success—and perhaps the entire growth model of developed economies—no longer provide a reliable signpost to the future. It is clear to me that we must rapidly realign our business to the new reality, but I also believe strongly that these changes will give strong impetus to the ongoing development and success of Mitsui.

## Enhancing our strengths and creating new business

Dealing with disruptions in the business environment is nothing new for Mitsui. We have consistently been able to develop new business models when circumstances have undermined the sustainability of the current approach.

This track record of adaptation gives me confidence that we can confront the dramatic changes currently facing the world and turn them into opportunities for growth. I certainly do not underestimate the challenges we face, but at the same time I know that exploring new frontiers is central to the Mitsui story.

Let me be clear that when we talk about exploring new frontiers, we do not mean completely abandoning the past and blindly following each new trend. Rather, we mean adapting our accumulated strengths and capabilities to the new era, using our strong business foundations to enter new growth areas with the confidence that we can accommodate change and grow our corporate value.

This approach is embodied in two key initiatives of the new medium-term management plan: building a robust profit base and thoroughly strengthening existing businesses and establishing selected new growth areas.

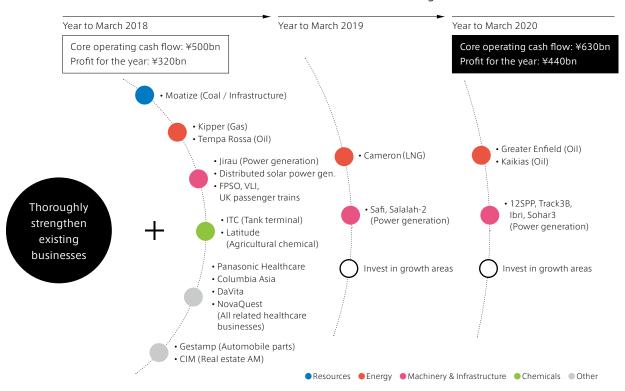
## Building a robust profit base and thoroughly strengthening existing businesses

Resources & Energy, Machinery & Infrastructure, and Chemicals are the three business areas at the core of our new plan. These areas have long been significant revenue drivers for Mitsui, but we have no intention of settling for the status quo. With an eye on the rapidly changing business environment, over the three years of the plan we are determined to strengthen these already solid businesses.

In Resources & Energy, we will continue our efforts to enhance reserves, production volume and cost competitiveness, pursuing bolt-on investments and identifying ways to reduce costs in existing assets that already have robust

cash flow. Current projects will contribute to earnings as we bring them quickly to stable operational status. In Resources, the Moatize coal mine and Nacala infrastructure projects currently underway in Mozambique are expected to be fully operational and produce solid revenue. In Energy, meanwhile, three oil projects are under development—Tempa Rossa in Italy, Greater Enfield in Australia, and Kaikias in the United States—and the Cameron LNG project is currently under construction in the U.S. All of these are progressing steadily. Through growth in production volume and rigorous project cost control we expect to increase revenue without needing to rely on higher commodity prices.

#### The accumulation of assets and the start of their contributions to earnings and cash flow





In Machinery & Infrastructure, electric power business is key to our strategy. We are consistently improving the quality of our portfolio in this area, particularly through the expansion of renewable energy projects and the promotion of a Develop & Sell model under which we focus on selling assets when their business value tends to be highest, such as at the start of operations. New assets we are currently developing include power generation facilities in the Middle East and South East Asia, and construction is proceeding to plan.

Through collaboration with strong partners, such as the Penske Group, we are enhancing our comprehensive transportation service and logistics business, while working to expand our revenue base through initiatives such as the improvement and expansion of railroad projects in Brazil and the UK.

In Chemicals, we are building on our strengths in the feed additive industry by expanding our methionine manufacturing capacity and taking other steps to improve the competitiveness of Novus. In the U.S., we will drive revenue by expanding our tank terminal project, while pursuing initiatives in high performance materials, such as carbon fiber, and agricultural materials, including pesticides, to contribute to the improvement of agricultural productivity and address environmental needs. We will continue to bolster our powerful network and increase the sophistication of our trading capabilities to deliver new business opportunities.

Our efforts are not limited to these core areas. In working to build a robust profit base we are closely examining all our businesses for opportunities to grow the top line and reduce costs. This includes dispatching highly specialized management support teams to any existing businesses that are not reaching their potential.

#### Establishing selected new growth areas

Our new medium-term management plan identifies four growth areas: Mobility, Healthcare, Nutrition & Agriculture, and Retail & Services. What these areas have in common is their high potential for growth and transformation amid changes in the business environment. They are also areas in which Mitsui has considerable existing strength, having accumulated business assets, partner and customer networks, and expert human resources. This makes us confident that, as the business environment changes, we can create growth opportunities for Mitsui.

In Mobility, for example, there is an emerging cultural shift from ownership to usership, growing demand for driverless cars, and closer consideration being given to environmental impact. These changes generate countless opportunities, and one of the ways we are responding is by enhancing our service businesses and pursuing automobile part weight reduction initiatives, in collaboration with the Penske Group and Gestamp Automocion.

In Healthcare, medical needs in developing countries are rapidly increasing, particularly in Asia, and we are filling the medical supplydemand gap by establishing a healthcare ecosystem based on our IHH hospital group and Panasonic Healthcare.

In Nutrition & Agriculture, there is increasing demand for high-value-added food and technologies that can help increase global food production. We aim to address this demand and expand our business by making maximal use of the technologies held by Novus and each of our affiliate food science companies.

In Retail & Services, we are pursuing new business development that addresses increasing diversity and the growing power of consumers. At the core of these initiatives are Mitsui companies in the retail sector providing service primarily to Seven & i Group, as well as strong businesses such as Ventura Foods in the food products sector.

## Strengthening management to support growth

We can only succeed in our growth initiatives if we have a robust business management platform. For this reason, our new plan includes measures to enhance innovation, governance and the fostering of talented people.

An example of our commitment to managing innovation is the appointment, in May 2017, of Mitsui's first Chief Digital Officer. This appointment reflects our view that rapidly advancing technologies have the power to fundamentally change how corporations go about their business. For Mitsui, these technologies are a threat as well as a major opportunity, and whether we can effectively incorporate them into our existing business—and then use them to generate new business—is a key issue for our future. Our Chief Digital Officer is tasked with accelerating our companywide Digital Transformation policy, the aim of which is to improve productivity in all our businesses and strengthen business creation.

In governance, we are further diversifying the make-up of our Board of Directors and strengthening the Board's functions. I want to see Mitsui develop a proactive style of governance that strengthens our earning power and reflects who we are as a company.

Which brings us to human resources—our people. Worldwide, Mitsui employs 43,000 diverse professionals, and they are without a doubt our greatest strength and competitive advantage. Our people take the lead in every challenge and opportunity that comes our way, and by utilizing their individual capabilities—regardless of their race, nationality or gender—we aim to create sustainable new value for society

and good business for Mitsui. Good business takes more than skill and knowledge; it is built from trusting relationships with customers and partners. For this reason, under our new plan we will be placing more of our people at the business frontline in Group companies in Japan and worldwide, allowing them to gain the direct experience and business relationships needed to carry Mitsui into the future. We also aim to realize the full potential of each of our highly diverse staff by introducing significant changes to the way we work, including a range of measures to enhance productivity and flexibility.

Our corporate slogan—360° business innovation—encapsulates our determination to draw on Mitsui's diverse interests and foster new value in our many areas of expertise. This determination is also reflected in the theme of our medium-term management plan: Driving Value Creation. I firmly believe in getting results, and with my colleagues around the world we will be working to accelerate Mitsui's value creation and realize our goals, both quantitatively for the next three years and qualitatively with respect to our long-term vision. I very much appreciate your interest in our progress, and look forward to your continued support.

August 2017

President and Chief Executive Officer

## Mitsui's Value Creation Process

As a company that creates and cultivates new businesses on its own initiative, Mitsui has developed a wide range of businesses throughout the value chain and across various industries around the world, thereby providing solutions to industrial issues. The comprehensive strengths that the Mitsui Group possesses represent its competitive edge and its most unique feature. By leveraging these strengths and our unrivaled business partner and customer networks, we are actively working to develop new businesses and taking on the challenge of creating new value.

## Capitals # P.10

#### Human Capital

 Mitsui's diverse pool of talented professionals who take the initiative to create new businesses by leveraging our comprehensive strengths and unrivaled business partner and customer networks

#### Organizational Capital

• Comprehensive Group strengths that represent our competitive edge and most unique feature

#### Relational Capital

 Solid <u>networks</u> with customers, suppliers, major global businesses, local industrial capital, regional governments, and local communities

#### Financial Capital

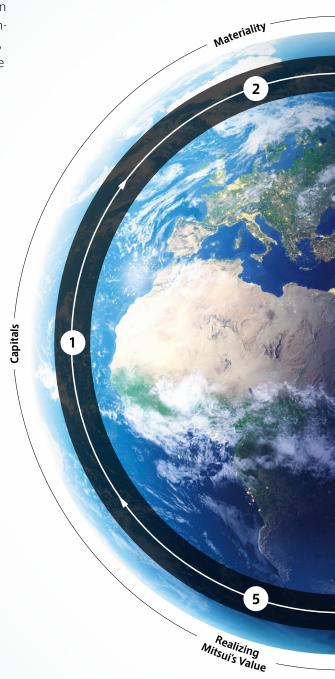
• Financial foundation with scale and stability

#### Natural Capital

- Abundant reserves of minerals and energy resources, including iron ore, copper, crude oil, and gas
- · Air, water, soil, and forests

#### Manufactured Capital

• Established infrastructure such as buildings, including office buildings, railways, ports, and power stations





Materiality # P.11

The origin of Mitsui's value creation lies in its approach of identifying the issues society faces and working to create new ideas and pursue business and industrial innovation to resolve such issues. To raise awareness of social issues in its frontline operations, Mitsui has identified Five Material Issues.

Strategic Focus 
P.12-13

**New Medium-term Management Plan** 

The key initiatives in the New Medium-term Management Plan are as follows:

- · Build robust profit base and thoroughly strengthen existing businesses
- · Establish selected new growth areas
- · Cash flow focused management; Strengthen financial base
- Enhance Governance, Personnel and Innovation functions

**Portfolio** Management # P.14

**Practicing Disciplined Portfolio Management** 

Striving to improve business quality and ensure returns, Mitsui applies its refined risk management capabilities to all stages of business, beginning with selecting investment candidates and continuing on through the process of making investment decisions, starting up projects, and strategically recycling assets. In addition, the Company aims to strengthen its business portfolio, balance cash flow allocation, and improve capital efficiency by practicing disciplined investment and flexible asset replacement.

Realizing Mitsui's Value 

P.15

Through steps one through four of the value creation process, we are expanding into new business domains in a wide range of industries and throughout the value chain, including global trading, resource development, the establishment of infrastructure, manufacturing and processing, logistics, retail, and services. In doing so, we are creating and developing businesses on our own initiative and generating new value. We accumulate the added value we create as management capital and leverage that capital to invest in the process of further value creation.



## **Capitals**

Through global development of all kinds of businesses across a wide variety of industries and value chains, Mitsui has realized unique industrial solutions and value creation. Mitsui is working to enhance its capital through active business creation and investing that capital to create new value. Through the repetition of this process, Mitsui is realizing sustainable growth together with society as a whole.









<sup>\*1.</sup> As of April 1, 2017
\*2. Total Equity Attributable to Owners of the Parent



## Materiality

The Five Material Issues provide us with guiding principles to accurately assess society's needs and expectations of Mitsui and fulfill our social responsibility as a provider of industrial solutions for the creation of a sustainable society. At the same time, the Materiality issues themselves will change periodically in line with the constantly changing times. As such, these Material issues help heighten our level of sensitivity toward frontline operations and encourage dialogue with our stakeholders. In doing so, the Materiality issues embody our corporate slogan of "360° business innovation.", and lead us to value creation.

Please refer to Sustainability Report 2017 for more information.

	Recognition of societal issues	Main risks and opportunities
Protection of the Global Environment	Global warming, climate change     Loss of biodiversity     Energy and water shortage     Environmental pollution	Risks  Negative impact on business activities brought about by climate change and resource constraints, such as water shortage and higher environmental costs resulting from ecosystem destruction, degradation, etc., as a consequence of business activities.  Opportunities  Expansion of environment-related markets due to increased environmental awareness and the tightening of regulations, and expansion of business domains as a result of energy diversification.
Respect for Human Rights	Greater responsibility for human rights in the supply chain (labor practices, impact on local residents, etc.) Consideration for indigenous people in conjunction with resources development Illicit use of personal information that may be obtained via the increasingly widespread use of Internet and digital communications technology	Risks Disputes or protests concerning human rights issues in every spectrum of business that could hinder the start-up or continuation of business, and leakage of information held by the company that could be used to identify individuals  Opportunities Strengthening of the ability to ensure stable supply through consideration for human rights across all supply chains.
Enhancement of Local Industrial Bases & Quality of Life	Ageing infrastructure in developed nations     Infrastructure development in emerging countries     Food safety and reliability     Maintenance of health, securing of medical, nursing-care, and welfare services	Risks Loss of credibility due to safety or health problems affecting infrastructure users or final consumers of products and services.  Opportunities Expansion of markets through infrastructure development, measures to ensure food safety, and "healthcare ecosystem" development aimed at enhancing the quality of life in emerging countries, etc., and creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities.
Stable Supply of Resources & Materials	Population increase and expansion of demand for resources and materials  Expanded responsibility for environmental and social aspects in supply chains	Risks Suspension of business operations and instability in the supply of energy and food resources because of climate change and population growth.  Opportunities Sustainable resources development and food supply, reinforced competitiveness through consideration for the environment, labor and social aspects, and measures to ensure traceability across entire supply chains.
Corporate Governance & Human Resources	Malfunctioning of corporate governance and internal controls     Stagnation in productivity due to cookie-cutter working styles     Diversification and globalization of human resources	Risks Impact due to lack of appropriate decision making from a broad perspective, corruption in business of high public significance in emerging countries and other markets, and suspension of business operations due to information security problems.  Opportunities Contributions to labor productivity improvement via innovation in working styles, promotion of fair and equitable treatment and meaningful human resources training, enhancement of individual competitiveness through promotion of diversity management, and creation of new business opportunities focusing on the solution of societal issues through heightened employee sustainability awareness.



## **Strategic Focus**

#### **New Medium-term Management Plan**

Driving Value Creation, our new three-year medium-term management plan, concludes in the fiscal year ending March 31, 2020. To realize the quantitative targets adopted in this plan, we are making concerted efforts to create a solid earnings base, thoroughly reinforce existing businesses, establish new growth fields, and advance Cash Flow Focused Management. In addition, we are working to reinforce our management foundation, which will help support all of these endeavors.

#### New Medium-term Management Plan

#### External Environment

- Following the end of the global resources super-cycle, a worldwide shift away from an overreliance on volume expansion to a focus on the pursuit of growth in quality
- Continued changes at a rapid pace, with shifts such as the move away from a system of global rules led by the U.S. and Europe toward a world in which each region considers what is optimal for them

Mitsui's number one priority has been to establish a profit base resilient to change and risk. Rather than accumulating a broad range of risk assets, we are identifying growth areas where we have strengths and allocating our limited management resources accordingly. We are also promoting the reinforcement of a business foundation that helps us pursue these endeavors.

#### Mitsui's Focus

Growing a stronger and more stable base

Dynamic allocation of resources

Strengthening our management foundation



<sup>\*1.</sup> Profit for the year attributable to owners of the parent

<sup>\*2. [</sup>Operating cash flow] – [Cash flow from increase / decrease in working capital]

#### 

The three core areas of our new medium-term management plan are Resources & Energy, Machinery & Infrastructure, and Chemicals. These areas represent our overwhelmingly dominant core businesses, and we expect to generate 90% of our entire core operating cash flow within these three areas during the period of the new plan.

We will continue to accumulate assets in these areas of strength through bolt-on acquisitions, thereby making our core businesses even more robust.

Resources & Energy	Machinery & Infrastructure	Chemicals
• Iron Ore • Oil & Gas	<ul><li>Power generation</li><li>Marine energy</li><li>Gas distribution</li><li>Automobiles</li><li>Shipping</li><li>Railroads</li></ul>	<ul> <li>Feed additives/Agricultural chemicals</li> <li>Functional materials</li> <li>Tank terminals</li> <li>Chemical products manufacture and trading</li> </ul>

In addition, we will thoroughly strengthen and improve the value of existing businesses through the following initiatives.

- Realize latent value (raise value through <u>operational improvement</u>, <u>business revitalization</u>, and industry reorganization)
- Pursue business entry and exit coordinated with business cycle
- Reinforce trading by upgrading our selling power and value add



Create a solid earnings base and thoroughly reinforce existing businesses

#### **Key Initiatives**

#### 

It is important for companies to continuously create value by leveraging their capabilities to find solutions to social issues and then sharing that value with their stakeholders so that both corporations and society are able to grow together. We are paying close attention to medium-term changes in the external environment and have established four growth areas in which we can excel. Going forward, we will aggressively allocate business resources to these areas.

Mobility	Healthcare	Nutrition & Agriculture	Retail & Services
Multifaceted approach to Materials and Mobility & Transportation services based on changing social needs in the environmental society	Build healthcare ecosystem around medical services businesses	Raise productivity, provide stable supplies in agriculture/livestock/ fisheries, enhance added value of foods	Foster next generation digital/logistics/financial functions to meet consumer needs

The expanding middle class of Asia and growing North American economy are core targets



#### Establish Mitsui's next profit pillars

- 3 Stronger focus on cash flow management; Strengthen financial base
  - P.18-22 "CFO Message"
- 4 Enhance Governance, Personnel and Innovation functions
  - P.42-45 "Strengthen Business Base: Corporate Officers Panel Discussion"



## **Portfolio Management**

#### Practicing disciplined portfolio management

Striving to improve business quality and ensure returns, Mitsui applies its refined risk management capabilities to all stages of business, beginning with selecting investment candidates and continuing on through the process of making investment decisions, starting up projects, and strategically recycling assets. In addition, the Company aims to strengthen its business portfolio, balance cash flow allocation, and improve capital efficiency by practicing disciplined investment and flexible asset replacement.

#### **Project** Incubation

Mitsui develops existing businesses by leveraging the networks and insights gained through partnerships and customer relationships in various industries and regions while seeking out and advancing new projects with the potential to become promising businesses in a similar manner.

Risk Management

- Objective self-analysis of the depth of our understanding and management capabilities regarding the risks of target markets and business models
- Necessary measures including partner involvement and risk hedging

#### Analysis, Evaluation, and Deliberation

Investment decisions are made based on analysis of qualitative factors as well as the required profitability ratio and other quantitative standards. Moreover, a variety of factors are evaluated in making decisions, including ability to execute business plans, Company functions to be utilized, probability of increasing value, conditions of contracts with other related parties, risk analysis and management measures, value of the business, period of project execution, and internal control effectiveness. Investment candidates are screened and final decisions are made after deliberations by relevant committees.

- Risk Management Appropriateness evaluations and stress checks based on prerequisite conditions related to commodities markets, foreign exchange, interest rates, and costs
  - · Contract condition negotiations and due diligence
  - Review process by Portfolio Management Committee, etc.

#### **Final Investment Decision and Execution**

Investments are decided and executed once it has been determined that they meet internal approval standards and that contractual obligations have been fulfilled.

Investment Discipline • Appropriate accounting treatments for factors such as investment disparities

#### Project Development

Energy resource, and infrastructure development projects are advanced together with partners. By carefully monitoring project progress and flexibly responding to unforeseen circumstances, projects are completed within the planned budgets and timeframes.

Risk Management • Project management (budgets, construction period, credit, contracts, finances, environmental concerns, etc.)

#### **Value Addition** through Operation Management

Mitsui plays a direct role in operating businesses and managing companies in order to boost their competitiveness and value. The Company's functions are utilized to this extent by appointing professionals who are highly specialized in the respective business area, dispatching employees from the Head Office as necessary, and pursuing close coordination between the Head Office and individual businesses. Furthermore, inter-business collaboration is promoted to help Mitsui explore new markets and business models.

- Risk Management Monitoring of and response to market conditions, competition, and other operating environment changes
  - Tracking of facility operation ratio and income and expenditure trends and responding to any issues
  - · Management of risks related to factors including finances, taxation, labor, legal affairs, credit, and the environment

Investment Discipline

- Confirmation of effectiveness of internal controls
- Appropriate asset value assessments and timely and appropriate accounting treatments

#### Strategic Asset Recycling

Businesses we have invested in are continually evaluated based on growth potential, ability to increase value with Company functions, and strategic benefits. If it is deemed that a business' viability is beginning to peak, we will consider new strategies, such as merging businesses into other companies, or the possibility of asset recycling, and then put these plans into effect.

Investment Discipline • Stringent adherence to portfolio management cycle



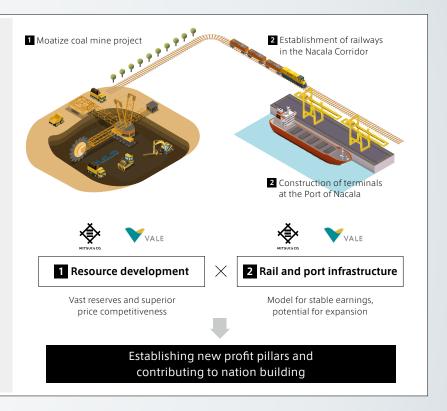
## Realizing Mitsui's Value

We are expanding into new business domains in a wide range of industries and throughout the value chain, including global trading, resource development, the establishment of infrastructure, manufacturing and processing, logistics, retail, and services. In doing so, we are creating and developing businesses on our own initiative and generating new value. We accumulate the added value we create as management capital and leverage that capital to invest in the process of further value creation.

#### CASE 1

# Contributing to nation building by developing resources and establishing infrastructure in multiple businesses

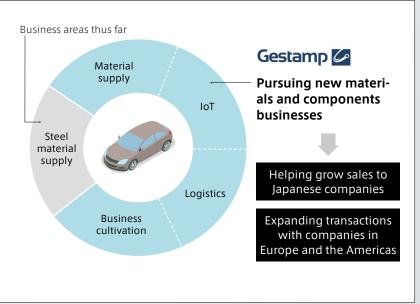
Leveraging the solid trust-based relationships we have with local governments and major global companies, we have cultivated a competitive edge in resource development over many years. By combining this competitive edge with the experience and knowledge we have gained in the infrastructure domain, we are contributing to the economic development of countries around the world in such ways as promoting industry, establishing infrastructure, and creating jobs.



#### CASE 2

## Business diversification together with our business partners

Going beyond the supply of materials, Mitsui will provide assistance to Gestamp by proposing new materials, promoting a shift to smart factories that leverage IT, expanding sales to Japanese automobile manufacturers, and helping to continue to improve efficiency in the distribution of materials and components. In addition to contributing to improvement in Gestamp's corporate value, these efforts will help Mitsui expand its ancillary equipment business.



## New Medium-term Management Plan

# Driving Value Creat

#### Mitsui & Co. Investor Day 2017

In June 2017, we held "Mitsui & Co. Investor Day," an event that provided investors with explanations of our management strategies and major initiatives, centered on the new medium-term management plan. Videos and materials that were used and distributed on Mitsui & Co.



Investor Day are available at the following URL. Please take a look.

https://www.mitsui.com/jp/en/ir/meeting/investorday/2018/index.html

This section provides a more detailed explanation of the major initiatives of the new medium-term management plan, which are listed on page 13.

P.13 "Key Initiatives"

#### 18 CFO Message

#### 23 Core Areas

- 24 Mineral & Metal Resources
- 26 Energy
- 28 Machinery & Infrastructure
- 30 Chemicals

#### 32 Growth Areas

- 33 Mobility
- **36** Healthcare
- 38 Nutrition & Agriculture
- 40 Retail & Services

#### 42 Strengthen Business Base

**42** Corporate Officers Panel Discussion





## Results for the fiscal year ended March 31, 2017

Looking back on the fiscal year ended March 31, 2017, the global economy showed signs of steady growth, primarily in the United States, as business sentiment improved in the second half with the bottoming out of the commodities market. While a gradual growth trend is expected to continue, the outcomes of government measures adopted by the new administration in the United States as well as heightened geopolitical risks in the Middle East and East Asia are issues that raise concern and need to be closely monitored.

In this environment, profit for the year attributable to owners of the parent improved significantly, to ¥306.1 billion (an improvement of ¥389.5 billion compared with the previous fiscal year), and core operating cash flow was ¥494.8 billion (an increase of ¥23.1 billion year on year), greatly exceeding our initial estimates. In addition to the strong performance of the commodities market, these results reflect our efforts

to grow businesses with stable earnings that are not easily affected by the commodities market, and our efforts to enhance the competitiveness of our core Resources & Energy businesses.

## Cash flow focused management under the previous medium-term management plan

(Period from April 2014 to March 2017)

Mitsui steadily implemented its cash flow focused management as a key initiative under the previous medium-term management plan. Over the three-year period of the plan, the cumulative total for recurring free cash flow (core operating cash flow plus funds acquired through asset recycling minus funds allocated for investment in existing businesses and projects in the pipeline) came to ¥1.3 trillion. Of this amount, ¥820.0 billion was allocated to growth investments, resulting in free cash flow of ¥490.0 billion. This means we realized the target adopted

under the previous plan of returning to positive free cash flow for the three-year period, which was ¥115.0 billion, even after returning ¥375.0 billion to shareholders.

The impact of the weak commodities market on the Company's core operating cash flow was significant. However, by enforcing strict discipline in selecting targets for investment, we were able to steadily implement shareholder returns while realizing a return to positive free cash flow. As such, I can say with confidence that, over the past three years, we have sufficiently implemented cash flow focused management that realized a healthy balance between growth investments and shareholder returns.

## A balance sheet that focuses on financial stability and capital efficiency

As of March 31, 2017, total assets amounted to \$11.5 trillion, up \$590.5 billion from the previous fiscal year-end, and net interest-bearing debt was \$3.3 trillion, up \$67.1 billion. Shareholders' equity totaled \$3.7 trillion, a rise of \$352.2 billion due primarily to an increase in retained earnings. The net debt-to-equity ratio declined from 0.95 times to 0.88 times. However, if we consider 50% of the subordinated syndicated loan of \$555.0 billion that we have already procured as capital, then our net debt-to-equity ratio comes to 0.75 times.

The Company procures funds under a basic

policy of securing the necessary funding to smoothly carry out its business activities and maintaining a sound and stable financial position. We procure long-term funds, with a maturity of around 10 years, primarily through long-term borrowings from domestic financial institutions and the issuance of corporate bonds. Also, for large-scale investments, we utilize funds borrowed from government-affiliated financial institutions and project financing. To retain flexibility in funding business development and minimize the effects when financing conditions deteriorate, we maintain cash and cash equivalents that cover two years' worth of interest-bearing debt repayments.

In addition, we work to improve profitability at each business unit, paying close attention to the profit-to-risk assets ratio. To maintain financial stability, we keep the amount of risk assets within 80% of shareholders' equity at a groupwide level.

ROE for the fiscal year ended March 31, 2017 came to 8.6%. While we were unable to achieve the previous plan's quantitative target for ROE of 10%–12%, due primarily to stagnating conditions in the commodities market, we aim to realize ROE of 10% as a quantitative target for the fiscal year ending March 31, 2020, by steadily executing the key initiatives adopted under our new medium-term management plan.

With our new plan, we will continue to pursue the balance between maintaining financial stability and improving capital efficiency.

### Balance Sheet (As of March 31, 2017) ¥ trillion

Current assets	Other liabilities 2.7			
4.5	Interest-bearing debt*1 4.8 (3.3)			
Non-current assets				
7.0	Shareholders' equity*2 3.7			
	_			

Total assets ¥11.5 trillion Shareholders' equity ¥3.7 trillion Net DER 0.88 times

Non-controlling interests

— 0.3

#### Credit Rating (Updated in May 2017)

Create Hatting (opaated in May 2017)					
Rating agency	Credit rating (Outlook in parentheses)				
Moody's	Short-term	P-2			
Moody's	Long-term	A3 (Negative)			
Standard & Poor's	Short-term	A-1			
Standard & POOLS	Long-term	A (Negative)			
Rating and Investment	Short-term	a-1+			
Information (R&I)	Long-term	AA- (Stable)			

<sup>\*1.</sup> Figures in parentheses in interest-bearing debt are "net interest-bearing debt," which is interest-bearing debt minus cash and cash equivalents and time deposits.

<sup>\*2.</sup> Profit for the year attributable to owners of the parent

## Quantitative targets of the new medium-term management plan

Under the new plan, we have established core operating cash flow and profit for the year attributable to owners of the parent as the two main KPIs. By enhancing our cash flow generating capabilities through the key initiatives of building a robust profit base and thoroughly strengthening our existing businesses, we plan on raising core operating cash flow to ¥500.0 billion in the fiscal year ending March 31, 2018, and to ¥630.0 billion in the fiscal year ending March 31, 2020. We aim to increase profit for the year attributable to owners of the parent to ¥320.0 billion in the fiscal year ending March 31, 2018, and to the recordhigh level of ¥440.0 billion in the fiscal year ending March 31, 2020. Of this ¥440.0 billion, we expect ¥240.0 billion to come from the Mineral & Metal Resources and Energy segments, and ¥200.0 billion from non-resources business areas. In regard to the Mineral & Metal Resources and Energy segments, we anticipate increased profits through enhanced production and cost reduction initiatives under conservative estimates that do not have a large dependence on increases in

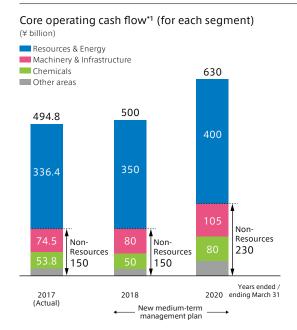
commodity prices. For non-resources business areas, the further reinforcement of profitability in Machinery & Infrastructure and Chemicals should act as a driver for overall profit growth. In addition, as I stated earlier, we aim for ROE of 10% in the fiscal year ending March 31, 2020.

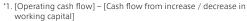
#### Cash flow focused management; Strengthen financial base

In our new plan, we will take further steps to enhance the cash flow focused management that we have implemented under the previous plan.

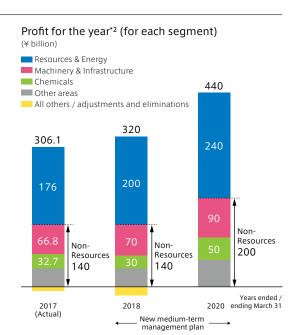
First, we will set a minimum dividend payment based on stable core operating cash flow, which refers to the level of core operating cash flow that we are able to generate in a stable manner with consideration to future trends in the commodities market. We will calculate a minimum total dividend payout based on this stable core operating cash flow and carry out shareholder returns accordingly.

Next, by realizing a positive cumulative threeyear total of free cash flow even after carrying out shareholder returns, we will work to manage our





<sup>\*2.</sup> Profit for the year attributable to owners of the parent



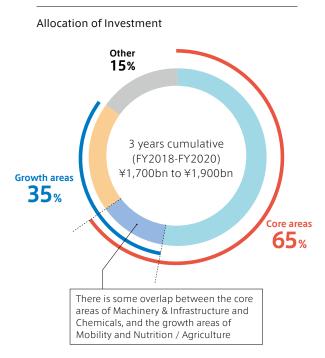
level of interest-bearing debt in order to strengthen our financial base. Also, depending on operating conditions and the business environment at the time, we will allocate free cash flow after carrying out shareholder returns to additional shareholder returns, the repayment of interest-bearing debt, and additional investments.

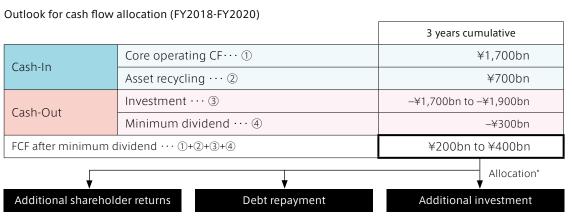
Through these efforts, we will work to maintain our current "A" credit rating while striving to raise it in a sustainable manner.

As for cash flow allocation based on the above policies, over the three-year period we expect to generate ¥1.7 trillion in core operating cash flow and ¥700.0 billion through asset recycling, giving a cumulative three-year total of ¥2.4 trillion in cash inflows. The main business areas in which we will carry out asset recycling are Machinery & Infrastructure, Resources & Energy, and Lifestyle. Meanwhile, we anticipate between ¥2.0 trillion to ¥2.2 trillion in cash outflows, which consist of investments totaling ¥1.7 trillion to ¥1.9 trillion and minimum dividend payments totaling ¥300.0 billion. As a result, we expect free cash flow after minimum dividend payments of between ¥200.0 billion and ¥400.0 billion.

In regard to investments, we will carefully select projects while continuing to enforce strict investment discipline. Of the ¥1.7 trillion to ¥1.9 trillion, we are expecting to use for investments, roughly 65% will be allocated to our three core business areas (Resources & Energy, Machinery & Infrastructure, and Chemicals) in an effort to

maintain and enhance our ability to generate core operating cash flow. Roughly half of such investment amount will be directed toward the business area of Resources & Energy. The remaining 35% not allocated to core business areas will be used for investment in growth areas with the aim of establishing the next pillars for profits.





FCF after minimum dividend payment will be allocated to additional shareholder returns, debt repayment, and additional investment by management determination.

#### Basic policy for shareholder returns

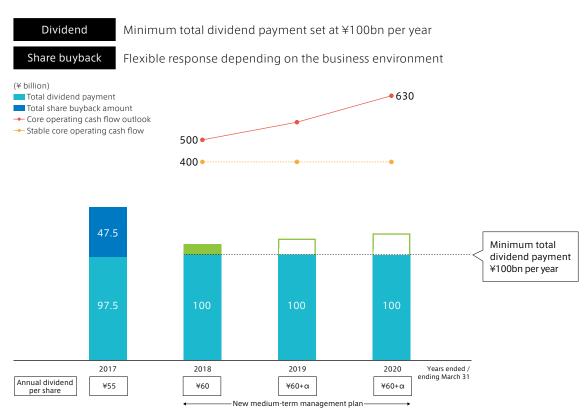
Through discussions at the Board of Directors' meetings in which external directors were involved, we have decided on two basic policies for the distribution of profits. First, in order to increase corporate value and maximize shareholder value, we will meet investment demand in core and growth areas through increases in retained earnings while also allocating a portion of profits directly to shareholder returns. Second, in relation to share buybacks aimed at improving capital efficiency, the Board of Directors will flexibly determine buyback amounts and buyback timing taking into consideration various factors such as the business environment, future trends in investment demand, free cash flow, interestbearing debt levels, and ROE.

Based on these policies, we set the annual dividend for the fiscal year ended March 31, 2017 at ¥55 per share and carried out share buybacks

amounting to ¥47.5 billion as an additional means of providing shareholder returns. As a result, we returned ¥145.0 billion to our shareholders. Under the new plan, we have established ¥100.0 billion as the minimum for annual payout under the assumption that we will generate ¥400.0 billion in stable core operating cash flow per year. For the fiscal year ending March 31, 2018, we intend to increase the annual dividend by ¥5, to ¥60 per share. Guided by our aim to continuously raise dividends through increases in core operating cash flow, we will give consideration to additional shareholder returns in a flexible manner in the event that we determine that the necessary amount of retained earnings to promote our business strategies has been secured.

August 2017

#### Shareholder returns policy









New Medium-term Management Plan

## **CORE AREAS**

Mineral & Metal Resources

Energy

Machinery & Infrastructure

Chemicals



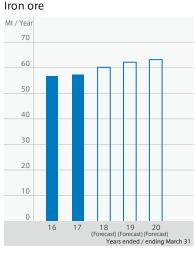
### Mineral & Metal Resources

#### **Basic Strategies**

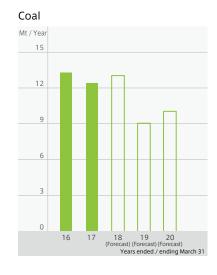
- 1 Secure competitive and long-term assets in mineral & metal resources and contribute to their stable supply
  - Generate sizable profit even under slow growth scenario, while capturing the opportunities for upside potentials.
- 2 Create trading and investment businesses to fulfill needs of our customers and partners
  - Expand business in the mineral and metal resources value chain from raw material supply to recycling
- 3 Contribute to sustainable economic growth, while preserving the global environment
  - Contribute to nation building in resource-supplying countries
  - Contribute to the development of the global economy
  - Reduce environmental burden through increased efficiency

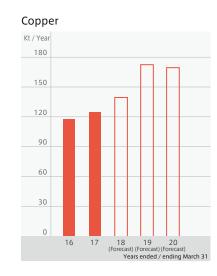
Mineral and metal resources are raw materials, which means they represent the foundation of various industries. As such, Mitsui believes that the mineral and metal resources industry will remain highly important over the medium to long term. As growth in demand for resources has started to slow, we are placing priority on establishing a robust business portfolio that can generate a certain level of profit based on our existing assets. We have decided to focus our efforts on resources such as iron ore, which represents the pillar of our earnings base, coal, copper, steel scrap, ferroalloys, new metals such as nickel and cobalt, and aluminum. As part of these efforts, we will acquire additional assets, establish high-quality portfolios, and pursue initiatives in regions in which demand for these resources continues to grow. In doing so, we will maintain a solid earnings base over the long term. Also, in addition to continuing to carry out bolt-on investments, we will endeavor to select new growth projects through a stringent process that captures only the most competitive, high-quality projects while also keeping our focus on investment timing.

#### Equity Share of Production\*









#### **Individual Strategies**

#### Iron ore

Through business collaboration with Rio Tinto and BHP in Australia, as well as through the joint promotion with Vale in Brazil of highly competitive projects in which we are shareholders, we have been steadily pursuing investments in mining and port facilities over the past several years to further improve our assets. In addition to sufficiently analyzing longterm demand, we are working to strengthen our businesses through a three-pronged approach that focuses on increasing production volume, expanding reserves, and improving operational efficiency to reduce costs.

#### Coal

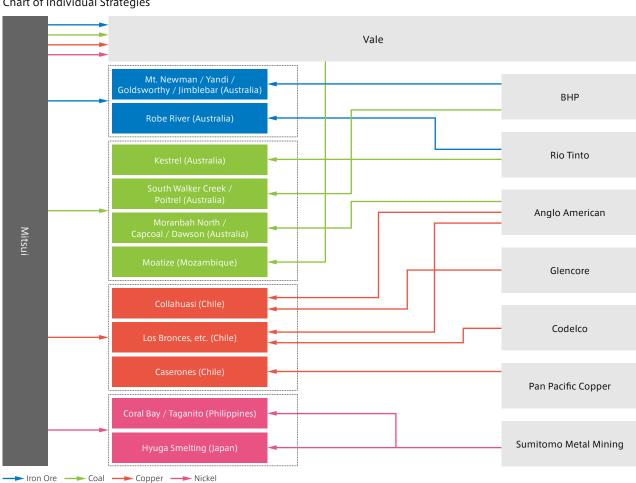
In March 2017, we invested in the Moatize coal mine and the Nacala infrastructure project in Mozambique. These projects pursue integrated development that goes beyond the production and development of cost-competitive coal to include railway and port infrastructure enhancement. As such, these projects will contribute to nation building in Mozambique.

For these projects, we are steadily promoting enhanced operational stability. At the same time, we are leveraging the synergies of the Mitsui Group to establish peripheral businesses, support project sales, and bolster profitability. Also, for projects in Australia in which we have been engaged for many years, we are making efforts to enhance our portfolio by concentrating resources into higher quality assets.

#### Copper

We are promoting three copper projects in Chile. Collahuasi is a highly competitive operation, and we are giving consideration to expanding this project. At the same time, we are enhancing the competitiveness of Anglo American Sur through acquiring additional reserves. Also, we are currently in the ramp-up stage of Caserones, and we are starting to see results of efforts to improve operations and reduce costs. Through the continued promotion of these efforts, we will work to further enhance the quality of these projects going forward.

#### Chart of Individual Strategies



## Energy

#### **Basic Strategies**

#### 1 Establish a competitive asset portfolio

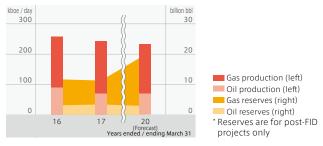
- Reinforce competitiveness of existing assets
- Acquire high quality assets (reserves and production volume)
- Expand LNG production capacity

## 2 Expand midstream and downstream energy value chain by leveraging Mitsui's function

- · Advantageous sale of Mitsui's equity cargos
- Initiatives to create new demand and development of infrastructure businesses in midstream and downstream businesses

#### 3 Expand new energy and renewable energy businesses

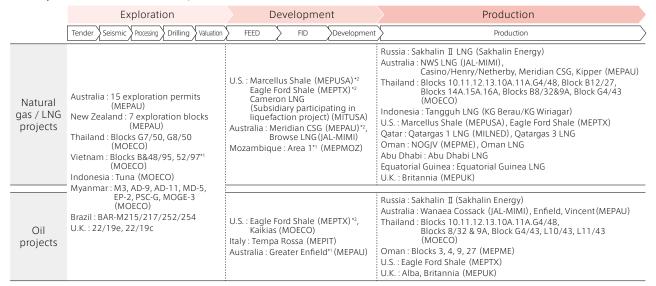
#### Oil and gas production volume; reserves



Through the fiscal year ending March 31, 2020, the Company's equity share of production for oil and gas is expected to remain stable. Reserves are expected to rise significantly mainly due to the expected final investment decision of the Mozambique LNG Project during the period of the new medium-term management plan, which will result in the further recognition of reserves. By strictly selecting potential investments, Mitsui intends to acquire and maintain assets while securing competitiveness of its reserves and production. The Company currently possesses roughly five million tons of net LNG production capacity. This amount is expected to increase to about nine million tons in the fiscal year ending March 31, 2020, due to the start-up of the Cameron LNG Project in the United States. Going forward, Mitsui will further accumulate good quality projects and increase LNG production capacity through the Mozambique LNG and Sakhalin II expansion projects.

#### Main Upstream / Midstream Asset (Natural Gas / LNG / Oil)

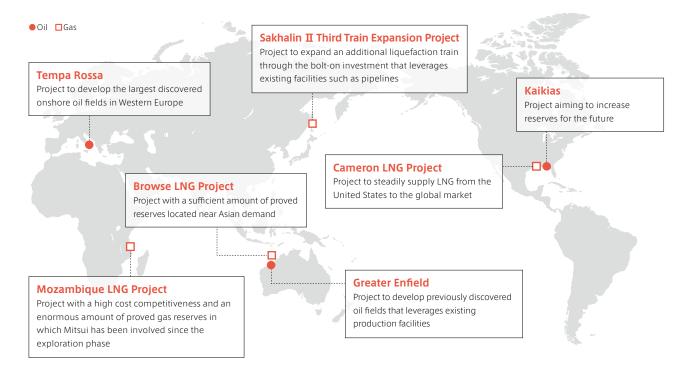
As of March 31, 2017



<sup>\*1.</sup> Proved undeveloped \*2. Partly in production

#### Establish a competitive asset portfolio

Based on the medium-term management plan, in the E&P business, Mitsui will steadily proceed with the start-up of the projects under development, such as, the Tempa Rossa Project in Italy, the Greater Enfield Project in Australia, and the Kaikias Project in the United States. In the LNG business, the Company will not only aim for the start-up of the Cameron LNG Project and the Mozambique LNG Project, but will also steadily promote bolt-on investments to expand existing projects.



#### Expand the energy value chain

Mitsui will strive to provide added value to customers by building new trading flows, cultivating new customers and demand, and further enhancing its trading function.

#### Gas Value Chain

Until now, Mitsui has been supplying LNG mainly to electric power and gas companies. However, in order to further extend its gas value chain, Mitsui will create new LNG demands by pursuing efforts in such areas as gas-fired power generation plants and LNG receiving terminal businesses. In doing so, the Company will focus its efforts on supplying its own LNG to such demands that it has developed.

#### Oil Value Chain

In addition to its existing equity crude oil in Oman and Australia, Mitsui will be marketing its equity crude oil from the Tempa Rossa, the Greater Enfield, and the Kaikias oil fields, which will commence production in the near future. Mitsui is also making proactive efforts in trading, focusing primarily on products that leverage the Company strengths, such as

condensate, and also low-sulfur fuel oil that demonstrate Mitsui's quality adjustment functions.

## Expanding new energy and renewable energy businesses

Mitsui has invested in LanzaTech, a U.S. venture company that uses microorganisms to develop gas fermentation technology. The Company is also making efforts in verifying carbon capture and storage technologies in Australia, which capture CO<sub>2</sub> and store it underground, as well as in biomass power generation project in Tomakomai City in Hokkaido. Furthermore, Mitsui is undertaking initiatives to develop geothermal and biomass power generation businesses in Japan and overseas and is participating in the next generation energy businesses such as hydrogen on a global scale.

## Machinery & Infrastructure

#### **Basic Strategies**

#### 1 Thoroughly reinforce a sustainable earnings base

- Reduce costs and improve management efficiency through the introduction of AI and IoT
- Steadily complete assets under construction
- Expand business through bolt-on investments

#### 2 Implement strategic lifecycle management

- · Recycle assets at the appropriate time
- Constantly improve portfolio quality by capitalizing on opportunities

#### 3 Enter new business domains

- Take on challenges in the new growth frontier of mobility
- Take on challenges in new infrastructure businesses

Machinery & Infrastructure Segment has already established numerous core businesses, including electric power, offshore energy, automobiles, and ships. Going forward, we will thoroughly reinforce and expand the earnings base of these existing businesses. In addition, centered on bolt-on investments, which involve accumulating strong assets, we will carry out investment in new businesses, including those in completely new fields. At the same time, we will actively promote asset recycling at the appropriate time.

#### Individual Strategies

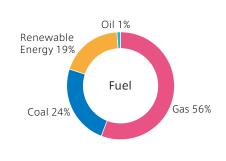
#### **Electric power business**

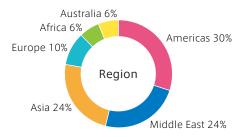
To enhance the value of individual assets, we have commenced the introduction and utilization of digital technologies for certain assets. Also, we are promoting new business development while pursuing capital gain through the sale of assets at the appropriate time after entering a new business. Going forward, we will accelerate the cycle from asset development to sale as we work to improve capital efficiency. Giving consideration to environmental changes, we are boosting our percentage of renewable energy projects and establishing a portfolio that places an emphasis on ESG.

#### Offshore energy business

As one of our main initiatives in the offshore energy business, we are leveraging our relationship with Petróleo Brasileiro S.A. – Petrobras to expand the FPSO (floating production, storage and offloading system for offshore oil and gas) business together with our business partner MODEC Inc. Additionally, we are exploring opportunities in the subsea business, which we have newly entered, in an effort to expand the overall scale of our offshore energy business.

#### Power Generation Portfolio (by Fuel and Region)





Company owned power generating capacity
Net: 10.4GW Gross: 38GW

#### Gas distribution business

We are making efforts in our Brazilian gas distribution business, which supplies gas to 19 of Brazil's 26 states and accounts for nearly half of the country's gas distribution volume. We are working to continuously grow this business as it represents our strategic partnership with Petróleo Brasileiro S.A. – Petrobras. Through the generation of synergies with our offshore energy business, we aim to further expand this business going forward. Also, not only will we pursue enhanced operational efficiency, we will also expand our overall business in Brazil through such efforts as developing and extending our business into peripheral areas amid the trend toward market deregulation in Brazil.

## Automobiles, construction equipment, transportation, ships, and aerospace

Drawing on our extensive client base and relationships with first-class business partners, we will create new businesses and increase profits by bridging the gap between supply and demand in the frontline operations of our clients as well as the gap between component industries, functions, regions, and cultures.

Automobiles: We will continue efforts to increase value in the overseas manufacturing and sales of Japanese automobile manufacturers, as our traditional strength of business. At the same time, we will provide comprehensive transportation services on a global basis, including retail, leasing and fleet management of passenger and commercial vehicles, through the U.S.-based Penske Automotive Group, Inc. and Penske Truck Leasing Co., L.P., two companies in which we have invested. We will also make proactive efforts to bring about innovation that responds to the structural transformation of the automobile industry, which includes electric cars and the car sharing economy.

Construction Equipment: In addition to expanding the foundation of mining and construction machinery retail businesses, construction equipment rental businesses, and machine tool businesses, we are working to develop businesses in the robotics and mobility fields that leverage lightweight materials and AI in response to structural changes in the industry and trends in demand. We are also taking on challenges in making cross-organizational efforts in the fields of food and agriculture through our agricultural machinery sales business.

Transportation: We are undertaking initiatives to enhance the value of our transportation business, which includes railway infrastructure construction, rolling stock leasing, freight transportation, and passenger rail operation. At the same time, with development and value enhancement of mobility in mind as our core business value, we are entering into such new growth areas as train station and property development and multimodal transportation businesses.

Ships: Centered on ship purchase and sale, we aim to enhance and expand all aspects of our ship business, including ship ownership, LNG vessels, operational management and chartering of vessels, brokering of second-hand ships, and marine equipment. In addition, we are actively pursuing new initiatives such as technological innovation within the marine transport industry.

Aerospace: While enhancing and innovating our aircraft leasing and trading business, we aim to develop new businesses, including those related to aircraft engines, through collaboration with third-party capital. In addition, we are actively reinforcing each aspect of our aerospace business, including freighter conversion, sales of helicopters and business jets, and defense business

#### Broad Business Domain – First-Rate Partners —





#### Develop and expand business domains

### Chemicals

#### **Basic Strategies**

#### Connect the chemical industry with related industries and create new business through the power of chemistry

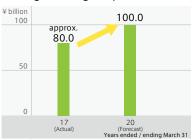
#### 1 Engage in new growth opportunities

- Expand the performance materials business in the domains of mobility and consumer products
- · Enhance portfolio in the domain of agriculture
- Improve businesses in the domain of food science

#### 2 Reinforce trading capabilities

- Expand and strengthen network with business partners and clients
- Create opportunities for new trading and business investments

#### Trading-related gross profit



#### 3 Carry out bolt-on investments

- Increase methionine production lines
- Expand the tank terminal business
- Improve the stability and expand the scale of the methanol business

One special characteristic of the Chemicals Segment is that it acts as a contact point with various other industries.

With a bird's-eye view of these industries, the Basic Materials Business Unit will work to further deepen the multi-layered relationship it has with its business partners and establish distribution and other businesses with a strong presence that will lead to enhanced deal flow.

From the perspective of improving materials for use in such growth industries as mobility and consumer products as well as in ICT and other new industries, the Performance Materials Business Unit will adopt a "market in" and "product out" approach in an effort to create new businesses.

To respond to the need for greater food productivity and higher added value, the Nutrition & Agriculture Business Unit aims to enhance and expand existing businesses and develop new business while taking into account the changes in the needs of peripheral industries and consumers.

#### **Individual Strategies**

#### Engage in new growth opportunities

To meet the need for lighter vehicles and the use of a wider range of materials that has been brought about by heightened environmental awareness, Mitsui aims to enhance businesses related to such materials as carbon fiber for automobile components and resin compounds. To this end, for carbon fiber-related businesses, we will pursue business expansion while also making efforts to proactively establish a supply chain. Furthermore, for the market for food packaging and household detergents, in which consumer needs are expected to become more diverse and sophisticated, we will undertake initiatives to establish businesses related to



Forward Engineering / Lightweight automotive structures made from carbon fiber and other composite materials

high-performance materials that will help us realize differentiation. We have invested in and commenced operations of the newly established LABIX Company Limited, which manufactures detergent materials in Thailand; Prime Evolue Singapore Pte. Ltd., which manufactures high-performance polyethylene in Singapore; and PT Champion Pacific Indonesia Tbk, which engages in the manufacture of pharmaceutical packaging materials in Indonesia.

In the domain of agriculture, we will secure agricultural products that will allow us to maximize our business while leveraging our existing network for sales, registrations, and services, in Europe and other areas. In these ways, we are expanding our portfolio of agricultural products.

For the domain of food science, we will make efforts to reinforce the existing businesses of San-ei Sucrochemical Co., Ltd., B Food Science Co., Ltd., and Soda Aromatic Co., Ltd. (please refer to "Growth Areas: Nutrition & Agriculture" on page 38 for details).

#### Reinforce trading capabilities

In the Chemicals Segment, Mitsui has a consolidated global workforce of roughly 5,000 personnel deployed in 59 countries and regions around the world. We also have a strong customer foundation that spans a wide variety of business fields. Trading is an essential part of our chemical business, and we place emphasis on the cycle of new trading and business investment that is created through the deepening of the multilayered relationships with business partners that we have established through trading.

Giving consideration to the global balance between supply and demand and various regulations, the Basic Materials Business Unit fully leverages its logistics functions to play the role of a virtual pipeline that connects customer factories with the outside world. In doing so, the unit is developing businesses that contribute to the resolution of issues facing both suppliers and users. In addition, the Performance Materials Business Unit and the Nutrition & Agriculture Business Unit have numerous points of contact with endpoint industries. While maintaining a broad view of the advances being made in chemical applications, these units focus on the provision of various services that are customized for specific purposes.

#### Carry out bolt-on investments

Mitsui will move forward with bolt-on investments geared primarily toward improving stability and expanding the scale of the animal nutrition, tank terminal, and methanol businesses. In doing so, Mitsui will aim to further enhance its earnings base.

Mitsui has an 80% stake in Novus International Inc. (hereinafter, Novus), a company that engages in the manufacture and sale of a wide range of animal feed additives. Over the past 10 years, Novus has posted an average annual profit of around ¥10 billion. In addition to increasing its methionine production line, we are working to enhance the company's specialty business.

As for our tank terminal business, Intercontinental Terminals Company LLC (hereinafter, ITC), which was established in 1972, has gradually increased its scale and generated steady profits. Against the backdrop of robust demand for tank terminals, ITC is carrying out the expansions program stably ahead of the original schedule. We plan to expand the tank capacity of the joint venture we established with ITC in Antwerp by nearly three times over the next 10 years through a series of stratified capacity increases.

In our methanol business, building on the methanol production we commenced in the Kingdom of Saudi Arabia, we started production in the United States as well in October 2015. In addition to the stable supply of source gas that has come from the shale revolution at highly competitive prices, we have established a superior position in the methanol business through the utilization of the existing infrastructure of our business partners. Going forward, we will ensure the stable operation of existing businesses and work to expand the scale of these businesses with the aim of enhancing our earnings base. At the same time, we will continue to examine expansion based on highly competitive source gas, which will help strengthen our global trading foundation, and investments in new projects.



Novus International



Intercontinental Terminals Company (ITC) tank terminal



The methanol manufacturing business Fairway Methanol in the U.S.



New Medium-term Management Plan

## **GROWTH AREAS**

Mobility

Healthcare

Nutrition & Agriculture

Retail & Services



## Mobility

#### **Basic Strategies**

#### 1 Respond to innovation in transportation services

Provide comprehensive services in passenger and cargo transportation

#### 2 Respond to the "sharing economy" sector

• From "owning" to "use". Expand the car sharing business

## 3 Create business opportunities that support technological innovations

• Engage in new businesses in the automobile industry

#### 4 Contribute to the creation of next-generation cars

• Expand the automotive components and materials business

With the progression of global warming, population increases, urbanization, and aging societies, people's tastes and preferences are becoming more diverse. Particularly, in recent years, there has been a heightened awareness of safety and the environment, and the consumer mind-set toward transportation has been changing. These factors have had a significant impact on a wide range of industries. Within specialized fields of its various business segments, including Iron & Steel Products, Machinery & Infrastructure, and Chemicals, Mitsui has been undertaking initiatives geared toward the mobility industry. At the same time, the Company's segments have been collaborating in an effort to contribute to the environment and steadily respond to industrial and social needs. In doing so, the Company is drawing on its comprehensive strengths to pursue business expansion and advance business models in the field of mobility.

#### **Individual Strategies**

#### **Innovating transportation services**

U.S.-based Penske Truck Leasing Co., L.P. offers comprehensive transportation services such as commercial vehicle leasing and renting, fleet management, and logistics. In addition, Brazil-based VLI S.A., in which Mitsui invested in 2014, provides multi-modal integrated logistics services that utilize rail, port, and inland terminals.

In terms of the mobility of people, transportation systems are becoming more innovative, centered on autonomous driving technologies and the sharing economy, against the backdrop of population increases and progressing urbanization. At the same time, due to the arrival of the mobility service industry, which

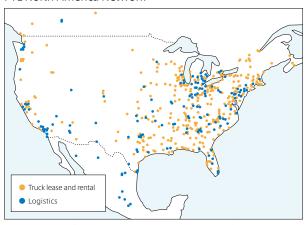


Penske Truck Leasing



VLI freight train

#### PTL North America Network



Global expansion

- Lease & rental business: U.S. / Canada / Australia
- Logistics business: U.S. / Canada / Mexico / Brazil / China / India / Western Europe

(U.K. / Netherlands / Germany)

leverages ICT, recent trends such as improved travel convenience, more luxurious moving space, and enhanced mobility-related experiences have been seen. Under expectations that such trends will continue, we are pursuing new business opportunities starting with existing passenger transport businesses in countries around the world, including rail operation in the United Kingdom. We aim to explore opportunities within these businesses in such ways as promoting rail-related commercial and real estate development, and providing mobility and integrated services leveraged by ICT and big data.

#### Sharing economy

Singapore places heavy restrictions on owning an automobile, which has given rise to an increased demand for car sharing in the country. In 2010, Mitsui invested in Car Club Pte. Ltd., a car sharing business in Singapore, and that business now boasts the top market share of 60%. By 2022, Mitsui intends to increase the number of cars this business owns by four times, to 1,000 vehicles, boost the number of members by four times, to 31,000 people, and expand net sales by over four times, to SGD 28 million (approx. ¥2.7 billion).



Cars offered by Car Club

#### **Engineering services**

Mitsui has invested in AZAPA Co. LTD. (hereinafter, AZAPA), a research and development company for control systems used in automobiles. AZAPA is involved in the development of next-generation automobiles conducted by multiple Japanese manufacturers, including major automobile manufacturers, as well as in the development of control systems, particularly systems related to autonomous driving. In Japan, stagnant growth in the number of engineers due to the declining birthrate and



Super-small vehicle developed by AZAPA

aging population has become a prominent issue. Accordingly, we believe that AZAPA's level of importance as an independent developer will increase going forward. In addition to supporting AZAPA's business, we will explore initiatives to provide the Japanese manufacturing industry—starting with companies like AZAPA—with the necessary functions to pursue development in new technological fields, including electronic vehicles and autonomous driving.

#### Online business

Mitsui has invested in Carprice Co., Ltd. (hereinafter, CarPrice), which manages online auctions for used cars in Japan.

By leveraging IT systems developed in Russia, CarPrice is real-

izing highly transparent transactions for used cars. Amid a shrinking domestic market, CarPrice is contributing to the domestic automobile industry and local economies by accelerating collaborative efforts with repair shops and gas stations across Japan and by increasing profits for a large number of car owners and used car dealerships.



CarPrice shop

#### Automobile components and materials

Mitsui has been active at the very core of the automobile industry, becoming directly involved in the creation of next-generation cars through Gestamp Automoción S.A. (GA), a global supplier of automotive components and assemblies with a focus on technology in which the Company invested in December 2016. Not only is Mitsui planning on supplying materials to GA, the Company is leveraging its various global partners and business assets to improve the value of GA's business in a variety of ways. These include proposing new materials, promoting a shift to smart factories that leverage IT, expanding sales to Japanese automobile manufacturers, and helping to continue to improve efficiency in the distribution of materials and components.

### Column

### The Competitive Edge of Gestamp Automoción

With a focus on hot-stamping technology that makes vehicle frames lighter and enhances safety, GA has steadily increased transactions with various automobile manufacturers, thereby establishing a solid position as one of the world's largest manufacturer of automotive components in terms of revenues. GA also boasts an impressive track record of developing, mass producing, and supplying components for over 800 kinds of vehicles and currently supplies products to all top 12 OEMs by volume globally.

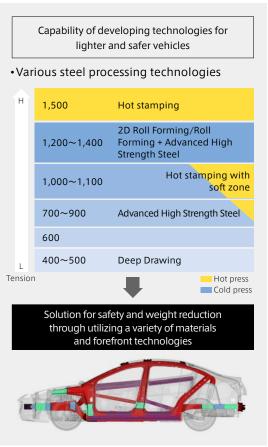
The company's most distinctive strengths are its ability to develop technologies that support highly sophisticated, lightweight vehicle frames and its ability to design proposals, which is underpinned by these technologies. In order to manufacture automotive components, it is necessary to develop a wide range of technologies to cover everything from die design to temperature control. GA's greatest strength lies in its ability to handle all aspects of the manufacturing process on its own, from stamping equipment to dies. Furthermore, through the joint development of steel materials, such as high-tensile strength steel for hot stamping, as well as the combination of new materials, such as carbon fibers, and cutting-edge construction methods, GA is able to offer optimal solutions to address the needs of automobile companies for safety and light-weight materials.

From the conceptual stages, GA is involved in the development and design of the next-generation car models of major automobile manufacturers. This involvement includes dispatching technicians to automobile manufacturers around the world to propose optimal vehicle frames that use cutting-edge materials. With automobile companies investing more management resources into the development of electric cars, cars with automatic driving capabilities, and other innovative technologies, more trust has been placed in automobile component manufacturers—which have superior technological and proposal-making capabilities—regarding the development of certain components for these technologies. As such, GA's presence will become more prominent going forward.

### About Gestamp

### Headquarters: Spain Business: Automotive stamping components manufacturer Production bases: 101 locations + 8 currently under construction (in 21 countries) Research and development bases: 12 locations + 1 currently under construction (in 8 countries); R&D experts: 1,300 Net revenue: €7,549 million (As of December 31, 2016) EBITDA: €841 million (As of December 31, 2016) Trends in net sales € million 8,000 6,000 4,000 2,000 Year ended December 31 Revenue by region Revenue by customer (As of December 31, 2016) (As of December 31, 2016) Eastern Europe 11% 12 2% 21.8% Asia-Pacific 14% 4.0% South America 5% 4.3% 1.9% 6.3% 6.5% North 10.8% 6.8% 8.9% America

### Gestamp's advantage



### Healthcare

### **Basic Strategies**

### 1 Strengthen existing businesses

· Promote initiatives aimed at improving profitability

# 2 Enhance value by strengthening collaboration between assets

- Support sales promotions for products
- Strengthen functions for attracting patients
- Improve business efficiency, etc.

### 3 Gain operatorship

- · Hospitals and hospital ancillary businesses
- Manufacture and sale of pharmaceuticals
- Healthcare staffing businesses

In 2000, global medical expenditures totaled US\$3.0 trillion. By 2014, these expenditures had reached US\$7.7 trillion. With the population growth and aging of society, the growth in middle-income-level groups, and changes in disease patterns, the need for high-quality medical services is expected to rise going forward. Meanwhile, medical expenditures are required to curtail. Through the expansion of healthcare ecosystems that combine the five essential elements of "places, people, products, services, and information," Mitsui is contributing to the resolution of issues in the field of healthcare from a medium- to long-term perspective. While making efforts to thoroughly upgrade existing assets and steadily grow periodic earnings, the Company aims to enhance value by strengthening collaboration between assets. In addition, to secure the sustainable growth of healthcare ecosystems, it is necessary to increase the amount of assets Mitsui possesses to a certain extent. As such, the Company will continue to strictly select investment projects. Mitsui will sell assets that it believes have served their purpose and acquire an appropriate level of capital gains. By promoting an approach that balances increases in periodic earnings, the accumulation of assets, and the acquisition of capital gains, the Company is establishing a unique growth model.

### Individual Strategies

### Strengthen existing businesses

Mitsui is working to enhance the earning power of its key affiliates, including IHH Healthcare Bhd. (IHH), Sogo Medical Co., Ltd., MicroBiopharm Japan Co., Ltd., and AIM SERVICES CO., LTD., a company with which Mitsui has over a 40-year transaction history in the outsourcing business. We are also promoting efforts to establish a profit base for companies in which we have invested in these two years, including Columbia Asia Group, DaVita Care Pte. Ltd. (DaVita), and Panasonic Healthcare Holdings Co., Ltd. For Columbia Asia Group, we are moving forward with measures to revise the pricing strategies and purchasing and outsourcing costs for the company's India business. For DaVita, we are beginning to see results from the reduction of procurement items, the optimization of

procurement routes, and cost reductions. Our investment in Panasonic Healthcare Holdings has just recently concluded, and we will work to contribute to strengthening the company's business in the same way as we have with other companies.

# Enhance value by strengthening collaboration between assets

Mitsui is making efforts to strengthen collaboration between assets, raise the value of Healthcare Ecosystems as a whole, and offer unique value that only a company like itself can provide. For example, for Panasonic Healthcare Holdings, we are promoting the company's medical devices to doctors and nurses at healthcare organizations in which we have invested and are supporting the sales through the utilization of our

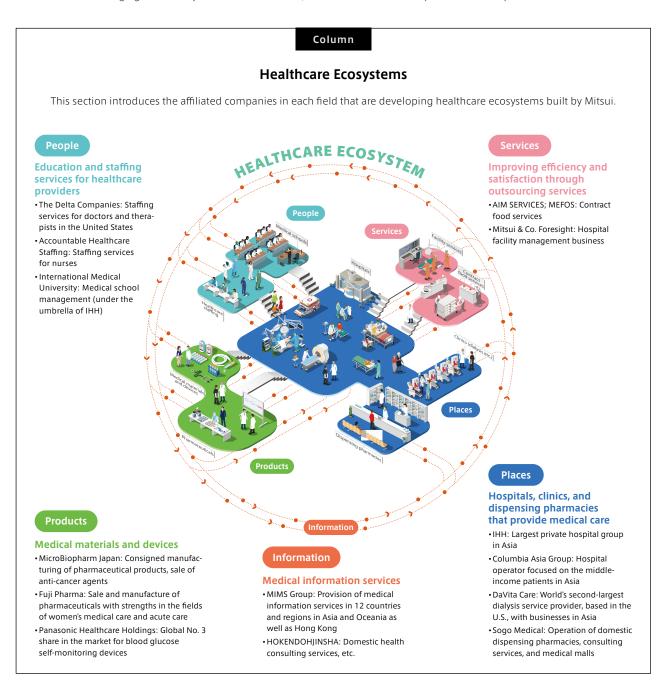
overseas customer base. At the same time, we aim to further reinforce the profit base of the healthcare organizations that we invested in by enhancing the ability of these institutions to attract patients through such means as offering integrated diabetes treatment that utilizes patients' blood glucose data.

Furthermore, with its base of over two million medical practitioner members in 12 nations in the Asia and Oceania region, as well as in Hong Kong, MIMS Group is providing medical information and recruitment services to our affiliate companies IHH and Columbia Asia. Until now, detailed information about pharmaceutical products has been provided in a format specific to each individual pharmaceutical company, which has made such information difficult to understand. By gathering this kind of information and arranging it in an easy-to-understand format,

as well as allowing the information to be updated easily so that it is always current, MIMS Group helps improve operational efficiency and reduce the risks of prescribing errors. Accordingly, we are providing the services of MIMS Group for our client pharmaceutical companies in Japan to support their sales in the greater Asia region.

### Gain operatorship

We aim to acquire operatorship in areas in which we can leverage our capabilities, including hospital and hospital ancillary businesses, the manufacture and sale of pharmaceuticals, and healthcare staffing businesses. In doing so, we will contribute significantly to the management of each operating company and work to improve these companies' business value.



# Nutrition & Agriculture

### **Basic Strategies**

### 1 Answer the need for increased food production

- · Expand grain trading
- Further develop global logistics
- Expand agricultural materials business and sulfur business
- Enhance the animal nutrition business

# 2 Answer the need for foods with high added value

- Increase volume of luxury items and products that promote health
- Accelerate the development of the food science business

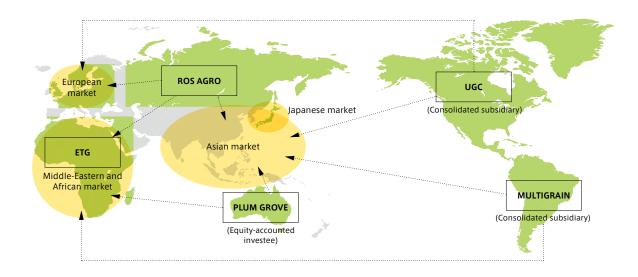
Mitsui has contributed to the increased production of food through businesses related to agricultural materials such as agrochemicals and fertilizers, as well as through grain trading, feed additive businesses, and fishery-related businesses. Further developing global logistics by sea and by land is an essential part of the stable food supply. As such, we have a sound business foundation in the food science domain, which includes functional food materials. Leveraging this foundation, we are expanding our businesses throughout the value chain while responding to the need for food with high added value, focusing particularly on the heightened awareness toward health and greater demand for deliciousness.

### Individual Strategies

# Connecting the destination strategy with origination

For grain and oil seeds, we will leverage the capabilities that we have cultivated in Japan in terms of securing a production area, ensuring food safety and security, and meeting customers' need for high added value as we expand our business into the

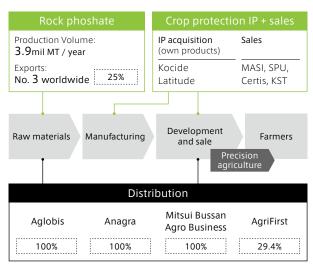
greater Asia region. Competent local personnel whom we have hired at overseas branches are working to cultivate markets in their respective countries, which is allowing us to rapidly boost our presence in Asian markets. Utilizing these competent local personnel as one of our strengths, we aim to further enhance our market presence going forward. Furthermore, the Siberian



region of Russia has tremendous potential for grain production. Through the promotion of the food industry in Russia, we believe we will be able to answer the need for increased food production and high added value in Asia, the Middle East, and Africa. Together with business allies such as Ros Agro PLC, we are moving forward with efforts that contribute to the development of the food industry in Russia as we work to capture new demand from a long-term perspective that focuses on the next 10 to 20 years.

### **Agriculture**

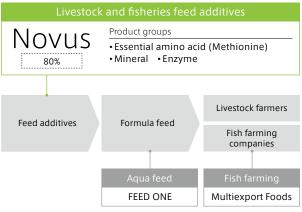
In the agrochemical industry, a large number of global agrochemical manufacturers are accelerating revisions to their business and product organization. By drawing on our management platform in this industry, we believe that agrochemicals is a field in which we can further expand our business going forward. As an example of our recent business expansion in this field, we acquired wheat seed treatment fungicide business from the U.S.-based Monsanto Company in February 2017. While leveraging our previously established network for sales, registration, and services, we are expanding our agrochemical business portfolio through the acquisition of new agrochemical products. In addition, Japanese agrochemical manufacturers excel in developing agrochemicals. As such, we will collaborate with these manufacturers to increase opportunities for new market development as well as to bolster ecofriendly biological pesticide businesses. For downstream sales of agricultural materials, we have established businesses with a certain level of presence and size in each area of operation. In doing so, we are capitalizing on worldwide growth related to agriculture. As for our business related to sulfur and sulfuric acid, which are used as raw materials for fertilizer, we are leveraging our specialty logistics assets and trading networks across the world to further strengthen the stable purchase and sale of sulfur and sulfuric acid through such means as bolt-on investments.



### Mitsui's share of ownership

### **Animal nutrition**

Methionine is an essential feed supplement for poultry, and the demand for methionine has been growing at around 5% to 6% annually. To respond to this demand, Novus International, Inc. (hereinafter, Novus) is contributing to the stable supply of methionine through the steady execution of plans to increase its production capacity. In addition, Novus is expanding its lineup in specialty fields such as minerals and enzymes, for which demand is expected to grow further. In doing so, Novus is helping to maintain the health of animals and fish, prevent disease, and improve the quality of feed. Also, fishmeal is an important source of protein in feed, and the supply of fishmeal is expected to tighten over the medium to long term. Novus will therefore invest in businesses that use biotechnologies to create alternative sources of protein for feed that have high added value, thereby expanding its product portfolio.



Mitsui's share of ownership

### Food science

San-ei Sucrochemical Co., Ltd. and B Food Science Co., Ltd. have been involved in the manufacture of glucose, sugar alcohol, and other materials, and the products these companies handle are used not only in food but also in medical treatment such as intravenous therapy and dialysis. Flavoring is an important element of good taste, and we announced the scheduled commencement of a tender offer for shares of Soda Aromatic Co., Ltd., which manufactures and sells flavors, fragrances and aromatic-related chemicals, in May 2017. Leveraging the expertise related to technologies, manufacturing, quality control, product application development and marketing that it has cultivated through many years of operation and R&D, it will further accelerate the expansion of the businesses both in Japan and overseas.

### **Retail & Services**

### **Basic Strategies**

### 1 Strengthen and develop existing assets

- Strengthen collaboration between business assets
- Strengthen collaboration with the Seven & i Group
- Provide solutions through digital transformation
- Develop and enhance the media commerce business

### 2 Adapt to change

- Respond to expansion in the prepared foods market
- Further enhance chilled & frozen distribution
- · Expand retail business
- Develop and deliver food products

# 3 Provide attractive investment management services

- Increase balance of assets under management
- Enhance sales capabilities aimed at domestic investors

The strengths of a diverse group of consumers are rising on a global scale, and the various tastes and preferences of these consumers are becoming more individualized. Amid these circumstances, Mitsui is working to develop next-generation businesses that fully leverage the latest digital, logistical, and financial capabilities. The Company is also cultivating and strengthening the various capabilities of retail support businesses, such as Vendor Service. At the same time, Mitsui aims for further growth by flexibly responding to change through the exchange of information and collaboration between its individual business assets.

### Individual Strategies

# Strengthen collaboration between business assets

The retail business changes with the times. However, there are three unchanging elements of the retail business: products, distribution, and payment, and Mitsui will continue to accelerate initiatives that focus on these elements.

We will pursue efforts to thoroughly strengthen each individual business asset. Meanwhile, we will share information between assets in each area of our value chain, from downstream to midstream and from midstream to upstream. We will also put in place a structure that promotes robust business collaboration. To be competitive as a retailer, we need to realize differentiation through the provision of high-quality products, and to develop such products, we need to understand consumer needs. To this end, we will promote collaboration between the Food & Retail Management Business Unit and the IT & Communication Business Unit to deliver products that meet consumer needs.

Furthermore, we are establishing a joint task force with the Seven & i Group to collaborate on specific initiatives for strengthening supply chains and on creating new businesses that utilize technology and finance, thereby further developing our partnership.

# Provide solutions through digital transformation

The evolution of devices and spread of SNS and IoT has led to a rapid increase in data, such as text, images, voice recordings, movies, and sensor information. Meanwhile, technological innovation to collect, manage, and analyze this information is also moving forward. As a result, it is now possible to analyze a greater amount and variety of atypical data that could not be utilized before. In light of these trends, Mitsui has invested in overseas companies with technologies that accumulate, analyze, and leverage data. By introducing sophisticated marketing techniques that collect and analyze data as well as

advanced overseas technologies such as demand-forecasting technologies, we are providing solutions that contribute to the services of our clients and enhance the operational efficiency of their stores. Through the utilization of digital technologies, including AI, we are resolving the issues that retailers face.

## Develop and enhance the media commerce business

In the media commerce business, with the aim of capitalizing on the robust demand in emerging nations, Mitsui is leveraging its over 20 years of experience and know-how in the TV shopping business in both Japan and overseas to participate in the operation of Naaptol Online Shopping Private Limited (Naaptol) and CCTV Shopping Co., Ltd., TV shopping businesses in India and China, respectively. In the same media commerce field, we also intend to engage in the everdiversifying e-commerce business.

Regarding the medium of TV, which we position as a key form of media, we will strengthen merchandising in Japan in order to realize the further growth of QVC Japan. In addition, we will enhance the product making, program design, and distribution management capabilities of Naaptol and CCTV Shopping in an effort to bolster the profitability of these companies.

### Adapt to change

The market for prepared foods is expanding due to changing family structures and lifestyles. Amid this expansion, Mitsui is working in collaboration with a joint task force that it established with the Seven & i Group to engage in commercial ingredients and the prepared foods manufacturing business in terms of upstream operations, and the chilled & frozen distribution business in terms of midstream operations. For downstream processes, this joint task force is working to expand retailing businesses and utilize information in order to ascertain consumer needs and reflect these needs in new products. Through this collaboration, Mitsui aims to acquire and develop superior business assets.



In addition, we are giving priority to the development and proposal of high-quality food products in order to respond to diversifying consumer needs. Through the U.S.-based VENTURA FOODS LLC, which deals with the manufacture and sale of dressings and sauces primarily for food service business use, we will make concerted efforts to strengthen our product lineup and enhance our ability to make proposals.

### Pursue asset management services

In February 2017, Mitsui acquired a 20% stake in CIM Group, a U.S.-based real estate asset management company. Mitsui has dispatched three of its personnel, including a director, to participate in the management of CIM Group. To improve CIM Group's business value, these managers will draw on the knowledge of real estate management that they have cultivated in Japan. In the insurance field, we acquired a 15% stake in New Ocean Capital Management, a fund that focuses primarily on natural disaster-related risk, in October 2016. In the same manner as CIM Group, we have dispatched one nonexecutive director and one project manager to participate in the management of New Ocean, with a particular focus on the company's risk management and analysis operations. We had ¥1.4 trillion in net assets under management as of March 31, 2017, and, through these efforts, we intend to further expand this amount going forward.

At the same time, in Japan we will expand our range of alternative asset management services that appeal to Japanese investors through Mitsui & Co. Alternative Investments Limited (name changed from Japan Alternative Investment Co., Ltd.), which increased its capital and recruited additional personnel in April 2017.

### History of Asset Management Services

2001	Founded Japan Alternative Investment Co.
2005	Listed first dedicated logistics J-REIT
	○ 日本ロジスティクスファンド投資法人 Japan Logistics Fund, Inc.
2008	Founded the first logistics private fund
2014	Founded office fund / logistics development
2016	Founded solar energy fund
	Invested in New Ocean Capital Management Limited
	Listed MIRAI, a comprehensive J-REIT
	III MIRAI
2017	Invested in CIM Group, LLC, a U.S. real estate asset manager

### STRENGTHEN BUSINESS BASE

# Mitsui Investor Day 2017 Corporate Officers Panel Discussion

Makoto Suzuki, Executive Vice President, CCO
Satoshi Tanaka, Executive Vice President, CAO
Nobuaki Kitamori, Executive Managing Officer, CDO
Facilitator: Nobuhiro Kajiwara, EDGE INTERNATIONAL, INC. President and Representative Director

In June 2017, Mitsui held its Investor Day 2017. Based on the panel discussion that was conducted at the event, this section explains the specific initiatives each officer is undertaking in the form of a three-way discussion, focusing particularly on enhancing governance, personnel, and innovation functions, which is one of the key initiatives in the new medium-term management plan.



### Makoto Suzuki

Chief Compliance Officer;
Corporate Staff Unit (Secretariat,
Audit & Supervisory Board Member Division,
Human Resources & General Affairs Division,
Legal Division, Corporate Logistics Division,
New Head Office Building
Development Department);
Business Continuity Management;
New Headquarter Project;
Chairman, Compliance Committee;
Chairman, Diversity Promotion Committee;
Head of Emergency Management Headquarter

### Satoshi Tanaka

Chief Administrative Officer; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Information Technology Promotion Division, Regional Business Promotion Division, Corporate Communications Division. Environmental Social Contribution Division, **Business Supporting Unit** (Each Planning & Administrative Division)), Domestic Offices and Branches; HQ Overseen Region; Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, Sustainability Committee; Chairman, Business Innovation Committee

### Nobuaki Kitamori

Chief Digital Officer;
Infrastructure Projects Business Unit;
Integrated Transportation Systems
Business Unit I;
Integrated Transportation Systems
Business Unit II;
IT & Communication Business Unit;
Digital Transformation

# Approach to Addressing Global Environmental Issues

**Facilitator:** Could you please explain Mitsui's approach to addressing the global environment, specifically in terms of climate change?

Tanaka: Mitsui is involved in resources and energy businesses as well as infrastructure businesses. As part of the process of promoting projects in these businesses, it is necessary to receive permission from local governments through environmental assessments and other means. However, as the impact of climate change becomes more significant, the hurdles we must overcome to obtain such permission are getting tougher. In my previous involvement in the Sakhalin II project, I worked tirelessly from an environmental perspective to receive licenses and permits for the project. Looking back, I believe that the efforts I made helped Sakhalin II become the sustainable project that it is today. While the regulations and hurdles for receiving licenses and permits represent business risks, it is crucial to proactively respond to these risks when we consider the changes that are occurring around the world.

The Company's most obvious initiative toward addressing the issue of climate change is the promotion of businesses in the field of renewable energy. Our equity interest in power generation stands at 10.4GW, and renewable energy sources account for 20% of that amount. While we are pursuing initiatives to make a certain portion of this energy portfolio more eco-friendly, we are also working to leverage our technological capabilities and utilize resources that are typically deemed to have a heavy environmental burden in a less harmful way. For example, with coal we are moving

forward with the introduction of ultrasupercritical power plants in emerging nations in Asia where demand for coal still remains high. Through highly efficient power generation, these plants help realize reductions to the environmental burden. Additionally, due to the fact that the output from renewable energy is unstable, we are commencing new efforts to boost overall energy efficiency through the storage of generated energy and the use of Al to manage and adjust the level of supply and demand

# Strengthening Innovation Functions

**Facilitator:** Mitsui has announced its Digital Transformation (DT) Strategy. What kind of efforts are being made under this strategy?

Kitamori: We are combining the valuable data we have collected at our various sites of operations with Al in an effort to reduce costs and increase sales. In addition, we are promoting a strategy that uses our digital capabilities to convert existing business models into ones that generate new value. The DT team that we established in May 2017 is in charge of carrying out this strategy. The team comprises

staff from our Business Innovation
Department in the Corporate Planning
& Strategy Division, new employees
that have studied cybernetics at university, and technicians from our subsidiary
company Mitsui Knowledge Industry
Co., Ltd.

Around 70 to 80 ideas related to DT have been proposed from those in the frontline operations, and the DT team is in the process of preparing for specific projects. For the power generation business, which Mr. Tanaka had previously commented on, data gathered from sensors attached to existing power facilities are being used to predict system failures, increase efficiency, and estimate supply and demand. Also, our manufacturing subsidiaries are using such data to provide solutions geared toward factory automation.

Traditionally, U.S.-based IT platform holders have often played a leading role in the Internet world. However, the shift to IoT requires raw data from the frontline operations. For Mitsui, which owns actual facilities in various industries, this shift represents a tremendous business opportunity. By efficiently leveraging our digital capabilities, we will make groupwide efforts to resolve social issues and enhance industrial efficiency.



### **Enhancing Governance**

Facilitator: Could you please tell us about the special characteristics of Mitsui's governance structure?

Tanaka: Our businesses span a wide range of countries, regions, industries, and categories, and the risks we are exposed to differ from business to business. As such, we have in place a system that entrusts power to executives who are experts in each particular field to allow for swift decision making. At the same time, we have established mechanisms that ensure the transparency of decisions made in each area of operation.

In addition, Mitsui is a company with an Audit & Supervisory Board. We believe there is no clear superiority or inferiority that exists between an Audit & Supervisory Board system and a committee-based system. What is more important is how a company effectively utilizes the particular system it adopts. The full-time internal Audit & Supervisory Board members of Mitsui serve a term of four years, which is relatively long compared with other companies. Accordingly, we believe that both these full-time members—as well as the external directors and external Audit & Supervisory Board members, who have a thorough understanding of the Company—play a significant role in monitoring the actions of the directors and those in managerial positions. One disadvantage of the system, however, is that it is unique to Japan, and it therefore might be difficult to understand from international investors' viewpoint. Taking this into account, we will try to provide detailed explanations of our governance systems through events similar to the Investor Day 2017. Suzuki: The Company already has external directors from diverse backgrounds, and the appointment of Mr. Samuel Walsh, the former CEO of Rio Tinto Limited, as a new external director from June 2017, will further enhance

the diversity of the Board of Directors. I have had several meetings with Mr. Walsh prior to the appointment, and not only does he have an abundance of experience and an impeccable track record, but he is a very refined individual with a deep appreciation for opera and the arts. I am looking forward to learning many things from Mr. Walsh, and his presence at the Board meetings will surely help make our discussions even more fruitful.

### **Reinforcing Personnel**

Facilitator: Could you comment on the issues Mitsui faces and the policies it implements in terms of personnel?

Suzuki: At Mitsui, we have long practiced a virtuous cycle of "the individual builds the business, and the business cultivates the individual". Without quality people, we cannot create business. And if we cannot create business, we cannot further cultivate our people. Therefore, to be able to sustain this cycle amid intensifying competition, we will continue our efforts to secure quality personnel while working to enhance the productivity of each of our 43,000 employees.

Kitamori: I would like to explain the concept of "T-type personnel," which refers to personnel with the combination of a wide range of general knowledge, represented by the horizontal

line. This knowledge is then supported by expertise either pertaining to products, functions or regions, which is represented by the vertical line—with both lines forming the letter "T." Mitsui has a large number of personnel who have an excellent combination of the horizontal and vertical lines under the "T-type personnel" concept. Going forward, I hope Mitsui can build on this foundation and increase the number of people that have two to three "vertical lines" of expertise to support their general knowledge, as illustrated by the "T-type personnel" concept.

Suzuki: To realize this kind of personnel, we adopted the goals of "promoting optimal staff groupwide" and "strengthening the individual" under our new medium-term management plan. We have a global pool of talent, and, within that pool, we are assigning the necessary talent to the necessary locations. For example, in cases where we dispatch personnel to Group companies and overseas affiliates with the aim of realizing the best management mix, we do not always send a Japanese employee from our head office. Rather, we promote the assignment of the appropriate personnel in the appropriate location in such ways as dispatching a talented employee recruited at our overseas locations to serve as management at these companies.



In addition, with the aim of drawing out the potential of each employee to the greatest extent possible, we have been offering annual paid leave on an hourly basis and promoting a mobile working environment since 2016. In June 2017, we adopted a system that allows for individual-based, staggered working hours. Furthermore, we intend to review our evaluation, promotion, and remuneration systems and increase opportunities for all employees to gain experience in the frontline operations. Tanaka: During my time serving as the chief operating officer of the Asia Pacific Business Unit, we provided opportunities for motivated and capable individuals to play an active role, regardless of nationality or gender, and the response from employees was extremely positive. English was used in all meetings and distributed documents so that there was no disparity in information exchanged between employees. Also, as long as an employee had superior talent, he or she was appointed to managerial roles with no conditions based on nationality. Currently, we are increasing opportunities for all employees to play an active role through the overseas transfer and dispatch to other operating companies of locally hired personnel. For "strengthening the individual," I believe it is necessary to not only change the rules but also to review the way we manage these systems and produce solid results. Suzuki: To realize our goal of "strengthening the individual," we commenced a new in-house venture system in which the Company and the employees coinvest. In this system, employees who have been with the Company for seven or more years can propose new business ideas to President Yasunaga, who reviews the ideas and selects one or two to pursue. Amid a trend of young people leaving Mitsui to start up their own businesses, we hope that this system leads to new business development by providing a means for



employees to start their own businesses within the Company.

# Bolstering Existing Businesses and Enhancing the Competitiveness of Group Companies

**Facilitator:** In closing, could you talk about initiatives geared toward bolstering existing businesses and enhancing the competitiveness of Group companies?

Tanaka: Amid all of our businesses, there are many businesses that have yet to sufficiently draw out their potential value. We are therefore pursuing thorough efforts to allow such businesses to realize their full potential by providing frontline support through a variety of means. These include the dispatch of our internal team of experts, who will undertake such initiatives as cutting distribution cost, optimizing inventory, reducing procurement costs, improving business processes and productivity, and strengthening management accounting.

Kitamori: With the aim of enhancing groupwide competitiveness through the utilization of digital technologies, we will collaborate with Al venture companies and manufacturers, which will be spearheaded primarily by the DT team, while promoting DT through so-called open innovation. At the same

time, we will combine operational and digital technologies on the frontline in an effort to develop personnel, centered on young employees, who can create new value. In doing so, we will foster a DT-oriented mind-set across the entire Group.

Suzuki: To strengthen our competitiveness, we must allocate an appropriate amount of resources to areas that most require these resources. And I believe that one of Mitsui's strengths is that it can do exactly that. In the fiscal year ended March 31, 2017, we worked to strengthen our businesses in nonresources fields. Amid these efforts, we transferred nearly 60 employees primarily from resources and energy fields to non-resources fields. These employees made great efforts in their new respective areas of responsibilities, and the business fields that accepted these employees benefited greatly. Under the new medium-term management plan, we intend to reshuffle a significant number of personnel from our corporate divisions in accordance with the needs of frontline operations. In doing so, we will realize groupwide optimization by further promoting the appointment of the necessary personnel to the necessary business fields, thereby leveraging our comprehensive strengths.

### Mitsui's ESG

# Sustainability

### **Environment**

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# Environment

### Mitsui's Environment-related Businesses

Mitsui engages in a wide range of businesses in the world around us, and, under the Environmental Policy Action Guidelines, it positions active participation in finding industrial solutions for environmental issues as one of its highest management priorities.

Accordingly, we carry out a broad spectrum of environment-related business activities on a global Group basis.

### **Renewable Energy**

Mitsui's total power generating capacity (As of March 31, 2017)

# 5.6GW (gross)

Solar 330MW

Solar thermal 050MW

Wind 1,307MW

Biomass 36MW

Run-of-river hydroelectric 3,834MW



Bii Stinu Wind Project (Mexico)

### **Modal Shift**



Siemens electric locomotive in Europe

CO<sub>2</sub> emissions compared to truck transportation

92.3<sub>% reduction</sub>

(Trinet Logistics Co., Ltd. (currently Mitsui & Co. Global Logistics, Ltd.) Tokyo Bay barge transportation (Ichihara to Yokohama))

Company owned locomotives

approx. 300

(Mitsui Rail Capital Europe (Europe))

Company owned freight wagons

approx. 16,000

(Mitsui Rail Capital (U.S.A.), Mitsui Rail Capital Participacóes (Brazil), MRC1520 (Russia))

### Recycling

Metal scrap

million tons / year

(MM & KENZAI Corporation) (Japan)

 $\angle$  million tons / year

(Sims Metal Management Ltd.) (North America, Europe, Australia, New Zealand, and elsewhere)

Non-ferrous metal scrap

 $), \bigcirc \bigcirc \bigcirc$  tons / year

Remanufactured automotive parts

Recycling capacity

### **Paper Manufacturing Resource**

Afforestation

(Kyoei Recycling Co., Ltd.) (Japan)

### **Initiatives to Prevent Global Warming**

### 1 Forestry Asset Management Business

Mitsui has invested in New Forests Pty Limited (Australia), which manages forestry assets in Oceania, Asia, and North America. Through this investment, Mitsui aims to contribute to sustainable social development through the stable supply of forestry resources. New Forests' investment and management policies adhere to the United Nations Principles for Responsible Investment, and as a general rule, all of the company's investment and business activities receive verification from third-party organizations.



A forest plantation managed by New Forests



Tomakomai Biomass Power

### 2 Wood Biomass Power Generation Business

Through a joint investment with Iwakura Corporation, Sumitomo Forestry Co., Ltd., and Hokkaido Gas Co., Ltd., Mitsui established Tomakomai Biomass Power Generation Co., Ltd. in Tomakomai, Hokkaido, and commenced operations of a wood biomass power generation business.

This wood biomass power generation business is carbon neutral, which makes it an energy supply business that can help contribute to global warming mitigation. The power generation facilities constructed through this new business will be fueled by wood chips produced entirely from unused timber from forests in Hokkaido, starting with forests owned by the Company. In doing so, this business will promote the maintenance of forests in Hokkaido and contribute to forestry in the region. In addition, the business carries a major social significance in that it will help revitalize the region through the creation of jobs.



### Mitsui is People

For a company that does business on a global scale, diversity in human resources is an important issue.

To respond to the broad range of needs around the world and continue to innovate our business,

our professionals—who have different sets of beliefs and come from

a variety of backgrounds—repeatedly pursue challenge and innovation while mutually

understanding and accepting each other's differences and pushing themselves to become better.

### **Professionals Active in Each Region**



Bernt A. Netland

President & Chief Executive Officer
Intercontinental Terminals Company LLC

Over the 28 years in the terminal industry, Mr. Netland acquired the management skills to run a tank terminal business safely. Drawing on his past experience, Mr. Netland has been able to transform Intercontinental Terminals Company LLC into a company that generates steady profit. Guided by Mr. Netland's excellent foresight, Intercontinental Terminals Company was able to acquire quality land in a favorable location, under excellent terms, thereby making it possible to expand its tank facility operations in the Houston-Pasadena metropolitan area of the U.S. state of Texas.



Wendy Holdenson
Chief Operating Officer & Director
Mitsui & Co. (Australia) Ltd.

Rogério Soares Leite Chief Participations Officer Mitsui Gás e Energia do Brasil Ltda.

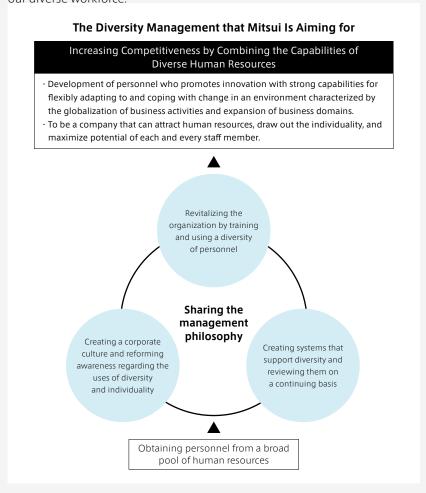
In 2006, Mr. Leite transferred to Mitsui Gás e Energia do Brasil Ltda (Mitsui Gás) from Mitsui & Co. (Brasil) S.A. when the company was established following the acquisition of Gas Participações Ltda (Gaspart). At a company made up of solely Brazilians, Mr. Leite effectively instilled Mitsui's culture and value creation know-how in the company's employees. When Mitsui invested in Petrobras Gás S.A. (Gaspetro) and integrated its management to Mitsui Gás in 2015, Mr. Leite leveraged his long-cultivated expertise and capabilities to ensure the smooth progression of the integration process after investment.



In 2014, Ms. Holdenson joined Mitsui & Co. (Australia) Ltd. as executive vice president and director, and is now chief operating officer. Ms. Holdenson engages passionately in her work with the heads of each division to diversify the company's investment portfolio in such areas as renewable energy, mobility and agribusiness. A keen awareness of today's dynamic business environment, an appetite for challenge, and a results-driven orientation make Ms. Holdenson an excellent example for employees at Mitsui & Co. (Australia). She actively leverages her extensive networks in the public and private sectors of Australia and Japan from her previous career as Australian Trade and Investment Commissioner and Consul-General in Japan.

### Leveraging Diversity as a Global Management Strength

We strive to build a foundation on which we can realize this vision, primarily through the sharing of our management philosophy. To this end, we are fostering a corporate culture within which diverse individuals can reach their full potential reforming employee mind-set, and creating and continually reviewing work-related systems to support diversity. At the same time, we are training and deploying diverse human resources and working to enhance our corporate competitiveness by realizing the full strategic mobilization of our diverse workforce.

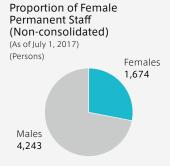


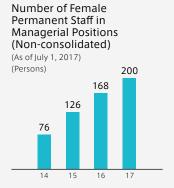
### Work Style Innovation

We review our traditional work styles to improve productivity and efficiency, and implement new policies across our entire organization.

Measures	Time of introduction	Effect and aim		
Annual paid leave on an hourly basis	From April 2016	80% of employees used this hourly leave system in the fiscal year ended March 2017.		
Mobile working environment	From June 2016	70% of users of this scheme appreciated the improvement in efficiency and productivity in their work.		
Individual-based staggered working hours	From June 2017	Being able to choose the working hours that maximize the performances of individual employees and organizations		

### **Data on Diversity**







### E S G

# Governance

### Mitsui's Corporate Governance

Mitsui will increase its level of board diversity and work to effectively leverage that diversity to strengthen the Company.

In doing so, Mitsui will advance a proactive approach to corporate governance that will support the strengthening of Mitsui's earning power.

### **Corporate Governance Framework**

Organizational Format

Company with Audit & Supervisory Board

**Number of Directors** 

|**4** 111111111

Number of Internal Directors 9Number of Outside Directors 5

Number of Audit & Supervisory Board Members

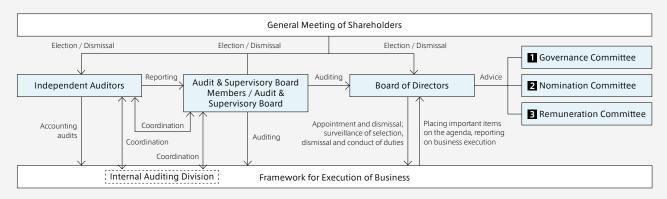
- å Number of Internal Audit & Supervisory Board Members 2
- Number of Outside Audit & Supervisory Board Members 3

Ratio of Female Directors / Audit & Supervisory Board Members

15.8%

Ratio of Foreign Directors / Audit & Supervisory Board Members

10.5%



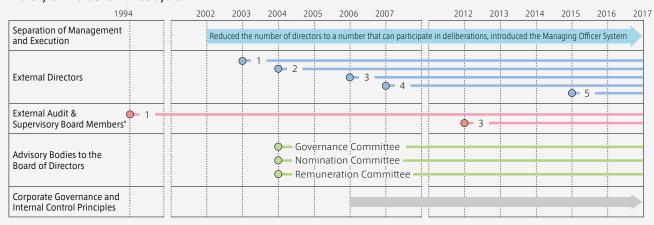
Advisory bodies	Governance Committee	Nomination Committee	Remuneration Committee
Committee chair	Chairman of the Board of Directors	External Director	External Director
Composition (including committee chair)	Chairman of the Board of Directors President and Chief Executive Officer 3 External Directors 1 Internal Director 1 External Audit & Supervisory Board Member	President and Chief Executive Officer 2 External Directors 2 Internal Directors 1 External Audit & Supervisory Board Member	President and Chief Executive Officer 2 External Directors 2 Internal Directors 1 External Audit & Supervisory Board Member
Role	This committee is tasked with studying the state and future vision of Mitsui's corporate governance while taking into consideration the viewpoint of External Directors and External Audit & Supervisory Board Members.	This committee is tasked with establishing the selection standards and processes to be applied in nominating Directors and Managing Officers and evaluating proposal of Director nomination.	This committee is tasked with studying the system and decisionmaking process related to remuneration and bonuses for Directors and Managing Officers as well as evaluating the remuneration proposals for Directors.
Results in the fiscal year ended March 31, 2017	The Governance Committee met two times in the year ended March 31, 2017, and held discussions on such matters as the ideal structure of the Company's corporate governance and the effectiveness of the Board of Directors.	The Nomination Committee met two times in the year ended March 31, 2017, and carried out a review of the standards and the process for nominating directors and managing officers. The Committee confirmed that the candidates met the selection criteria for these positions.	The Remuneration Committee met three times in the year ended March 31, 2017, and carried out a review of the remuneration structure for directors and managing officers. Based on the review, the Committee examined revisions to the limit for fixed remuneration as well as revisions to the limit and calculation formula for performance-related bonuses.

### **Appointment of Directors and Audit & Supervisory Board Members**

	Name	Position at the Company	Term of Office	Governance Committee*	Nomination Committee*	Remuneration Committee*	Diversity	
	Name	Position at the Company	Stipulated				Female	Foreigner
	Masami lijima	Representative Director, Chairman of the Board of Directors		0				
	Tatsuo Yasunaga	Representative Director, President and Chief Executive Officer		0	0	0		
	Hiroyuki Kato	Representative Director, Executive Vice President						
	Yoshihiro Hombo	Representative Director, Executive Vice President						
	Makoto Suzuki	Representative Director, Executive Vice President			0	0		
Directors	Satoshi Tanaka	Representative Director, Executive Vice President	1 year	0	0			
Directors	Keigo Matsubara	Representative Director, Senior Executive Managing Officer				0		
	Shinsuke Fujii	Representative Director, Senior Executive Managing Officer						
	Nobuaki Kitamori	Representative Director, Executive Managing Officer						
	Toshiro Muto	Director (External)		0		0		
	Izumi Kobayashi	Director (External)			0	0	0	
	Jenifer Rogers	Director (External)		0			0	0
	Hirotaka Takeuchi	Director (External)			0			
	Samuel Walsh	Director (External)		0				0
	Joji Okada	Full-time Audit & Supervisory Board Member						
Audit &	Takashi Yamauchi	Full-time Audit & Supervisory Board Member						
Supervisory Board	Haruka Matsuyama	Audit & Supervisory Board Member (External)	4 years	0			0	
Members	Hiroshi Ozu	Audit & Supervisory Board Member (External)			0			
	Kimitaka Mori	Audit & Supervisory Board Member (External)				0		

<sup>\* ©:</sup> Committee chair for the respective advisory committees

### History of the Governance System



<sup>\*</sup>The number of External Audit & Supervisory Board Members (number appointed / upper limit according to the Articles of Incorporation), was temporarily 4/7 and is currently 3/5.

### Initiatives to further improve the effectiveness of the Board of Directors:

- **Discussion themes:** Create more opportunities for discussion on the Company's direction, including its corporate strategies and management plans
- **2** Composition: Constantly examine the most appropriate structure for the Board of Directors, including director numbers, the ratio of external directors, and the balance between skills and expertise
- 3 Management revisions: Further clarify debate agendas and ensure more time for debate

### Status of Corporate Governance

### Basic View on Corporate Governance

In structuring the corporate governance framework, Mitsui places emphasis on "improved transparency and accountability" and "the clarification of the division of roles between the oversight activities and executive activities of the management." For the "improved transparency and accountability," Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Audit & Supervisory Board Members. Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For "the clarification of the division of roles between the oversight activities and executive activities of the management," Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers' business activities. Chief Operating Officers of 16 business units within headquarters and 3 regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated Group in a responsive and flexible manner.

While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, Mitsui implements corporate governance by maintaining an Audit & Supervisory Board system because it believes that having internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Audit & Supervisory Board Members participate, Mitsui achieves highly effective corporate governance to secure "improved transparency and accountability" and "the clarification of the division of roles between the oversight activities and executive activities of the management."

### **Board of Directors**

The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number that permits substantial discussions and gives priority to the appointment of new External Directors in the case of increasing the number of board members in order to enhance the division of roles between management oversight and execution. In addition, the Company has established the Governance Committee, the Nomination Committee, and the Remuneration Committee to serve as advisory bodies to the Board of Directors. These committees comprise mainly external members.

At Board of Directors' meetings, matters that are deliberated or reported on abide by the Company's internal regulations. In addition to matters concerning fundamental policies related to management, important business execution and matters authorized by resolutions of the General Meeting of Shareholders, Mitsui passes resolutions on matters determined by law and company statute. We also receive reports regarding matters determined by law and the status of important business operations.

Regular meetings of the Board of Directors are held once every month in principle and extraordinary meetings are held from time to time at any time if deemed necessary.

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

During the fiscal year ended March 31, 2016, the Company carried out questionnaires regarding the effectiveness of the Board of Directors. Based on the results of these questionnaires, the Board of Directors and its secretariat implemented the following initiatives in the fiscal year ended March 31, 2017, to further improve Board effectiveness.

Recognition of issues based on questionnaire carried out on March 31, 2016	Initiatives	Evaluations of questionnaire carried out on March 31, 2017
Ensuring time to review agenda items	Provided specialized personal computers to the external directors and external Audit & Supervisory Board Members (hereinafter, "external members") and distributed materials for Board of Directors' meetings in a timely manner via e-mail	More than half of the directors and external members responding to the questionnaire indicated improvement.
Improving the quality of materials provided to external directors to assist in decision making	Set up a Board of Directors' database to store information, such as meeting minutes and other materials from past Board meetings, and enabled access to this database via specialized personal computers. Provided materials related to internal decision-making processes, such as requests for managerial decisions	A significant majority of the external members responding to the questionnaire provided favorable assessments, and more than half indicated improvement.
Enhancing coordination between the external members as well as between the accounting auditors and the Internal Auditing Division	Exchanged opinions at the External Members Meeting in which all external directors and external Audit & Supervisory Board Members participated	Multiple external members responding to the questionnaire provided favorable assessments and indicated improvement.
Enhancing discussions regarding the direction of management	Revamped briefing materials on individual projects to include details on how the projects are positioned in terms of strategy and asset portfolio	Multiple external members responding to the questionnaire provided favorable assessments and indicated improvement.
	Held open discussions at the External Members Meeting between management and the external members regarding business plans and the medium-term management plan	Multiple external members responding to the questionnaire provided favorable assessments and indicated improvement.

### ▶ Further Plans to Enhance Governance

#### Further plans to Ouestionnaire Summary of evaluation results enhance governance ① The Board of Directors has a wealth of diversity and has prepared a structure to Carried out in ■ Discussion themes: January 2017 secure effective management oversight. Create more opportunities for 14 directors. discussion on the Company's ② Meetings of the Board of Directors have been operating smoothly in terms of 5 outside directors direction, including its corpopreparing materials, providing information, and scheduling rate strategies and manage ③ The Board of Directors has been securing sufficient time for deliberations and Each question had five ment plans engaging in discussions and exchanging opinions in a constructive manner. grades that could be 2 Composition: assigned and room was ④ At meetings of the Board of Directors, reports are given on results of risk analysis Constantly examine the most available for comments. from a companywide perspective and multiple other perspectives, and riskappropriate structure for the related instruction and examinations are provided based on the knowledge Board of Directors, including of each director and Audit & Supervisory Board Member. director numbers, the ratio of (5) The directors and Audit & Supervisory Board Members have been devoting external directors, and the sufficient time and effort in fulfilling their respective responsibilities. balance between skills and expertise ⑥ The Company adequately ensures the availability of opportunities and allocates funds to enable directors and Audit & Supervisory Board Members to acquire 3 Management revisions:

the knowledge necessary to fulfill their roles and duties. Also, the Company

has, for the most part, established a structure for collaboration between

management and the accounting auditors and Internal Auditing Division.

### Audit & Supervisory Board

As a company with an Audit & Supervisory Board, Mitsui's Audit & Supervisory Board Members have a mandate from the shareholders to monitor the execution of duties by the Directors. The Audit & Supervisory Board Members attend important internal meetings, verify various reports, and investigate the Company's overall operations. In these ways, the Audit & Supervisory Board Members carry out multifaceted and effective auditing activities and implement the necessary measures to address issues when appropriate.

Audit & Supervisory Board meetings are held periodically and precede meetings of the Board of Directors. Moreover, additional meetings are held on an as-needed basis. The Audit & Supervisory Board Members attend meetings of the Board of Directors to monitor how the proceedings of the meetings are managed and the content of the decisions made. These members also actively express their opinions.

Auditing by the Audit & Supervisory Board Members covers a variety of areas, among which are execution of duties by Directors, decision-making processes at the meetings of the Board of Directors and others, status of construction and operation of the internal control system, independence of the Independent Auditors, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditors, and the system of disclosure.

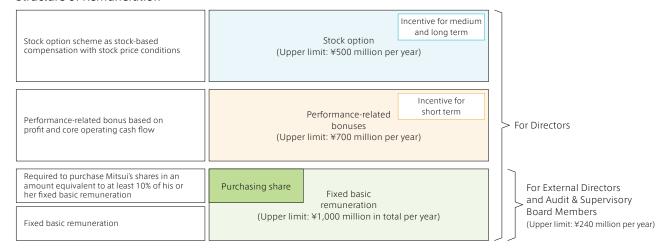
Further clarify debate agendas

and ensure more time for

debate

### Remuneration of Directors and Audit & Supervisory Board Members

#### Structure of Remuneration



### ▶ Remuneration of Directors

Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as the sum of fixed basic remuneration, performance-related bonuses based on important KPI set by management and stock-based compensation stock options with stock price conditions as medium and long-term incentive compensation and limited to within the amounts resolved at the General Meetings of Shareholders. Retirement compensation is not paid to Directors.

• The performance-related bonuses paid to directors are calculated based on the following formula, which has been deemed appropriate by the Remuneration Committee and subsequently approved by the Board of Directors. Total payment amount = (consolidated profit for the year [attributable to owners of the parent]  $\times$  50%  $\times$  0.1%) + (core operating cash flow  $\times$  50%  $\times$  0.1%)

The upper limit for the total amount is set at ¥700 million and individual payment amounts are proportionally distributed based on a point system determined by director position. In the event that consolidated profit for the year (attributable to owners of the parent) is negative, i.e., a loss, or if the core operating cash flow is negative, i.e., a net cash outflow, the items are calculated as zero.

• The stock option scheme is granted to directors in order to have them share the benefits and risks of stock price fluctuations with the Company's shareholders and to give them greater incentive to make contributions to improvements in medium- and long-term business performance and corporate value. Under the stock option scheme, subscription rights to shares, up to annual amounts of ¥500 million and 500,000 shares, are assigned to all Directors. The period for the right to exercise subscription rights to shares is 27 years from the day following the passage of three years from the allotment date. The exercise price is set at ¥1. In the case eligible recipients lose their Director and/or Managing Officer, and/or Audit & Supervisory Board Member status, and 10 years pass from the

following day of such forfeiture, they are no longer able to exercise their subscription rights to shares.

• Each Director (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration but less than ¥1 million through the Mitsui Executives' Shareholding Association.

The remuneration for External Directors is limited to a fixed remuneration that does not include a performance-related portion, and there is no obligation of share purchasing for the External Directors.

### ► Remuneration of Audit & Supervisory Board Members

Remuneration of the Audit & Supervisory Board Members is determined through deliberation among the Audit & Supervisory Board Members, the total of which should not exceed the amount determined at the General Meeting of Shareholders. Audit & Supervisory Board Members receive only monthly fixed remuneration, which is not related to the performance of Mitsui. Retirement compensation is not paid to the Audit & Supervisory Board Members.

### Remuneration of directors and Audit & Supervisory Board Members in the fiscal year ended March 31, 2017

		1			
		(¥ million)			
Category of Position	Number of Recipients*1	Basic Remuneration	Bonus	Stock Option	Total Remuneration*2
Directors (Excluding External Directors)	11	714	306	82	1,103
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	2	132	_	_	132
External Directors and External Audit & Supervisory Board Members	9	110	_	_	110
Total	22	957	306	82	1,345

<sup>1.</sup> The above includes Directors and Audit & Supervisory Board Members who retired from office in the fiscal year to March 2017.

<sup>\*2.</sup> In addition to the above amounts, a total of ¥556 million was paid to 122 retired Directors, and ¥61 million to 18 retired Audit & Supervisory Board Members, as pensions (representing payments determined prior to the abolition of those systems).

### External Directors / External Audit & Supervisory Board Members

### ► Selection Criteria

### **External Directors**

- The prospective person's extensive business experience and knowledge are required to deliberate and knowledge of his or her particular area of business should be used.
- Mitsui puts great value on ensuring independence of External Directors from Mitsui in the pursuit of their management oversight functions.
- With a view to overseeing business operations in a way that reflects the perspectives of our diverse stakeholders, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

There is a possibility of problems arising in individual transactions, such as conflicts of interest between the External Director and Mitsui, but it will be decided to make appropriate efforts by the Board of Directors.

### Reasons for Appointing Each External Director / Major Activities in the Fiscal Year Ended March 31, 2017

Name	Independent Director*	Reasons for Appointment	Attendance at Meetings in FY2017 (Number of Meetings Attended / Total Number of Meetings)	Significant Concurrent Positions
Toshiro Muto	0	Mr. Muto is appointed as an External Director so that the management may benefit from his deep insight into fiscal and monetary affairs, also in economics in general, gained over the years at the Ministry of Finance and the Bank of Japan, as well as for his independent oversight (since his appointment in June 2010). He does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Director.	(14/16)	Chairman, Daiwa Institute of Research Ltd. CEO (Chief Executive Offcer) and Director General, the Tokyo Organising Committee of the Olympic and Paralympic Games
Izumi Kobayashi	0	Ms. Kobayashi is appointed as an External Director so that the management may benefit from her wide-ranging knowledge and experience gained over the years both in Japan and overseas as a representative of private sector financial institutions and a multilateral development bank, as well as for her independent oversight (since her appointment in June 2014). She does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, she has accordingly been appointed as an Independent Director.	(15/16)	External Director, ANA HOLDINGS INC. Japan Broadcasting Corporation Governor
Jenifer Rogers	0	Ms. Rogers is appointed as an External Director so that management may benefit from her global perspective gained over the years at international financial institutions and her knowledge and experience gained over the years through her work experiences, etc., in Japanese companies, as well as for her independent oversight (since her appointment in June 2015). She does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and meets the standards set by Mitsui for appointment as External Director, she has accordingly been appointed as an Independent Director.	(16/16)	General Counsel, NEW Asurion Asia Pacific Japan LLC
Hirotaka Takeuchi	0	Mr. Takeuchi is appointed as an External Director so that management may benefit from his deep insight and supervisory capabilities related to management gained over the years as an expert in international corporate strategy, as well as for his independent oversight (since his appointment in June 2016). He does not fall under any of the five circumstances listed in Article III. 5. (3)-2 of the Guidelines Concerning Listed Company compliance, etc. and meets the standards set by Mitsui for appointment as External Director, he has accordingly been appointed as an Independent Director.	(13/13) (Since his appointment in June 2016)	Professor Emeritus, Hitotsubashi University Professor, Harvard Business School External Director, Daiwa Securities Group Inc. External Director, GreenPeptide Co., Ltd.
Samuel Walsh	0	Mr. Walsh is appointed as an External Director in anticipation that he will advise and monitor the Company's management from a diverse range of perspectives by drawing on the global expertise and excellent management skills he has cultivated through his many years working in upper management within the automobile industry and as chief executive officer of an international mining and resources company, in addition to his abundant experience in not only corporate management but also in regional community activities, arts and cultural activities, charity projects, and the activities of international economic discussion groups.	(Appointed in June 2017)	_

<sup>\*</sup> An External Director who is unlikely to have conflicts of interest with general shareholders, as stipulated by the stock exchange

### External Audit & Supervisory Board Members

The External Audit & Supervisory Board Members shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and, in particular, it is expected that the External Audit & Supervisory Board Members will give an objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Audit & Supervisory Board Members, the Audit & Supervisory Board shall confirm that no issues with independence arise by taking into consideration such factors as relations with the Company, management and important staff members.

### Reasons for Appointing Each External Audit & Supervisory Board Member / Major Activities in the Fiscal Year Ended March 31, 2017

		· · · · · · · · · · · · · · · · · · ·			
Name	Independent Audit & Supervisory Board Member*	Reasons for Appointment	Attendance at Meetings in FY2017 (Number of Meetings Attended / Total Number of Meetings)	Significant Concurrent Positions	
Haruka Matsuyama	her objective audit opinions from an independent and neutral standpoint from the many years of experience and perspective		Meetings of Board of Directors (16/16)	An attorney at law External Director, T&D Holdings, Inc.	
she has gained, mainly as an attorney at law.		sne nas gamed, mainly as an attorney at law.	Meetings of Audit & Supervisory Board (22/22)	External Director, Mitsubishi UFJ Financial Group, Inc. External Director, VITEC HOLDINGS CO., LTD.	
Hiroshi Ozu	0	Mr. Ozu is appointed in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective he has	Meetings of Board of Directors (16/16)	An attorney at law External Audit & Supervisory Board Member, TOYOTA	
		gained, mainly as a prosecutor.	Meetings of Audit & Supervisory Board (22/22)	MOTOR CORPORATION External Audit & Supervisory Board Member, Shiseido Company, Limited	
Kimitaka Mori	0	Mr. Mori is appointed in expectation of his objective audit opinion from an independent and neutral standpoint, from his advanced expertise in corporate accounting cultivated through his many years of experience as a certified public accountant.	(Appointed in June 2017)	A chartered accountant External Director, Japan Exchange Group, Inc.	

<sup>\*</sup> An External Audit & Supervisory Board Member who is unlikely to have conflicts of interest with general shareholders, as stipulated by the stock exchange

### Criteria for Independence of External Officers (Directors/Audit & Supervisory Board Members)

External Directors or External Audit & Supervisory Board Members of Mitsui who do not fall under any of the following items are to be judged to have independence.

- (1) Person who is currently or was in the past 10 years an executive director, executive officer, managing officer, manager, employee, administrative officer, etc. (hereinafter referred to as "executing person") of Mitsui or Mitsui's consolidated subsidiaries
- (2) Person or the executing person of a corporation holding either directly or indirectly 10% or more of the total number of the voting rights of Mitsui
- (3) Person whose major business partner is Mitsui or Mitsui's consolidated subsidiaries\*1 or the executing person of the same
- (4) Major business partner of Mitsui or Mitsui's consolidated subsidiary\*2 or the executing person of the same
- (5) Independent auditor of Mitsui or Mitsui's consolidated subsidiary or employee, etc. of the same
- (6) Person providing professional services such as consultant, lawyer and certified public accountant who received from Mitsui monetary payment or other property benefits exceeding ¥10 million in total other than officer remuneration in the most recent fiscal year (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)

- (7) Person or the executing person of a corporation who received the annual total of ¥10 million or more of donations or aid funds from Mitsui or Mitsui's consolidated subsidiary in the most recent fiscal year
- (8) Person who has fallen under any of (2) to (7) above in the past three years
- (9) Spouse or relative within the second degree of kinship (hereinafter referred to as "close relatives") of the person who is currently or has been recently the important executing person of Mitsui or Mitsui's consolidated subsidiary (including director who is not the executing person in the case of External Audit & Supervisory Board Member)
- (10) Close relatives of the person who currently falls or has fallen recently under any of (2) to (7) above (excluding the one who is not important)
- 1. If the relevant business partner received from Mitsui or Mitsui's consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent fiscal year or the relevant business partner obtained from Mitsui or Mitsui's consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent fiscal year, the relevant business partner is deemed to be the person whose major business partner is Mitsui or Mitsui's consolidated subsidiary.
- 12. If Mitsui or Mitsui's consolidated subsidiary received from the relevant business partner the payment equivalent to 2% or more of Mitsui's annual consolidated transaction volume in the most recent fiscal year or the relevant business partner provided Mitsui or Mitsui's consolidated subsidiary with the money loans equivalent to 2% or more of Mitsui's consolidated total assets, the relevant business partner is deemed to be the major business partner of Mitsui' or Mitsui's consolidated subsidiary.

### ► Support Systems

Mitsui believes that adequate support systems are necessary to enable External Directors to participate in discussions of the Board of Directors and realize supervisory roles. In preparation for both regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given. In addition to the timely provision of corporate information by the Full-time Audit & Supervisory Board Members at the Audit & Supervisory Board Member Division, the essence of the meetings between Full-time Audit & Supervisory Board Members and the Audit & Supervisory Board Member Division is provided to External Audit & Supervisory Board Members periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board and of the Board of Directors. The Company provides its external directors and external Audit & Supervisory Board Members with specialized personal computers and distributes materials for meetings of the Board of Directors in a timely manner via e-mail. In doing so, the Company ensures that the external members have sufficient time to review agenda items. At the same time, the Company has set up a database for storing information, such as meeting minutes and other materials from past meetings of the Board of Directors, and the external members can access this database using their specialized personal computers.

### ► External Members Meetings

The meeting composed of all External Directors and External Audit & Supervisory Board Members is held periodically, for the purpose of exchanging information and opinions regarding important matters in management among External Directors, or among External Directors and/or Internal Directors, Audit & Supervisory Board Members and Managing Officers. In the fiscal year ended March 31, 2017, External Members Meetings were held nine times. At these meetings, opinions were exchanged regarding such topics as management policy, audits, and initiatives of the Company's business units.

 Cooperation among External Directors and External Audit & Supervisory Board Members in Audits, Internal Audits, Corporate Audits, and Independent Audits, as well as Their Relationship with Internal Control Departments

External Directors and External Audit & Supervisory Board Members, through the Board of Directors and the Audit & Supervisory Board, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Audit & Supervisory Board, respectively: results of the internal audits and internal audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regard to the internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls. Furthermore, at External Members Meetings, External Directors, Corporate Auditors, and Independent Auditors exchange opinions and information on auditing policy.

### Policy Related to Acquisition and Holding of Listed Shares

When holding listed shares for any purposes other than purely for investment returns, the Company holds such listed shares only in the case where it is judged to be reasonable after strict and comprehensive examination of several factors, including the necessity for maintaining or strengthening relationships with the investee, medium- to long-term economic rationale, and future outlook. With respect to our asset portfolio that includes listed shares, the Company reviews the significance

of holding such assets every year in light of medium- to longterm economic rationale and future outlook, and reports said significance to the Board of Directors. With respect to exercising voting rights for listed shares held by the Company, deliberation is conducted on a case-by-case basis as to whether or not a proposal should be approved by comprehensively taking into consideration any impact that the relevant proposal may have on corporate value of the investee.

### **Independent Auditors**

Mitsui appoints certified public accountants belonging to Deloitte Touche Tohmatsu LLC as Independent Auditors to carry out auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of consolidated financial statements in English. To secure prompt

financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries is in principle entrusted solely to Deloitte Touche Tohmatsu, which belongs to the same network as Deloitte Touche Tohmatsu LLC.

### Message from an External Director



Holding a firm position to oppose the Company if it tries to stop initiatives that will struggle to generate profits in the short term, but would contribute to the future of the Company over the long term.

### Hirotaka Takeuchi

External Director

y relationship with Mitsui started in 2002 when I became involved in the startup of Mitsui Management Academy, an internal university that was established in collaboration with the Graduate School of Hitotsubashi University. Until I was appointed as an external director for Mitsui in June 2016, my interactions with the Company were limited to its training programs. However, after being appointed to my current position, my view of the Company broadened immensely.

In my year of serving as an external director, I am aware that I have sometimes voiced opinions that may have sounded unpleasant to the ears of the internal directors. For example, I have bluntly told the Chairman and also the CEO that too much time and effort is being taken to provide briefings on agenda items prior to Board of Directors' meetings. I have also suggested that the Company should start asking its younger staff how their perception of the Company is changing. The fact that I am able to voice my opinions in such a manner reflects the high level of respect and trust that the Company has for its external directors.

Meanwhile, the Companies Act of Japan places the responsibility of business execution on the Board of Directors. As such, emphasis is placed on decision making, or in other words, having agenda items be approved. Therefore I feel that opportunities for the Board to thoroughly discuss matters such as a

company's long-term vision are limited. While I am not sure which approach is better, I am of the impression that companies in Europe and the Americas, which adopt committee systems, often hold discussions on matters related to management vision and corporate strategy, and these discussions rarely finish at the scheduled times. According to an acquaintance of mine who works as a director for a U.S. company, there are often occasions when a company's board meetings last over two days at which radical reforms are made to corporate strategy.

The aim of appointing external directors and external Audit & Supervisory Board members should be to welcome opinions and experience that come from a completely different perspective. And while the frequency of these opportunities is not critical, it is essential nevertheless for directors to have lively exchanges of differing beliefs and convictions, as the ideas and strategies that are born from such exchanges are extremely valuable. No matter how much information and data a company acquires, it cannot predict the future. I therefore believe that Mitsui should not limit itself to the conventional Japanese approach and, on occasion, create chances for more dynamic discussions.

Mitsui is a company with an Audit & Supervisory Board, and the number of internal directors is greater than that of external directors. I feel that it is only natural for the percentage of internal directors to be higher given that external directors do not necessarily have the same level of knowledge on each individual project of the Company. Also, while internal directors and officers present the outline and the essence of the agenda item for approval at Board of Directors' meetings, I would like to see more passion and hear more about their beliefs.

Thinking in Wall Street terms, improving corporate value means producing short-term results. However, if a company is truly thinking about being successful, it is necessary to continuously create value over the long term while keeping a constant focus on both "what is good for society" and "what is good for the company." Making contributions to society and realizing profit growth are not necessarily mutually exclusive. I understand that shareholders value short-term results. However, I feel that the ideal role of an external director is to voice opposition when a company decides to stop initiatives that would create a better future for itself over the long term but may not produce profits in the short term. This is precisely why I would like to hear the personal beliefs and opinions of the internal directors and officers when they are explaining the agenda items for approval.

Japan is a country that has a large number of companies with extraordinarily long lifespans. It is said that out of all companies in the world that have been in operation for 300 years or more, 40% are Japanese companies. What makes a company with a long lifespan different from others is the long-term nature of its management vision. I will therefore continue to offer my advice and support to Mitsui with a vision for the future while maintaining a focus on what the Company needs to do to be successful over the next 300 years.

### Message from an External Audit & Supervisory Board Member

hree years have passed since I was appointed as an external Audit & Supervisory Board Member. While, under the Companies Act of Japan, Audit &

Supervisory Board Members do not have voting rights at Board meetings, part of our duties is to provide advice and recommendations through such means as audits, including evaluating the logical nature of decision making by the Board of Directors, which is tasked with business execution, and whether such decisions violate laws, regulations, or the Company's Articles of Incorporation. As such, I believe that the Audit & Supervisory Board is an extremely important institution when it comes to governance. Maintaining an awareness of the importance of my position, I listen to detailed explanations on the various businesses of the Company at meetings of the Board of Directors and the Audit & Supervisory Board, and I am learning new things on a daily basis. The more that I learn, the more I gain an understanding on how difficult the task of governance is for the Company, as its unique nature differs from that of other companies. Particularly difficult aspects include the expansive scope of the Company's business, the fact that the Company develops businesses all over the world, and the long period of time it takes from the stages of planning to the creation of value.

If we consider risk management as one of the purposes of governance, then it is imperative for companies to establish risk management methods and structures that are appropriate for their businesses. With a company that engages in a wide range of businesses, as in Mitsui's case, it must also employ a wide range of risk management mechanisms. With an ordinary company, no matter how globalized or how massive it is, its core can be narrowed down to only several types of businesses. In the case of the Company, however, implementing appropriate risk management is no ordinary task as its range of business is massive and the possible risks in each business differ greatly. Furthermore, these businesses span across countries and regions around the world. Under uncertain and highly volatile global conditions, the Company must take preemptive measures by anticipating future changes while considering how those changes will impact its business. In addition, there are many instances in which the period it takes from investing in a project to realizing a return is extremely long, and the Company must therefore manage its business portfolio while thinking carefully about the future in 10 to 20 years.

In light of these circumstances, the Company must manage risk in a three-dimensional fashion that takes into account type, regions and timeframes of business. To me, this represents the major difficulty for the Company's governance. The emphasis the Company places on preemptive monitoring functions reflects the fact that it must make business decisions while managing such complex, wide-ranging risks in an appropriate manner. As both an external Audit & Supervisory Board Member and an attorney at law, I am making concerted efforts to leverage my experience in corporate legal affairs so that I can contribute to the Company's risk management through discussions at the Board of Directors' meetings.

Meanwhile, it is important not to discourage positivity at the frontline operations by focusing too much on risk minimization.



Leveraging my experience in corporate legal affairs as an attorney at law, I will contribute to risk management through discussions at the Board of Directors' meetings.

### Haruka Matsuyama

External Audit & Supervisory Board Member

It is therefore essential to adopt both an offensive and defensive approach, similar to the gas pedal and brake of an automobile. If the Company understands that its brake function is working properly, then it should be able to freely step on the gas pedal when it comes time to pursue business opportunities. I believe the role of the Audit & Supervisory Board is to provide the Company with that brake function. In order for the Company to operate at full throttle, I am working to enhance my sensitivity to risk as an Audit & Supervisory Board Member. Drawing on the tradition of the Company, summarized by the words "Mitsui is People," I hope that Mitsui continues to be a vibrant company in which the employees on the frontlines can work in an energetic and positive manner.

Fortunately, the Company is taking proactive measures to reform its governance. This is reflected by the fact that the Company puts great efforts in helping external directors and external Audit & Supervisory Board Members gain a precise understanding about potential risks. With that being said, even if we understand the risks of individual projects, it is no easy task to gain full comprehension of the Company's overall business portfolio and the potential risks within that portfolio. While continuing to actively communicate with internal directors, staff in the business divisions, and external directors, I will sharpen my ability to provide my candid opinion as an external Audit & Supervisory Board Member at times when it is most required.

### Execution of Business Activities and Internal Controls

Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters for execution of groupwide business operations. The Committee consists of the Chairman of the Board of Directors, President and Chief Executive Officer (the committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle.

The Company aims to achieve the four objectives listed below in terms of internal controls. In addition, the Company views internal controls as a "framework for management to control and supervise its business execution organization" that comprises the six elements of control environment, risk assessment, control activities, information and communication, monitoring, and response to IT.

- 1 Improvement of effectiveness and efficiency of operations;
- 2 Ensuring compliance with generally accepted accounting principles and the reliability of financial reporting;
- 3 Compliance with applicable laws and regulations, along with management principles and in-house rules including various codes of conduct reflecting management principles (hereafter referred to as "laws, regulations and in-house rules"); and
- 4 Safeguarding of Company assets.

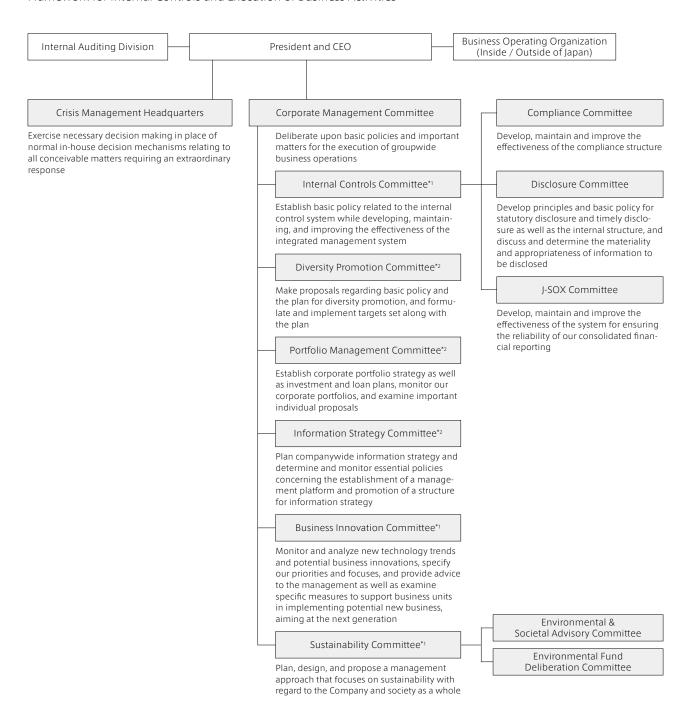
The Board of Directors oversees the design of the Company's internal controls and assumes the role and responsibility of monitoring internal control establishment, operation, and assessment. Based on the basic design of internal controls provided for by the Board of Directors, the Company's management assumes the role and responsibility of maintaining, operating, and assessing internal controls. In addition, the Internal Auditing Division, which is under the direct control of the president, verifies the suitability and status of internal control design based on plans approved by the Company's management and from an independent standpoint.

Mitsui has established the following major committees pertaining to the execution of business and implementation of internal controls, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

Internal Controls Committee
Diversity Promotion Committee
Portfolio Management Committee
Information Strategy Committee
Business Innovation Committee
Sustainability Committee

In addition, as an extraordinary and non-permanent organization under the direct rule of the president and CEO, the Company has established the Crisis Management Headquarters, which carries out prompt and appropriate decision making during times of crisis.

### Framework for Internal Controls and Execution of Business Activities



<sup>\*1.</sup> Sub-committees to the Corporate Management Committee

<sup>\*2.</sup> Advisory bodies to the Corporate Management Committee

### Risk Management

Risks arising from the Company's business activities are monitored and managed by chief operating officers of business units and regional business units within the authorization delegated to them from the Company's management.

Measures taken by each business unit to manage quantitative risks include setting position limits and loss-cut limits and conducting monitoring through divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe relevant internal regulations. When a business unit or regional business unit takes on risks that are greater than the scope of authority granted to them, it is necessary to obtain approval of the Corporate Management Committee or a relevant representative director or senior managing officer, depending on the importance of the situation, in accordance with the standards of the internal approval system.

Furthermore, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the Sustainability Committee, and the Crisis Management Headquarters establish and develop risk management structures on a companywide basis and handle significant risks. Members of the corporate staff of each committee are responsible for surveillance of the whole Company's position regarding the risks they are in charge of overseeing, as well as the control of risks within the prescribed range of their authority and the provision of support to relevant directors and managing officers.

### Internal Controls over Financial Reporting

Mitsui implements the internal controls framework as stipulated in the Financial Instruments and Exchange Act of Japan. In addition to companywide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing

by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls and business process level controls.

### Global Tax Management Policy

We, Mitsui & Co., Ltd., are committed to complying with all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities, whilst simultaneously

managing our global tax expenses. We do not adopt artificial arrangements or structures for the purpose of tax avoidance.

### Internal Controls Related to Information Systems and Information Security

The Information Strategy Committee establishes important policies related to global Group information strategy. Further, the committee leads Mitsui's efforts to build and operate information systems, develop internal rules required for information security, and strengthen the management of risks related to information, including the risk of information leakage. The committee ensures the establishment of systems to control risk associated with information assets appropriately. Specifically, it

establishes rules for process of procurement, introduction and operation of information assets; code of conduct for the system supervisory divisions regarding IT security; requirements for information risk management systems and the basics of information management; and internal rules relating to the handling of personal information required in the course of business operations as well as Cyber Security Countermeasures.

### Compliance

Mitsui has a strong belief that a sound reputation is the foundation of the Company's business. At Mitsui, we define compliance as complying with corporate ethics and social norms in addition to laws, regulations, and internal rules of the Company. By word "compliance". Mitsui requires its employees and officers to act in accordance with its corporate ethics, based on its management philosophy and social norms in addition to laws and regulations as well as internal rules of the Company. To those ends, we carry out corporate management with emphasis on compliance. With the Chief Compliance Officer as a chairperson and including an external lawyer as an observer, the Compliance Committee develops Mitsui's compliance system and maintains and enhances its effectiveness.

Mitsui has established the "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." and has equivalent

business guidelines in place for its subsidiaries. Mitsui is striving to improve observance of these guidelines through continuous monitoring and review. In addition, the Company has multiple whistle-blowing avenues in place, including external attorneys and third-party institutions. The Company also ensures that a whistle-blower would not be subject to any detrimental treatment by the Company as a result of his or her whistle-blowing activities.

To maintain and improve its compliance structure, the Company consistently conducts activities to raise employee awareness toward compliance and provides as many opportunities as possible for employees to better themselves through training and other means. In doing so, the Company shares knowledge and important points of concern related to compliance.

### Ensuring the Appropriateness of Operations within the Corporate Group

The Company has set forth the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles." In light of other laws and regulations, Mitsui requires its subsidiaries to develop and operate internal controls based on these principles and to the extent reasonable. For its equity-accounted investees, Mitsui coordinates with other equity participants and

encourages the equity-accounted investees to develop and operate similar internal controls. In addition, from its officers and employees, Mitsui appoints supervising officers to each affiliated company and has them conduct management based on the "Rules on Delegation of Authority for Supervising Officers of Affiliated Companies."

### **Internal Audits**

The Internal Auditing Division verifies the status of development and management of internal controls, evaluates the suitability and effectiveness of risk management, and gives advice and suggestions for improvements.

During the regular audits that cover Mitsui, overseas offices, overseas trading subsidiaries, and Japanese and overseas affiliated companies, particularly subsidiaries, Internal Auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk

management, effectiveness of management and operations, compliance and appropriate financial reporting. In addition, the following audits are implemented as internal audits: crossorganizational and cross-functional audits by target and item and extraordinary examinations to get the whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes and methods to prevent recurrence.

### Board of Directors and Independent Directors

As of June 21, 2017

### Directors

Years as a Director / Number of Mitsui shares held

### Masami lijima

9 years / 89,388 shares
Representative Director,
Chairman of the Board

of Directors



1974 Joined Mitsui & Co., Ltd.

2015 Representative Director, Chairman of the Board of Directors (current position)

### Tatsuo Yasunaga

2 years / 29,657 shares Representative Director, President and Chief Executive Officer



1983 Joined Mitsui & Co., Ltd.

2015 Representative Director, President and Chief Executive Officer (current position)

### Hiroyuki Kato

3 years / 39,664 shares

Representative Director, Executive Vice President



1979 Joined Mitsui & Co., Ltd.

2016 Representative Director, Executive Vice President (current position)

### Yoshihiro Hombo

3 years / 30,092 shares

Representative Director,



1979 Joined Mitsui & Co., Ltd.

2017 Representative Director, Executive Vice President (current position)

### Makoto Suzuki

2 years / 52,073 shares

Representative Director, Executive Vice President Chief Compliance Officer (CCO)



1981 Joined Mitsui & Co., Ltd.

2017 Representative Director, Executive Vice President, CCO (current position)

### Satoshi Tanaka

New / 38,994 shares

Representative Director, Executive Vice President Chief Administrative Officer (CAO) Chief Information Officer (CIO) Chief Privacy Officer (CPO)



1981 Joined Mitsui & Co., Ltd.

2017 Representative Director, Executive Vice President, CAO, CIO, CPO (current position)

### Keigo Matsubara

2 years / 15,681 shares

Representative Director, Senior Executive Managing Officer Chief Financial Officer (CFO)



1979 Joined Mitsui & Co., Ltd.

2017 Representative Director, Senior Executive Managing Officer, CFO (current position)

### Shinsuke Fujii

1 year / 16,010 shares

Representative Director, Senior Executive Managing Officer



1981 Joined Mitsui & Co., Ltd.

2017 Representative Director, Senior Executive Managing Officer (current position)

### Nobuaki Kitamori

New / 20,887 shares

Representative Director, Executive Managing Officer Chief Digital Officer (CDO)



1983 Joined Mitsui & Co., Ltd.

2017 Representative Director, Executive Managing Officer, CDO (current position)

### **Independent Directors**

Years as a Director / Number of Mitsui shares held

Toshiro Muto
7 years / 11,625 shares
External Director



- 1966 Entered the Ministry of Finance
- 1999 Director-General of the Budget Bureau, Ministry of Finance
- 2000 Administrative Vice Minister, Ministry of Finance
- 2003 Special Advisor, Ministry of Finance Deputy Governor, Bank of Japan
- 2008 Chairman, Daiwa Institute of Research Ltd. (current position)
- 2009 Director, Principal, The Kaisei Academy
- 2010 External Director, Mitsui & Co., Ltd. (current position)

Izumi Kobayashi

3 years / 2,168 shares

External Director



- 1981 Joined Mitsubishi Chemical Industries, Ltd. (currently Mitsubishi Chemical Corporation)
- 1985 Joined Merrill Lynch Futures Japan Inc.
- 2001 President, Merrill Lynch Japan Securities Co., Ltd.
- 2002 External Director, Osaka Securities Exchange Co., Ltd.
- 2008 Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
- 2014 External Director, Mitsui & Co., Ltd. (current position)
- 2015 Vice Chairperson, Japan Association of Corporate Executives (current position)

Jenifer Rogers 2 years / 2,457 shares

External Director



- 1989 Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
- 1990 Registered as Attorney at Law, admitted in New York
- 1991 Joined Industrial Bank of Japan Limited, New York Branch (currently Mizuho Bank)
- 1994 Joined Merrill Lynch Japan Securities Co., Ltd.
- 2000 Merrill Lynch Europe Plc
- 2006 Bank of America Merrill Lynch (Hong Kong)
- 2012 General Counsel Asia, NEW Asurion Asia Pacific Japan LLC (current position)
- 2015 External Director, Mitsui & Co., Ltd. (current position)

### Hirotaka Takeuchi

1 year / 0 shares

External Director



- 1969 Joined McCann-Erickson Hakuhodo Co., Ltd.
- 1976 Lecturer, Harvard Business School
- 1977 Associate Professor, Harvard Business School
- 1983 Associate Professor, Hitotsubashi University-Faculty of Commerce and Management
- 1987 Professor, Hitotsubashi University-Faculty of Commerce and Management
- 1998 Dean of The Graduate School of International Corporate Strategy, Hitotsubashi University
- 2010 Professor Emeritus, Hitotsubashi University (current position) Professor, Harvard Business School (current position)
- 2016 External Director, Mitsui & Co., Ltd. (current position)

### Samuel Walsh

New / 0 shares

External Director



- 1972 Joined General Motors Holden's Limited
- 1987 Joined Nissan Motor Australia
- 1991 Joined Rio Tinto Limited
- 2013 Chief Executive Officer, Rio Tinto Limited
- 2016 Global President, The Chartered Institute of Procurement and Supply (current position)
- 2017 Chairman, The Accenture Global Mining Executive Council (current position)
  - Chairman Elect, Royal Flying Doctor Service (WA) (current position) External Director, Mitsui & Co., Ltd. (current position)

### Full-time and Independent Audit & Supervisory Board Members

As of June 21, 2017

### Audit & Supervisory Board Members

Years as an Audit & Supervisory Board Member / Number of Mitsui shares held

### Joji Okada

2 years / 43,720 shares

Full-time Audit & Supervisory



1974 Joined Mitsui & Co., Ltd.

2015 Full-time Audit & Supervisory Board Member (current position)

### Takashi Yamauchi

2 years / 54,653 shares

Full-time Audit & Supervisory Board Member



1976 Joined Mitsui & Co., Ltd.

2015 Full-time Audit & Supervisory Board Member (current position)

# Independent Audit & Supervisory Board Members

Years as an Audit & Supervisory Board Member / Number of Mitsui shares held

### Haruka Matsuyama

3 years / 85 shares

External Audit & Supervisory Board Member



1995 Appointed Assistant Judge at Tokyo District Court

2000 Registered as Attorney at Law. Joined Hibiya Park Law Offices

2002 Partner at Hibiya Park Law Offices (current position)

2014 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

### Hiroshi Ozu

2 years / 724 shares

External Audit & Supervisory Board Member



1974 Appointed Public Prosecutor

2007 Vice Minister of Justice

2012 Attorney General

2014 Registered as Attorney at Law

2015 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

### Kimitaka Mori

New / 900 shares

External Audit & Supervisory Board Member



1980 Joined Shinwa Accountants (currently KPMG AZSA LLC)

2000 Representative Partner

2004 Director of Financial Services

2006 Board Member

2011 Chairman, KPMG FS Japan

2013 Established Mori Certified Public Accountant Office Chairman and President, The Japanese Institute of Certified Public Accountants

2016 Senior Advisor, The Japanese Institute of Certified Public Accountants (current position)

2017 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

### **Executive Officers**

As of June 21, 2017

### **Executive Officers**

\* Corporate officer also serving as a director.

#### President -

#### Tatsuo Yasunaga\*

President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters

### Executive Vice Presidents

#### Hirovuki Kato\*

Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II

#### Yoshihiro Hombo\*

Basic Materials Business Unit; Performance Materials Business Unit; Nutrition & Agriculture Business Unit; Food Business Unit; Food & Retail Management Business Unit

### Makoto Suzuki\*

Chief Compliance Officer; Corporate Staff Unit (Secretariat, Audit & Supervisory Board Member Division, Human Resources & General Affairs Division, Legal Division, Corporate Logistics Division, New Head Office Building Development Department); Business Continuity Management; New Headquarter Project; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Management Headquarter

### Satoshi Tanaka\*

Chief Administrative Officer; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Information Technology Promotion Division, Regional Business Promotion Division, Corporate Communications Division, Environmental-Social Contribution Division, Business Supporting Unit (Each Planning & Administrative Division)), Domestic Offices and Branches; HQ Overseen Region; Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, Sustainability Committee; Chairman, Business Innovation Committee

### Senior Executive Managing Officers -

#### Keigo Matsubara\*

Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Business Supporting Unit (Financial Management & Advisory Division I, II, III, IV)); Chairman, Disclosure Committee; Chairman, J-SOX Committee

#### Shinsuke Fujii\*

Healthcare & Service Business Unit; Consumer Business Unit; Corporate Development Business Unit; Chairman, Portfolio Management Committee

#### Atsushi Kume

Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit

#### Takeshi Kanamori

Chief Representative of Mitsui & Co., Ltd. in China; Chairman & Managing Director of Mitsui & Co., Ltd. In China

#### Yasushi Takahashi

Chief Operating Officer, Americas Business Unit

#### Taku Morimoto

Chief Operating Officer of Asia Pacific Business Unit

### Executive Managing Officers -

### Nobuaki Kitamori\*

Chief Digital Officer, Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit I; Integrated Transportation Systems Business Unit II; IT & Communication Business Unit; Digital Transformation

### Yasuyuki Fujitani

Chief Operating Officer of Corporate Development Business Unit

### Motoo Ono

General Manager of Human Resources & General Affairs Division

### Yukio Takebe

Chairman & Managing Director of Mitsui & Co. (Australia) Ltd.

### Shinsuke Kitagawa

General Manager of Osaka Office

### Noboru Katsu

Chief Operating Officer of Iron & Steel Products Business Unit

### Takakazu Uchida

General Manager of Finance Division

### Hiromichi Yagi

Chief Representative of Mitsui & Co., Ltd. in South West Asia; Managing Director of Mitsui & Co. India Pvt. Ltd.

### Shinichiro Omachi

Chief Operating Officer of Mineral & Metal Resources Business Unit

### Hiroyuki Tsurugi

Chief Operating Officer of Energy Business Unit I

### Hirotatsu Fujiwara

Chief Operating Officer of Energy Business Unit II

### Kenichi Hori

Chief Operating Officer of Nutrition & Agriculture Business Unit

### Managing Officers

### Shingo Sato

Chief Operating Officer of Integrated Transportation Systems Business Unit I

### Katsurao Yoshimori

Chief Operating Officer of Basic Materials Business Unit

### Osamu Toriumi

General Manager of Internal Auditing Division

#### Shin Hatori General Manager of Nagoya Office

Shinji Tsuchiya

### President of Mitsui & Co. (Brasil) S.A.

Hiroshi Meguro

### Deputy Chief Administrative Officer

Kimiro Shiotani Global Controller

### Miki Yoshikawa

Chief Operating Officer of Food Business Unit

### Yoshio Kometani

Chief Operating Officer of Infrastructure Projects Business Unit

### Toshiaki Maruoka

Chief Representative of Mitsui & Co., Ltd. in CIS; General Director of Mitsui & Co. Moscow LLC

### Motoaki Uno

President & Chief Executive Officer of P.T.Mitsui Indonesia

### Koji Nagatomi

Chief Operating Officer of Healthcare & Service Business Unit

### Kohei Takata

General Manager of Planning & Administrative Division (Food & Services)

### Sayu Ueno

General Manager of Corporate Planning & Strategy Division

### Yumi Yamaguchi

President & CEO, Mitsui Global Strategic Studies Institute

### Masaki Saito

Chief Operating Officer of IT & Communication Business Unit

### Takeshi Setozaki

Chief Operating Officer of Integrated Transportation Systems Business Unit II

### Reiji Fujita

Chief Operating Officer of Consumer Business Unit; General Manager of New Head Office Building Development Department

### Takeo Kato

Chief Operating Officer of Performance Materials Business Unit

### Yuki Kodera

General Manager of Planning & Administrative Division (Metals)

### Hirohiko Miyata

General Manager of Investment Administrative Division

### Yoshiki Hirabayashi

Chief Operating Officer of Food & Retail Management Business Unit

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# Mitsui's Continuing Evolution by Meeting the Changing Needs of the Times







① Daiichi Bussan Kaisha, Ltd. (Tokyo)

②The Abu Dhabi LNG project (UAE)

③ Sakhalin II projects (Russia)

1950 1960 1970 1980 1990

#### Contributed to the recovery of the postwar Japanese economy

• In 1947, Daiichi Bussan Kaisha,

• In 1959, Daiichi Bussan Kaisha,

companies (Mitsui & Co.'s great

amalgamation) and changed its

name to Mitsui & Co., Ltd.

Ltd. integrated with other trading

Ltd. established ..... ①

# As the driving force of high economic growth

# Daiichi Bussan imported daily necessities into postwar Japan and promoted exports as postwar controls were lifted. In view of Japan's high dependence on overseas sources for key materials, Mitsui invested in the development of our own sources of mineral resources and energy with the aim of ensuring their stable supply to Japan

- In 1963, participated in the development of the Moura coal mine in Australia (currently the Dawson coal mine)
- In 1967, established an iron ore joint venture business with BHP Billiton in Australia
- In 1969, established Mitsui Oil Exploration Co., Ltd.
- In 1970, established Mitsui Iron Ore Development (MIOD) in Australia (Robe River iron ore joint venture)
- In 1971, signed a basic contract for the development of an LNG facility on Das Island in Abu Dhabi  $\cdots$  ②

#### Supported overseas business development of Japanese products

- Promoted export sales of iron and steel products, machinery and chemicals
- Invested in overseas production and sales operations of Japanese automotive and motorcycle makers (Toyota Motor Group, Hino Motor Group, Yamaha Motor Co., Ltd.) in such countries as Thailand, Canada, Peru and the U.K.

#### Introduced overseas technologies and business models to Japan

- In 1958, established Nippon Remington Univac Kaisha, Ltd. (currently Nihon Unisys, Ltd.) and shortly after helped lay the groundwork for the computerization of Japan
- In 1976, established AIM SERVICES CO., LTD. with major U.S. contract food service company ARA (currently Aramark Corporation)

# Challenges as the pioneer of the era, responding to the rapid structural change of society

- Further strengthened functions, including IT (information technology),
   FT (financial technology) and
   LT (logistics technology)
- In 1989, Japan Communications Satellite, in which we invested, successfully launched a communications satellite
- Provided supply chain management for the Ito-Yokado Group (currently Seven & i Holdings Co., Ltd.)
- Accelerated the planning and development of large-scale LNG projects in accordance with efforts to diversify Japan's energy supply sources
- In 1985, participated in the Western Australia LNG project
- In 1989, participated in the Qatar LNG project
- In 1994, signed development contracts for the Sakhalin II petroleum and natural gas projects ······ ③

#### Acquired and developed large-scale businesses overseas

- In 1991, acquired feed additive business (currently Novus International, Inc.) from Monsanto Company, of the U.S.
- In 1994, established P.T. PAITON ENERGY, an electric power company in Indonesia

@Photo: Dario Zalis / Vale







4 Vale's Carajás iron ore mine (Brazil)

2000 2005 2010 2015

#### Development of various businesses with world class partners in response to the rapid growth of emerging economies and the evolving global industrial structure

#### Long-term initiatives in developing resources and energy businesses to enhance our ability to provide sustainable supply

- In 2003, purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company ······ ④
- In 2010, acquired working interest in shale gas in the Marcellus area and, in the following year, in shale oil in the Eagle Ford area, both in the U.S.
- In 2012, established a strategic partnership with Corporación Nacional del Cobre de Chile and acquired copper interests
- In 2013, acquired interest in the Jimblebar Iron Ore mine in Western Australia
- In 2015, completed second phase of expansion of Robe River J/V mine and port
- In 2016, acquired working interest in Kipper gas and condensate field in Australia
- In 2016, acquired stake in oil and gas development project in the Gulf of Mexico

#### ■ Response to new needs for enhancing industry and enriching lifestyles

- In 2001, launched 24-hour shopping channel in Japan with QVC network
- In 2001, invested in a major U.S. automobile dealer Penske Automotive Group
- In 2007, commenced capital and business alliance with Sogo Medical Co., Ltd.
- In 2008, launched chemical tank terminal business at the Port of Antwerp in Europe
- In 2011, invested in Asia's largest private hospital group Integrated Healthcare Holdings (currently IHH Healthcare Bhd.) ...... ⑤
- In 2015, invested in a major U.S. truck leasing company Penske Truck Leasing
- In 2015, invested in MIMS Group, a medical information service company in Asia and Oceania
- In 2015, commenced commercial production of methanol at Fairway Methanol LLC in the U.S.
- In 2016, invested in Asia's largest hospital for middle-income patients, Columbia Asia
- In 2016, invested in the Spain-based Gestamp Automoción, S.A., the world's largest automotive press components manufacturer
- In 2017, invested in Panasonic Healthcare Holdings Co., Ltd., a medical equipment manufacturer
- In 2017, invested in CIM Group, a major real estate asset management company in the U.S. ..... ⑥

#### ■ Developing infrastructure businesses that contribute to nation building and industrial promotion in countries around the world

- In 2004, jointly acquired 13 power generating assets with International Power (currently ENGIE)
- In 2006, acquired a gas distribution business in Brazil
- In 2006, invested in Thai Tap Water Supply Public Company Limited, a water supply company in Thailand
- In 2014, invested in VLI S.A., a Brazilian integrated logistics company owned and operated by Vale S.A.
- In 2015, participated in a passenger railway transportation business in Brazil, owned and operated by Odebrecht TransPort S.A.
- In 2017, invested in Moatize coal mine and the Nacala rail and port infrastructure projects in Mozambique

#### 10-Year Financial Data (Including Sustainability Data)

Mitsui & Co., Ltd. and subsidiaries Fiscal years to March 31

#### U.S. GAAP

Billions of Yor

Billio					Billions of Yen		
	2008	2009	2010	2011	2012	2013	2014
Consolidated Operating Results (For the Year):							
Revenues	¥5,738.9	¥5,535.2	¥4,096.4	¥4,679.4	¥5,251.6	¥ 4,911.6	¥ 5,740.7
Gross Profit	988.1	1,016.3	702.0	859.2	878.3	790.4	859.9
Operating Income	374.8	394.7	144.5	317.0	348.4	254.6	275.2
Equity in Earnings of Associated Companies	154.3	84.8	131.5	242.1	232.1	176.2	173.7
Net Income Attributable to Mitsui & Co., Ltd.	410.1	177.6	149.7	306.7	434.5	307.9	422.2
Consolidated Financial Position (At Year-End):							
Total Assets	9,690.9	8,364.2	8,369.0	8,598.1	9,011.8	10,324.6	11,001.3
Total Mitsui & Co., Ltd. Shareholders' Equity	2,183.7	1,881.7	2,230.1	2,366.2	2,641.3	3,181.8	3,586.4
Interest-bearing Debt	3,685.6	3,668.6	3,471.7	3,377.5	3,578.0	4,269.3	4,455.1
Net Interest-bearing Debt	2,774.0	2,515.1	2,055.7	1,933.9	2,142.8	2,839.4	3,224.4
Consolidated Cash Flows (For the Year):							
Net Cash Provided by Operating Activities	415.8	582.7	632.4	504.5	381.0	461.4	521.5
Net Cash Used in Investing Activities	(104.8)	(290.9)	(180.1)	(484.0)	(438.2)	(753.3)	(704.5)
Net Cash Provided by (Used in) Financing Activities	(185.1)	(9.8)	(214.4)	33.8	57.4	221.6	(34.7)
Free Cash Flow	311.0	291.8	452.3	20.5	(57.2)	(291.9)	(183.0)
Investments and Loans	(710.0)	(520.0)	(360.0)	(690.0)	(650.0)	(960.0)	(1,010.0)
Divestitures	610.0	190.0	210.0	190.0	210.0	220.0	305.0
Net Cash Outflow	(100.0)	(330.0)	(150.0)	(500.0)	(440.0)	(740.0)	(705.0)
Financial Indicators:							
Return on Equity (ROE) (%)	19.1%	8.7%	7.3%	13.3%	17.4%	10.6%	12.5%
Return on Assets (ROA) (%)	4.2%	2.0%	1.8%	3.6%	4.9%	3.2%	4.0%
Net Debt-to-Equity Ratio (Net DER) (times)	1.27	1.34	0.92	0.82	0.81	0.89	0.90

Yen

Amounts per Share:							
Net Income Attributable to Mitsui & Co., Ltd.							
Basic	¥ 227.20	¥ 97.59	¥ 82.12	¥ 168.05	¥ 238.10	¥ 168.72	¥ 231.79
Diluted	224.82	97.32	82.11	168.05	_	_	231.78
Cash Dividends	46	25	18	47	55	43	59
Consolidated Dividend Payout Ratio (%)	20.2%	25.6%	21.9%	28.0%	23.1%	25.5%	25.5%
Shareholders' Equity	1,202.03	1,033.22	1,222.11	1,296.66	1,447.34	1,743.34	2,000.78
Stock Price:							
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	2,020	986	1,571	1,491	1,357	1,313	1,459
Price Earnings Ratio (PER) (times)	8.89	10.10	19.13	8.87	5.70	7.78	6.29
Price Book-Value Ratio (PBR) (times)	1.68	0.95	1.29	1.15	0.94	0.75	0.73
Sustainability:							
Number of Employees (Consolidated)	42,621	39,864	41,454	40,026	44,805	45,148	48,090
Ratio of External Directors (%)	30.8%	33.3%	30.8%	30.8%	30.8%	30.8%	30.8%
Paper Consumption (thousand sheets; A4-size equivalent)	92,973	85,547	76,049	66,701	59,810	57,833	56,588

- Notes: 1. Figures for prior years have not been reclassified in accordance with Accounting Standard Codification ("ASC") 205-20, "Presentation of Financial Statements—
  - Discontinued Operations."

    Operating Income is comprised of "gross profit," "selling, general and administrative expenses," and "provision for doubtful receivables."
  - Tax effects on investments in associated companies which were formerly included in "Equity in Earnings of Associated Companies" are included in "Income Taxes' from the year ended March 2010. Figures for prior years have not been reclassified.

    4. Per-share information is calculated based on the number of shares issued at year-end.

  - 5. Diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2012 and 2013 are not disclosed because there are no dilutive
  - potential shares.

    Price earnings ratio (PER) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by basic net income attributable to Mitsui & Co., Ltd. per share.
  - Price book-value ratio (PBR) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by shareholders' equity per share. Ratio of external directors is calculated based on director numbers upon the conclusion of the general meeting of shareholders held after the end of the

  - Paper consumption is calculated based on all offices in Japan (Head Office (Tokyo), 6 offices and 5 branches).

#### **IFRS**

Billions of Yen

Millions of

					Billions of Yen	U.S. Dollars
	2013	2014	2015	2016	2017	2017
Consolidated Operating Results (For the Year):						
Revenue	¥ 4,912.1	¥ 5,731.9	¥ 5,404.9	¥ 4,759.7	¥ 4,364.0	\$ 39,672
Gross Profit	814.1	880.1	845.8	726.6	719.3	6,539
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	183.1	171.2	144.6	(132.0)	170.6	1,551
Profit (Loss) for the Year Attributable to Owners of the Parent	296.6	350.1	306.5	(83.4)	306.1	2,783
EBITDA	737.0	819.6	788.3	336.4	596.1	5,419
Consolidated Financial Position (At Year-End):						
Total Assets	10,777.3	11,491.3	12,202.9	10,910.5	11,501.0	104,555
Total Equity Attributable to Owners of the Parent	3,439.1	3,815.8	4,099.8	3,379.7	3,732.2	33,929
Interest-bearing Debt	4,176.4	4,411.1	4,793.9	4,710.5	4,801.6	43,651
Net Interest-bearing Debt	2,739.1	3,178.8	3,382.2	3,215.0	3,282.1	29,837
Consolidated Cash Flows (For the Year):						
Net Cash Provided by Operating Activities	455.3	449.2	640.0	587.0	404.2	3,674
Core Operating Cash Flow	_	608.9	661.6	471.7	494.8	4,499
Net Cash Used in Investing Activities	(754.5)	(659.8)	(386.4)	(408.1)	(353.3)	(3,212)
Net Cash Provided by (Used in) Financing Activities	236.3	(13.2)	(126.2)	(50.5)	(50.3)	(457)
Free Cash Flow	(299.2)	(210.6)	253.6	178.9	50.9	462
Investments and Loans	_	_	(715.0)	(600.0)	(635.0)	(5,773)
Divestitures	_	-	340.0	190.0	290.0	2,636
Net Cash Outflow	_	_	(375.0)	(410.0)	(345.0)	(3,136)
Financial Indicators:						
Return on Equity (ROE) (%)	9.4%	9.7%	7.7%	(2.2%)	8.6%	
Return on Assets (ROA) (%)	2.9%	3.1%	2.6%	(0.7%)	2.7%	
Net Debt-to-Equity Ratio (Net DER) (times)	0.80	0.83	0.82	0.95	0.88	

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Amounts per Share:						
Profit (Loss) for the Year Attributable to Owners of the Parent						
Basic	¥ 162.53	¥ 192.22	¥ 170.98	¥ (46.53)	¥ 171.20	\$ 1.56
Diluted	_	192.21	170.95	(46.54)	171.10	1.56
Cash Dividends	43	59	64	64	55	0.49
Consolidated Dividend Payout Ratio (%)	26.5%	30.7%	37.4%	_	32.1%	
Total Equity Attributable to Owners of the Parent	1,884.33	2,128.73	2,287.17	1,885.47	2,115.80	19.23
Stock Price:						
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	1,313	1,459	1,612	1,295	1,612.5	
Price Earnings Ratio (PER) (times)	8.08	7.59	9.43	_	9.42	
Price Book-Value Ratio (PBR) (times)	0.70	0.69	0.70	0.69	0.76	
Sustainability:						
Number of Employees (Consolidated)	45,148	48,090	47,118	43,611	42,316	
Ratio of External Directors (%)	30.8%	30.8%	35.7%	35.7%	35.7%	
Paper Consumption (thousand sheets; A4-size equivalent)	57,833	56,588	50,155	50,369	48,529	

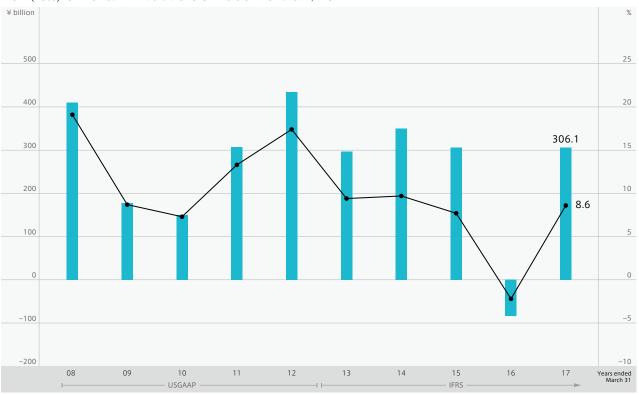
Notes: 1. EBITDA is the total of "gross profit," "selling, general and administrative expenses," "dividend income" and "share of profit (loss) of investments accounted for using the equity method" and "depreciation and amortization."

- We do not disclose "Core Operating Cash Flow" for 2013.
  Figures calculated in accordance with IFRS standards for investments and loans, divestitures, and net cash outflow are have not been disclosed for the fiscal years ended March 31, 2013 and 2014.
- Per share information is calculated based on the number of shares issued at year-end.

  Diluted earnings per share attributable to owners of the parent in the year ended March 2013, are not disclosed because there are no dilutive potential shares.

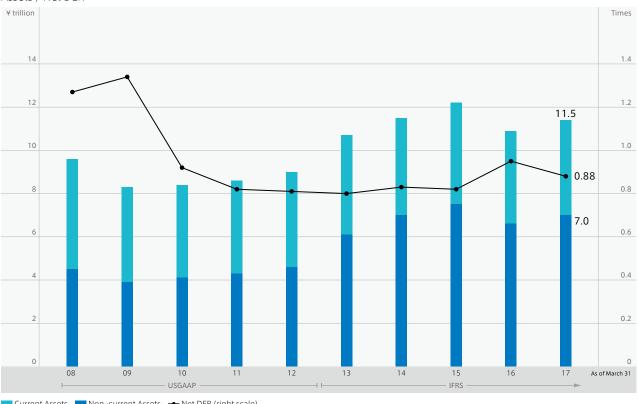
- Price earnings ratio (PER) is calculated based on the year-end closing stock price divided by basic profit (attributable to owners of the parent) per share.
- The consolidated dividend payout ratio for 2016 was omitted due to a loss. The price earnings ratio (PER) for 2016 was omitted due to a loss.
- Price book-value ratio (PBR) is calculated based on the year-end closing stock price divided by equity attributable to owners of the parent per share.
- 10. The U.S. dollar amounts, except cash dividends, represent translations of the Japanese yen amounts at the rate of ¥110.00=U.S.\$1, the approximate rate of exchange on March 31, 2017.
- 11. The U.S. dollar amounts for cash dividends represent translations of the Japanese yen amounts at the rate in effect on the payment date.

#### Profit (Loss) for the Year Attributable to Owners of the Parent / ROE



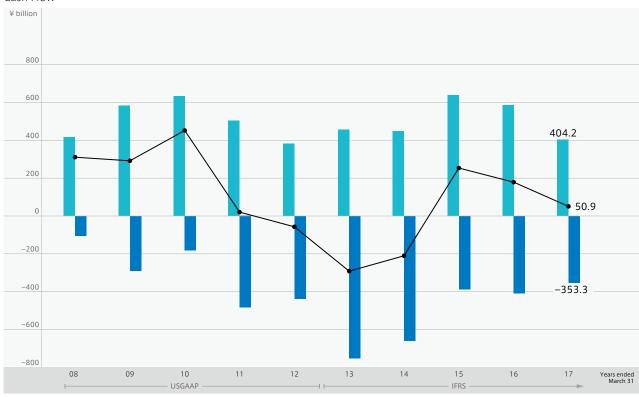
■ Profit (Loss) for the Year Attributable to owners of the parent → ROE (right scale)

#### Assets / Net DER



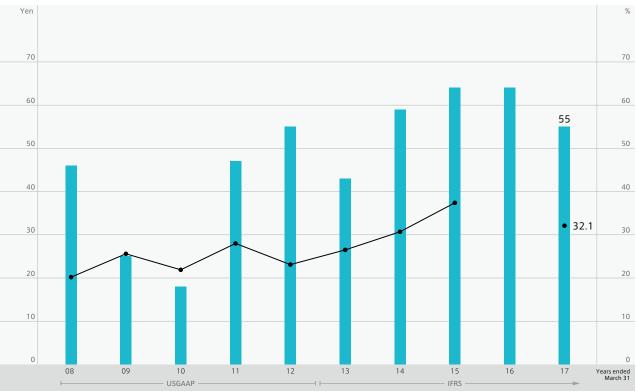
Current Assets ■ Non–current Assets → Net DER (right scale)

#### Cash Flow



■ Net Cash Provided by Operating Activities ■ Net Cash Used in Investing Activities → Free Cash Flow

#### Dividends



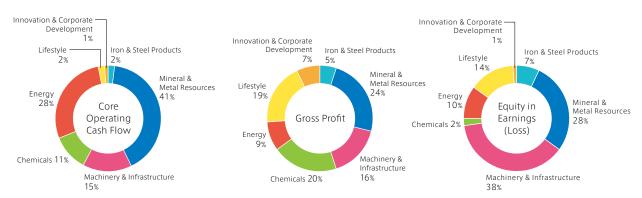
■ Cash Dividends → Dividend Payout Ratio (right scale)

# Results by Operating Segment (Year Ended March 31, 2017, IFRS)

(Figures reflect segment changes and internal changes.)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	
¥ billion					
Business Unit	Iron & Steel Products Business Unit	Mineral & Metal Resources Business Unit	Infrastructure Projects Business Unit Integrated Transportation Systems Business Unit I Integrated Transportation Systems Business Unit II	Basic Materials Business Unit Performance Materials Business Unit Nutrition & Agriculture Business Unit	
Care Organia - Carlo Flanco	0.6	202.2	74.5	52.0	
Core Operating Cash Flow	8.6	202.2 -73.2	-70.3	53.8 -1.3	
Net Investment Cash Flow Investment Cash Flow	-40.7 12.3	22.0	-70.3 65.4	30.1	
(IN) Investment Cash Flow (OUT)	-53.0	-95.2	-135.7	-31.4	
Free Cash Flow*1	-32.1	129.0	4.2	52.5	
Gross Profit	38.3	181.7	122.3	149.0	
Equity in Earnings (Loss)	11.1	48.6	64.3	3.9	
Dividend Income	2.8	2.0	3.0	1.9	
Selling, General and Administrative Expenses	-36.6	-36.9	-123.8	-96.9	
Other	-4.8	-51.1	1.0	-25.2	
Profit for the Year Attributable to Owners of the Parent	10.8	144.3	66.8	32.7	
Assets	612.6	1,962.2	2,238.1	1,175.2	
Non-current Assets	310.5	1,467.3	1,565.1	474.5	
Property, Plant and Equipment	9.5	410.5	201.0	203.3	
Investments Accounted for Using the Equity Method	208.8	711.1	893.2	113.2	
Other Investments	86.3	138.5	111.0	82.1	
Other Non-current Assets*2	5.9	207.2	359.9	75.9	
Number of Employees (Non-consolidated)*3	321	245	791	598	
Number of Employees (Consolidated)* <sup>3</sup>	1,374	440	15,497	2,658	

#### Composition by Operating Segment

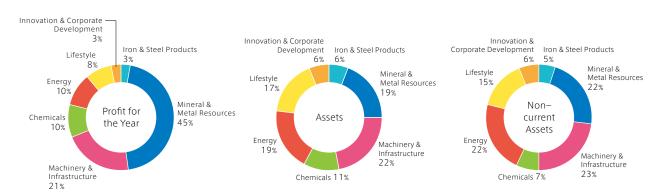


Energy	Lifestyle	Innovation & Corporate Development	Others / Adjustments and Eliminations	
the second	ROSTIAL	Q	Eliminations	Company Total
Energy Business Unit I Energy Business Unit II	Food Business Unit Food & Retail Management Business Unit Healthcare & Service Business Unit Consumer Business Unit	IT & Communication Business Unit Corporate Development Business Unit		
12.12			7.4	40.4.0
134.2	8.3	6.1 -39.1	7.1	494.8 -344.4
-38.3	-57.8		-23.7	
55.1	68.0	29.0	11.6	293.5
-93.4	-125.8	-68.1	-35.3	-637.9
95.9	-49.5	-33.0	-16.6	150.4
68.6	144.7	49.7	-35.0	719.3
17.1	24.1	2.0	-0.5	170.6
32.6	4.3	4.1	1.2	51.9
-47.8	-148.1	-54.9	6.0	-539.0
-38.8	0.3	10.1	11.8	-96.7
31.7	25.3	11.0	-16.5	306.1
1,905.3	1,723.4	611.4	1,272.8	11,501.0
1,516.0	993.4	405.4	294.1	7,026.3
690.6	169.5	37.9	101.2	1,823.5
254.6	399.4	163.6	-2.2	2,741.7
406.7	252.2	186.7	73.7	1,337.2
164.1	172.3	17.2	121.4	1,123.9
ı	ı			
378	824	398	2,416 (607)	5,971
724	10,446	3,398	7,759 (4,692)	42,316

<sup>\*1.</sup> Free cash flow is calculated from core operating cash flow and differs from free cash flow calculated using conventional accounting methods.
\*2. "Other" under "non-current assets" includes non-current receivables, investment property, intangible assets, and deferred tax assets.

\*3. Figures in parentheses represent the total number of employees in the Americas Business Unit, the EMEA Business Unit, and the Asia Pacific

Business Unit.



# Iron & Steel Products Segment

■ Iron & Steel Products Business Unit



Iron & steel products business / Production line for hot rolled structural steel at Siam Yamato Steel Co., Ltd. (Thailand)

#### **Business Details**

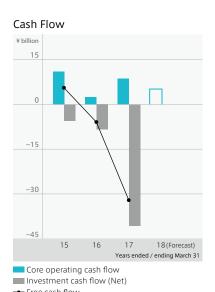
To meet the needs of various industries, the Iron & Steel Products Segment procures, supplies, and sells all types of iron and steel products. The segment also invests in processing and functional logistics businesses.



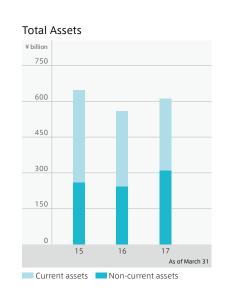
Executive Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit Noboru Katsu

#### Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership	Annual I	Earnings (¥	billion)
Company Name	pusillesses	Interest (%)	15/3	16/3	17/3
Mitsui & Co. Steel Ltd.	Sales, export, import of steel products	100.0	4.9	3.7	3.7
(Consolidated) Gestamp companies	Manufacture of automotive components	Var.	2.1	1.4	0.6
GRI Renewable Industries, S.L.	Manufacture of wind turbine towers and flanges	25.0	-	0.5	0.8
Game Changer Holdings Inc.	Investment in steel processing company	100.0	2.6	2.4	3.6
Champions Cinco Pipe & Supply LLC	Sales of oil and gas well tubular products	100.0	-0.2	-6.3	-5.2



# Profit for the year \* # billion 12 9 6 3 0 15 16 17 18 (Forecast) Years ended / ending March 31 \* Profit for the year attributable to owners of the parent



# Mineral & Metal Resources Segment

■ Mineral & Metal Resources Business Unit



Mineral & metal resources business / West Angelas iron ore mine (Australia)

#### **Business Details**

Through business investment, development, and trading related to such areas as iron and steel raw materials and nonferrous metals, the Mineral & Metal Resources Segment secures and realizes a stable supply of resources and raw materials that are essential for industrial society. At the same time, the segment makes efforts in resource recycling to provide industrial solutions to environmental issues.



Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit Shinichiro Omachi

#### Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership	Annual	Earnings (¥	billion)
Company Name	busiliesses	Interest (%)	15/3	16/3	17/3
(Consolidated) Iron ore mining operations in Australia	Mining and sales of Australian iron ore	Var.	118.7	74.7	102.9
Valepar S.A.	Investment in the Brazil-based resource company Vale S.A.	15.0	-25.3	-52.5	19.0
(Consolidated) Coal operations in Australia	Mining and sale of coal in Australia	Var.	-0.6	-26.4	34.3
Japan Collahuasi Resources B.V.	Investment in the Collahuasi copper mine in Chile	61.9	4.2	1.4	3.3
Oriente Copper Netherlands B.V.	Investment in the Chile-based copper company Inversiones Mineras Acrux SpA	100.0	-17.8	-99.7	-8.6
Mitsui Bussan Copper Investment & Co., Ltd.	Investment in the Caserones copper mine in Chile	100.0	-12.6	-52.1	-8.9

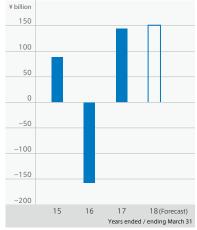
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### Core operating cash flow Investment cash flow (Net)

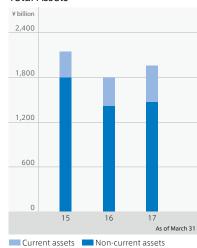
→ Free cash flow

Cash Flow

#### Profit for the year \*



\* Profit for the year attributable to owners of



# Machinery & Infrastructure Segment

- Infrastructure Projects Business Unit
- Integrated Transportation Systems Business Unit I\*
- Integrated Transportation Systems Business Unit II\*
- \*The Integrated Transportation Systems Business Unit within this segment was reorganized and split into two new business units on April 1, 2017.



Power generation business / Bii Stinu wind project (Mexico)

#### **Business Details**

Through the stable, long-term provision of social infrastructure that is crucial to the lifestyles of people, including power generation, the supply of electricity, gas, and water, and the establishment of railway and logistics infrastructure, the Machinery & Infrastructure Segment contributes to nation building and the creation of even more comfortable living. The segment engages in sales, finance, leasing, transportation, logistics, and business investment in a wide range of fields, such as large-scale plant and offshore energy development, shipping, aviation, rail, automobiles, mining, construction, and industrial machinery.



Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit

Yoshio Kometani



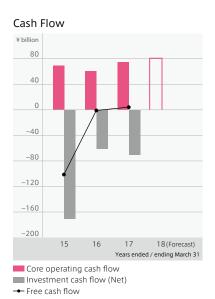
Managing Officer, Chief Operating Officer of Integrated Transportation Systems Business Unit I Shingo Sato



Managing Officer, Chief Operating Officer of Integrated Transportation Systems Business Unit II Takeshi Setozaki

#### Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership	Annual	Earnings (¥	billion)
Company Name	busillesses	Interest (%)	15/3	16/3	17/3
(Consolidated) IPP businesses	Investment in power generation businesses	Var.	12.1	-41.5	8.6
(Consolidated) FPSO/FSO leasing businesses	FPSO / FSO leasing	Var.	1.8	7.6	7.8
(Consolidated) Gas related businesses	Gas distribution businesses in Brazil and Mexico	Var.	5.5	3.0	8.9
Penske Automotive Group, Inc.	Automotive retailer	18.1	5.4	6.7	6.3
(Consolidated) Rolling stock leasing businesses	Freight car and locomotive leasing	Var.	6.2	4.7	3.6
VLI S.A.	Integrated Freight Transportation	20.0	3.0	3.1	2.2



# 70 60 50 40 30 20

Profit for the year \*

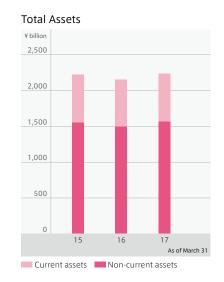
¥ billion

Ω

\* Profit for the year attributable to owners of the parent

18 (Forecast)

Years ended / ending March 31



# **Chemicals Segment**

- Basic Materials Business Unit
- Performance Materials Business Unit
- Nutrition & Agriculture Business Unit



Chemical trading / Mitsui's ethylene carrier The Global Phenix



Managing Officer, Chief Operating Officer of Basic Materials Business Unit

Katsurao Yoshimori



Managing Officer, Chief Operating Officer of Performance Materials Business Unit



Executive Managing Officer, Chief Operating Officer of Nutrition & Agriculture Business Unit

Takeo Kato Kenichi Hori

#### **Business Details**

The Chemicals Segment pursues business development in a wide range of domains, from upstream and midstream domains such as basic chemical products and fertilizer and inorganic raw materials, to downstream domains such as functional materials, electronic materials, specialty chemicals, fertilizer products, agrochemicals, feed additives, and flavorings, while maintaining a focus on diverse market needs. The segment also is engaged in the tank terminal business and makes efforts in new domains such as carbon fiber and food science. In these ways, the segment promotes business development through a broad range of transactions and investment that contributes to various industries.

#### Major Subsidiaries & Associated Companies

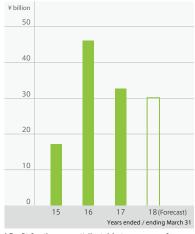
Company Name	Businesses	Ownership	Annual	Earnings (¥	billion)
Company Name	busillesses	Interest (%)	15/3	16/3	17/3
Novus International, Inc.	Manufacture and sales of feed additives	80.0	7.9	20.9	8.7
Intercontinental Terminals Company LLC	Chemical tank leasing	100.0	4.8	5.5	4.8
MMTX Inc.	Investment in methanol producing business in the U.S. and sale of products	100.0	_	-2.8	1.7
MITSUI & CO. PLASTICS LTD.	Sales of plastics and chemicals	100.0	3.0	2.8	3.2
(Consolidated) Mitsui AgriScience International	Investments in crop protection businesses in Europe and the Americas	Var.	1.4	1.5	1.6

# ¥ billion 70 35 0 −35 15 16 17 18 (Forecast) Years ended / ending March 31

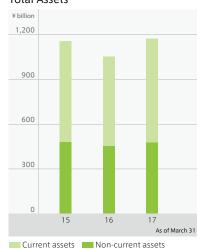
Core operating cash flow
Investment cash flow (Net)

Cash Flow

#### Profit for the year \*



\* Profit for the year attributable to owners of



# **Energy Segment**

- Energy Business Unit I
- Energy Business Unit II



LNG business / Sakhalin II LNG project (Russia)

#### **Business Details**

Through business and logistics investment in oil, natural gas and LNG, coal, nuclear fuel, and other areas, the Energy Segment aims to secure and establish a stable supply structure for the energy resources needed by industrial society. In addition, the segment pursues initiatives in such areas as new and renewable energy in an effort to realize a low-carbon society.



Executive Managing Officer, Chief Operating Officer of Energy Business Unit I Hiroyuki Tsurugi

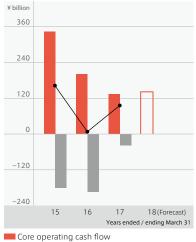


Executive Managing Officer, Chief Operating Officer of Energy Business Unit II Hirotatsu Fujiwara

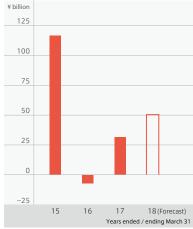
#### Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership	Annual	Earnings (¥	billion)
Company Name	Dusillesses	Interest (%)	15/3	16/3	17/3
Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	74.3	37.0	9.9	6.7
Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas in Middle East	89.7	24.1	-15.4	2.5
Mitsui E&P Australia Pty Limited	Exploration, development and production of oil and natural gas in Oceania	100.0	1.2	-5.6	1.7
Mitsui & Co. Energy Trading Singapore Pte. Ltd.	International trading of petroleum products and crude oil	100.0	-2.2	3.6	1.2
Mitsui E&P Mozambique Area 1 Limited	Development of LNG project in Mozambique	50.3	-11.7	-6.6	-3.1

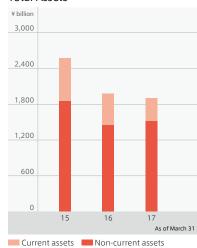
## Cash Flow



#### Profit for the year \*



\* Profit for the year attributable to owners of



# Lifestyle Segment

- Food Business Unit
- Food & Retail Management Business Unit
- Healthcare & Service Business Unit
- Consumer Business Unit



Hospital and healthcarerelated businesses / Columbia Asia Group (Malaysia)

#### **Business Details**

By responding to changes in consumption structure and lifestyles and meeting various day-to-day needs in fields such as food ingredients and products, retail services, healthcare, outsourcing, fashion, textiles, paper resources, and real estate, the Lifestyle Segment provides high-value-added products and services and pursues business development and investment.



Managing Officer, Chief Operating Officer of Food Business Unit

Miki Yoshikawa

Managing Officer,

Chief Operating Officer of Food & Retail Management

Yoshiki Hirabayashi

18 (Forecast) Years ended / ending March 31







Reiji Fujita

#### Major Subsidiaries & Associated Companies

Company Name	Businesses	Ownership	vnership   Annual Earnings (¥ bill		
Company Name	Busiliesses	Interest (%)	15/3	16/3	17/3
Multigrain Trading AG	Origination and merchandising of agricultural products	100.0	-8.5	-30.2	-1.2
Mitsui Sugar Co., Ltd.	Manufacture of refined sugar	32.2	1.6	2.0	5.1
WILSEY FOODS, INC.	Investments in edible oil products company	90.0	3.2	5.1	3.5
MBK Healthcare Partners Limited	Investment in overseas healthcare related business	100.0	4.1	4.1	17.3
AIM SERVICES CO., LTD.	Contract food services	50.0	1.3	1.6	1.9
Mitsui & Co. Real Estate Ltd.	Real estate sales, leasing, management and consulting	100.0	0.0	8.5	2.4

# 70 35 -35

Core operating cash flow Investment cash flow (Net)

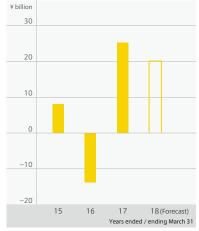
→ Free cash flow

-70

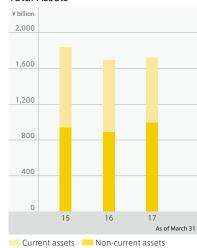
Cash Flow

¥ billion

#### Profit for the year \*



\* Profit for the year attributable to owners of the parent



# Innovation & Corporate Development Segment

- IT & Communication Business Unit
- Corporate Development Business Unit



TV shopping business / QVC JAPAN INC. (Japan)

**Business Details** 

Through ICT, finance, and logistics businesses, the Innovation & Corporate Development Segment engages in a wide variety of initiatives geared toward the creation of businesses for the next generation and the expansion of business domains. At the same time, the segment promotes efforts to strengthen and expand Mitsui's groupwide earnings base by exploring strategic projects that lead to the evolution of the Company's business structure, cultivating new business domains, and providing specialized functions on a groupwide basis.



Managing Officer, Chief Operating Officer of IT & Communication Business Unit Masaki Saito



Executive Managing Officer, Chief Operating Officer of Corporate Development Business Unit Yasuyuki Fujitani

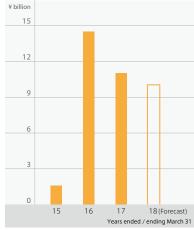
#### Major Subsidiaries & Associated Companies

	•				
Company Name	Businesses	Ownership	Annual Earning (¥billion)		
	Dusiliesses	Interest (%)	15/3	16/3	17/3
Asia Pacific Mobile Pte. Ltd.	Investment in high-speed mobile service business in Indonesia	100.0	0.3	-2.2	-2.6
QVC JAPAN INC.	TV shopping using a 24-hour dedicated channel	40.0	4.1	4.2	4.4
MITSUI KNOWLEDGE INDUSTRY	Planning, development and sales of information and communication	100.0	0.3	0.6	1.3
CO., LTD.	systems				
JA Mitsui Leasing, Ltd.	Leasing and financing business	31.4	4.6	4.1	3.3
Mitsui & Co. Global Logistics, Ltd.*	Domestic warehousing transportation and customs clearance, and real estate leasing, globally integrated transportation services	100.0	0.9	1.4	1.9
Mitsui & Co. Asset Management Holdings LTD.	Real estate asset management	100.0	_	0.0	1.7

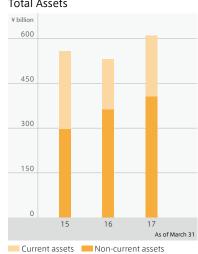
<sup>\*</sup> On April 1, 2017, Mitsui & Co. merged its logistics service subsidiaries Trinet Logistics Co., Ltd (TNL) and Tri-net (Japan) INC. (TNJ).

#### Cash Flow ¥ billion 10 -10 -20 -30 -40 -50 18 (Forecast) Years ended / ending March 31 Core operating cash flow

#### Profit for the year \*



\* Profit for the year attributable to owners of



# Organization Chart As of April 1, 2017

General Meeting of S	hareholders	
	Audit & Supervisory Board Member	s Audit & Supervisory Board
Board of Dire	ctors	Audit & Supervisory Board Member Div.
resident and Chief Exe	cutive Officer	Corporate Management Committee
	Internal Auditing Div.	
		Headquarter Business Units
	Secretariat	Iron & Steel Products Business Unit
	Human Resources & General Affairs Div.	Mineral & Metal Resources Business Unit
	Legal Div.	Infrastructure Projects Business Unit
	Trade & Logistics Control Div.	Integrated Transportation Systems Business Unit
	Corporate Logistics Development Div.	Integrated Transportation Systems Business Unit
	New Head Office Building Development Dept.	Basic Materials Business Unit
	Corporate Planning & Strategy Div.	Performance Materials Business Unit
	Mitsui Global Strategic Studies Institute	Nutrition & Agriculture Business Unit
	Investment Administrative Div.	Energy Business Unit I
	Information Technology Promotion Div.	Energy Business Unit II
	Regional Business Promotion Div.	Food Business Unit
	Corporate Communications Div.	Food & Retail Management Business Unit
	Environmental • Social Contribution Div.	Healthcare & Service Business Unit
	CFO Planning & Administrative Div.	Consumer Business Unit
	Global Controller Div.	IT & Communication Business Unit
	Finance Div.	Corporate Development Business Unit
	Risk Management Div.	
L	Investor Relations Div.	
	Business Supporting Unit	Regional Business Units
	Planning & Administrative Div. (Metals)	Americas Business Unit
	Planning & Administrative Div. (Machinery & Infrastructure)	EMEA Business Unit
	Planning & Administrative Div. (Chemicals)	Asia Pacific Business Unit
	Planning & Administrative Div. (Energy)	
	Planning & Administrative Div. (Foods & Services)	
	Planning & Administrative Div. (Consumer & Healthcare)	
	Planning & Administrative Div. (Innovation & Corporate Development)	
	Financial Management & Advisory Div. I	
	Financial Management & Advisory Div. II	
	Financial Management & Advisory Div. III	
	Financial Management & Advisory Div. IV	
	Total Number of Offices in Japan: 12  • Head Office : 1  • Offices : 6  • Branches : 5	Total Number of Overseas Offices: 127 Overseas Trading Subsidiaries

#### Corporate Information

As of March 31, 2017

Trade Name

MITSUI & CO., LTD.

Date of Establishment

July 25, 1947

Common Stock

¥341,481,648,946

**Number of Employees** 

Consolidated: 42,316 Mitsui: 5,971

Number of Affiliated Companies for Consolidation

Subsidiaries: 268 Associated companies: 201

#### Investor Information

As of April 1, 2017

Securities Identification Code

8031

Stock Exchange Listings

Tokyo, Nagoya, Sapporo, Fukuoka

Fiscal Year

From April 1 to March 31

General Shareholders' Meeting

June

Administrator of the Register of Shareholders

Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Contact Information for Above

Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

American Depository Receipts

Ratio: 1ADR = 20 common shares Exchange: OTC (Over-the-Counter)

Symbol: MITSY CUSIP Number: 606827202

Depository and Registrar

Citibank, N.A. Shareholder Services P.O. Box 43077, Providence, Rhode Island 02940-3077, U.S.A.

Tel: 1-877-248-4237 (Toll free in the U.S.)

1-781-575-4555 (Overseas Dial-In) E-mail: citibank@shareholders-online.com

URL: www.citi.com/adr

As of March 31, 2017

**Unit Share** 

100 shares

Number of Shareholders

329,308 shareholders

Number of Shares Issued

1,796,514,127 shares (including 32,456,869 treasury shares)

Number of Shares Authorized

2,500,000,000 shares

#### Major Shareholders

The Master Trust Bank of Japan, Ltd. (trust account)

Japan Trustee Services Bank, Ltd. (trust account)

Nippon Life Insurance Company

Japan Trustee Services Bank, Ltd. (trust account 9)

Japan Trustee Services Bank, Ltd. (trust account 5)

Sumitomo Mitsui Banking Corporation

Japan Trustee Services Bank, Ltd. (trust account 7)

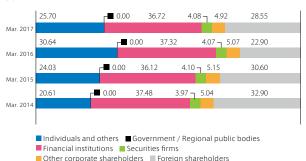
Japan Trustee Services Bank, Ltd. (trust account 1)

Japan Trustee Services Bank, Ltd. (trust account 2)

STATE STREET BANK WEST CLIENT – TREATY 505234

#### Composition of Shareholders

(%)



Note: The figures in the above graph reflect all shareholders and shares held but exclude shareholders who own less than one trading unit.

#### Detailed Reports Issued by Mitsui

Financial Information

#### **Annual Securities Report**

The *Annual Securities Report* is prepared pursuant to Article 24, Section 1 of the Financial Instruments and Exchange Act and is required to be submitted to the Kanto Finance Bureau. Please refer to this report for more detailed financial information. It is issued in late June of each year.



#### Download from

http://www.mitsui.com/jp/en/ir/library/securities/

CSR-related Information

#### Sustainability Report

"Sustainability" in our *Annual Report 2017* outlines the Company's business activities based on the ESG information directed toward the Company's sustainability. The *Sustainability Report* provides a comprehensive update on our latest activities centered on materiality. *Sustainability Report 2017* is issued in September 2017.

#### CSR reporting was completed with reference to the following guidelines:

- ► GRI (Global Reporting Initiative), Sustainability Reporting Guidelines 4.0
- ▶ Ministry of the Environment, Japan, Environmental Accounting Guidelines 2005
- ► ISO 26000 (Guidance on social responsibility)

#### Mitsui & Co., Ltd.

1-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan (registered head office location) Nippon Life Marunouchi Garden Tower

JA Building, 3-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan

Tel: 81 (3) 3285-1111 Facsimile: 81 (3) 3285-9819

URL: http://www.mitsui.com/jp/en/



















Eruboshi (L Star) Promotion of Women's Career Activities Leadership Level A-(Climate Change)





MITSUI & CO., LTD.