



CHAPTER 1

$$1 \times 1 \times 1 = 10,000$$

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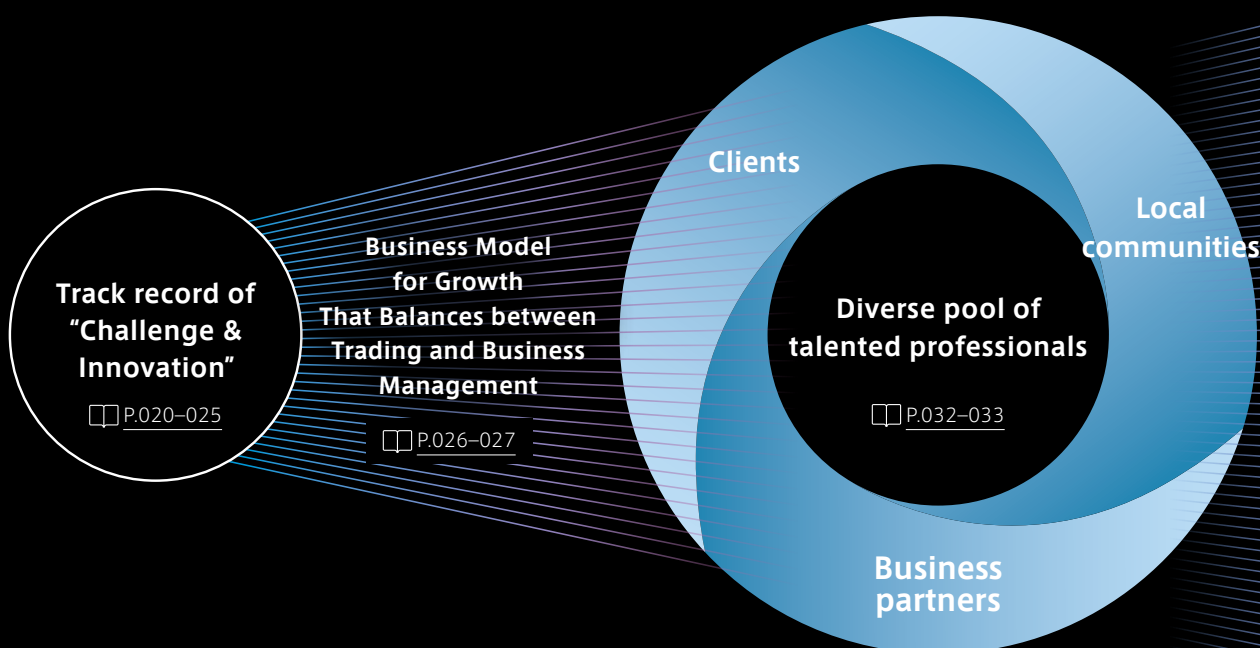
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Our Corporate Value Creation Process

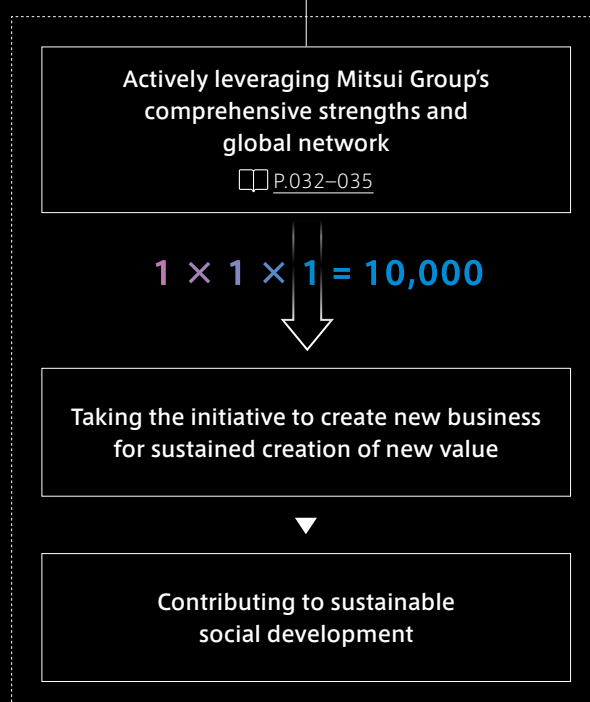
Foundation for
value creation

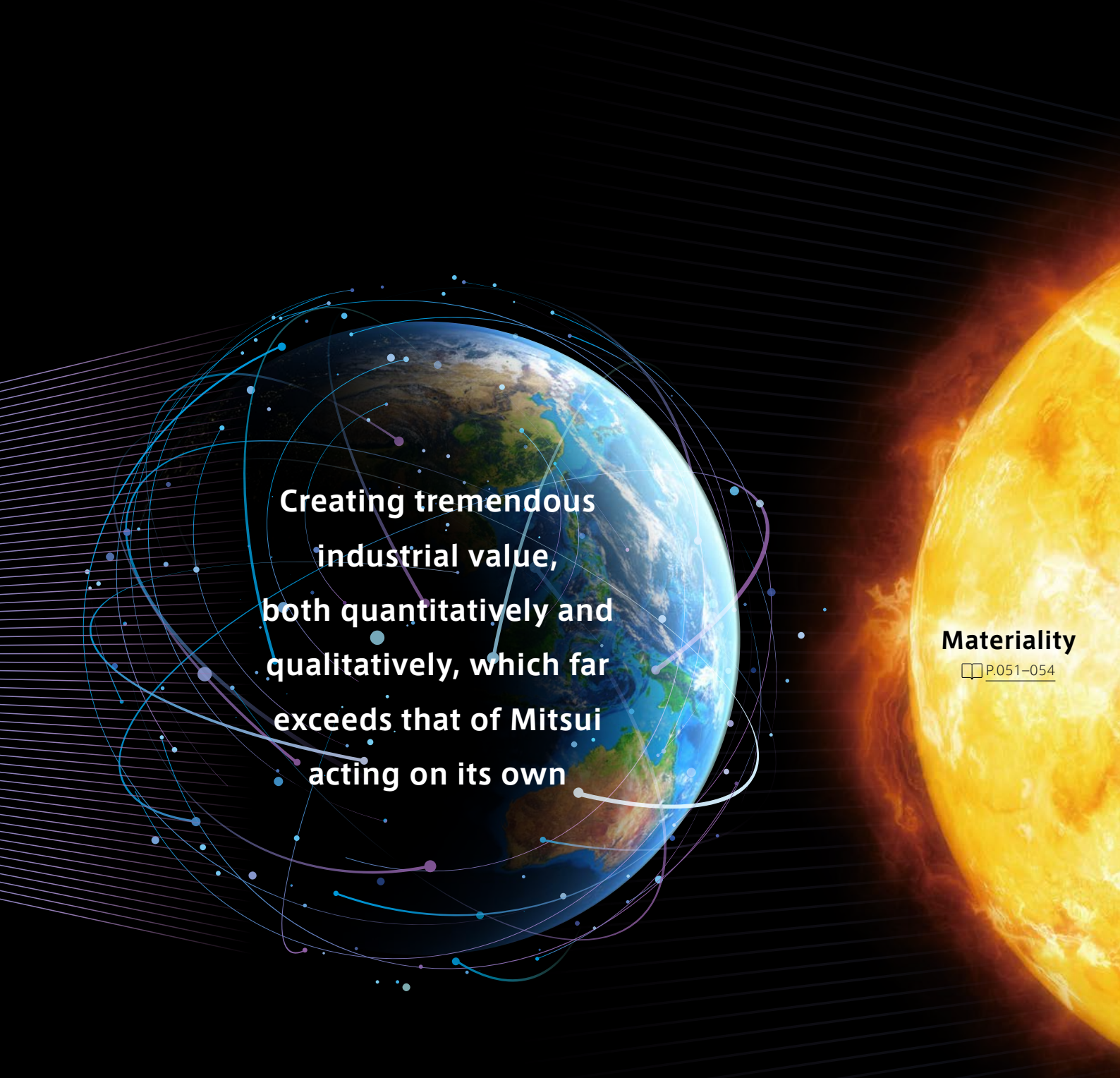
Creating collective impact



Our Corporate Value Creation Process Focusing on Comprehensive Strengths and Co-Creation

By repeating the process of "Challenge & Innovation," Mitsui's businesses have continued to evolve while meeting the changing needs of the times. Throughout this process, we have established a strong track record underpinned by our long history and vast experience. In turn, this track record has enabled us to accumulate the various capitals that we possess today. Our diverse pool of professional talent utilizes these long-cultivated capitals to address our Materiality. In addition, while actively leveraging the Group's comprehensive strengths, our human resources are drawing on and combining their own strengths together with the strengths of our various stakeholders, including our clients, partners, and local communities, and taking the initiative to create new business. In these ways, we are creating tremendous industrial value, both quantitatively and qualitatively, which far exceeds that of Mitsui acting on its own. Through creating such value, we aspire for not only sustainable corporate value growth but also sustainable environmental and social development.





**Creating tremendous
industrial value,
both quantitatively and
qualitatively, which far
exceeds that of Mitsui
acting on its own**

Materiality

□ P.051–054

Our corporate value creation process from a strategic perspective

Vision

Long-Term
Management
Vision toward
2030

Strategies for corporate value creation

Long-term □ P.036–049

- Positioning strategy
- Portfolio management / Financial strategy
- Risk management
- Human resources strategy
- Conduct guidelines

Indicators to measure progress of strategies

Medium-term

Medium-Term
Management Plan
□ P.064–069

Outcome □ P.058–059

- Maintain robust, sustainable earnings growth
- Boost asset and capital efficiency
- Continually increase shareholder value
- Create social and environmental value
- Improve human resource capabilities

“Let not short term gains tempt your mind,
seek only enduring prosperity
by embracing grand aspirations.”

Takashi Masuda

The first president of the former Mitsui & Co.*

“A Mitsui & Co. person will always
allow his or her daring to be guided
by a keen sense of mission.”

Tatsuzou Mizukami

The former Chairman of the Board of Directors of Mitsui & Co.

“Individual builds the business,
and the business cultivates the individual.”

Eiichi Hashimoto

The former Chairman of the Board of Directors of Mitsui & Co.



* From a legal perspective, there is no continuity between the former Mitsui & Co. and the present Mitsui & Co., and they are totally separate corporate entities.



Inheriting the will of
our predecessors,
we will continue to
take on the challenge
of value creation.

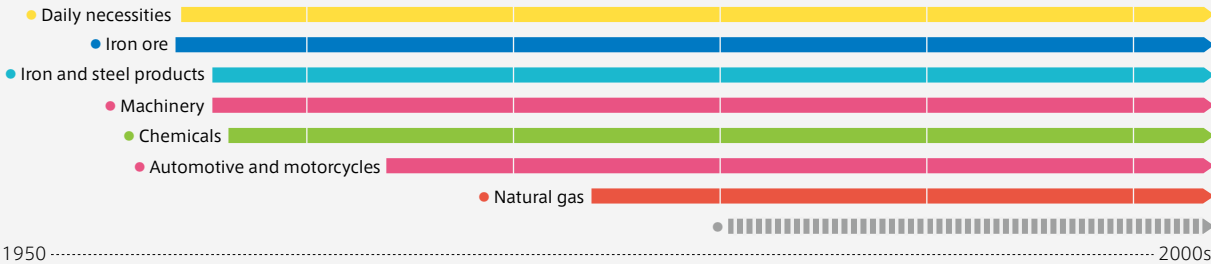


Mitsui's Strength 2: Robust Business Foundation Cultivated by Repeating "Challenge & Innovation"

1950	1960	1970	1980	1990
<h3>Contributed to the recovery of the postwar Japanese economy</h3> <ul style="list-style-type: none">■ Daiichi Bussan imported daily necessities into postwar Japan and promoted exports as postwar controls were lifted.• In 1947, Daiichi Bussan Kaisha, Ltd. established ①• In 1959, Daiichi Bussan Kaisha, Ltd. integrated with other trading companies (Mitsui & Co.'s great amalgamation) and changed its name to Mitsui & Co., Ltd. <div></div> <p>① Daiichi Bussan Kaisha, Ltd. (Tokyo)</p> <div></div> <p>② Sakhalin II projects (Russia) © Sakhalin Energy</p>	<h3>As the driving force of high economic growth</h3> <ul style="list-style-type: none">■ 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 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 <hr/> <ul style="list-style-type: none">■ 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. <hr/> <ul style="list-style-type: none">■ 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)	<h3>Challenges as the pioneer of the era responding to the rapid structural change of society</h3> <ul style="list-style-type: none">■ Further strengthened functions, including IT (information technology), FT (financial technology) and LT (logistics technology)• In 1989, Japan Communications Satellite, in which the Company invested, successfully launched a communications satellite• Provided supply chain management for the Ito-Yokado Group (currently Seven & i Holdings Co., Ltd.) <hr/> <ul style="list-style-type: none">■ 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 <hr/> <ul style="list-style-type: none">■ 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		

The Diverse Range of Products That General Trading Companies Handle—Born to be Diversified

As a general trading company, Mitsui's bread-and-butter business has always been trading. To leverage the superior trading functions that we possess to the full, Mitsui has naturally formed a business structure for handling an extensive lineup of products through a wide variety of outlets. Our traditional core competencies have been trading activities that link product demand with product supply and the extensive network of clients we have acquired through these trading activities. Additionally, these competencies have included the judgment capabilities, keen awareness, and appropriate conduct of our employees, who have helped us maintain and expand our network.



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
 - 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 Kaikias oil and gas development project in the Gulf of Mexico
 - In 2018, acquired AWE Limited, an oil and gas company in Australia
 - In 2018, decided to develop South Flank iron ore mine in Australia as well as new iron ore deposits through Robe River J/V
 - In 2019, made final investment decision for the Mozambique LNG project …… ③
 - In 2019, participated in Arctic LNG 2 project in Russia



③Mozambique LNG plant, artist's rendering

■ Response to new needs for enhancing industry and enriching lifestyles

- In 2001, launched 24-hour shopping channel in Japan with QVC, Inc.
- In 2001, invested in a major U.S. automotive dealer Penske Automotive Group, Inc.
- 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 SB (currently IHH Healthcare Bhd.) …… ④
- In 2015, invested in a major U.S. truck leasing company Penske Truck Leasing Co., L.P.
- 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 Group
- In 2016, invested in the Spain-based Gestamp Automoción, S.A., the world's largest automotive press components manufacturer
- In 2016, invested in Panasonic Healthcare Holdings Co., Ltd. (currently PHC Holdings Corporation), a medical equipment manufacturer
- In 2017, invested in CIM Group LLC, a major real estate asset management company in the U.S.
- In 2019, acquired additional shares of IHH Healthcare Berhad, Asia's largest private hospital group, thereby becoming IHH's largest shareholder



④Mount Elizabeth Novena Hospital, an IHH hospital (Singapore)

■ 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 2017, invested in Moatize Coal Mine and the Nacala rail and port infrastructure project in Mozambique …… ⑤



⑤Moatize Coal Mine and the Nacala rail and port infrastructure project

Mineral & Metal Resources

- 1963:** Participated in the development of the Moura coal mine in Australia (currently the Dawson coal mine)
- 1965:** Participated in the Robe River iron ore mine in Australia
- 1966:** Concluded long-term purchase agreement of iron ore from Mount Newman in Australia
- 1967:** Established an iron ore joint venture business with BHP in Australia
- 1970:** Established Mitsui Iron Ore Development (MIOD) in Australia (Robe River iron ore joint venture)
- 1996:** Participated in Collahuasi copper mine in Chile
- 2002:** Participated in Coral Bay nickel mine in the Philippines
- 2003:** Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company
- 2007:** Acquired interest in Sims Metal Management Limited, a metal and electronics recycler in Australia
- 2010:** Participated in Caserones copper mine and molybdenum mineral deposit development project in Chile

Participated in Taganito nickel mine in the Philippines
- 2012:** Sealed a strategic alliance with Corporación Nacional del Cobre de Chile and invested in joint venture to jointly hold shares of Anglo American Sur S.A.
- 2013:** Acquired interest in the Jimblebar iron ore mine in Western Australia
- 2015:** Completed second phase of expansion of Robe River J/V mine and port
- 2017:** Invested in Moatize Coal Mine and the Nacala rail and port infrastructure projects in Mozambique
- 2018:** Decided to develop South Flank iron ore mine in Australia as well as new iron ore deposits through Robe River J/V

Energy

- 1969:** Established Mitsui Oil Exploration Co., Ltd.
- 1971:** Signed a basic contract for the development of an LNG facility on Das Island in Abu Dhabi
- 1985:** Participated in Western Australia LNG project
- 1989:** Participated in Qatar LNG project
- 1994:** Signed development contracts for the Sakhalin II petroleum and natural gas projects
- 2008:** Acquired partial interest in Mozambique's Area 1 project
- 2010:** Acquired working interest in shale gas in the Marcellus area in the U.S.
- 2010:** Discovered world-class gas field in Mozambique's Area 1 project
- 2011:** Acquired working interest in shale oil in Eagle Ford area in the U.S.
- 2013:** Acquired interest in Tempa Rossa onshore oil field in Italy

Entered into natural gas liquefaction tolling agreement and joint venture agreement for the Cameron LNG project in the U.S.
- 2016:** Acquired working interest in Kipper gas and condensate field in Australia

Made final investment decision for Greater Enfield oil field development project in Australia

Acquired stakes in Kaikias oil and gas development project in the Gulf of Mexico
- 2018:** Acquired AWE Limited, an oil and gas company in Australia
- 2019:** Made final investment decision for the Mozambique LNG project

Participated in Arctic LNG 2 project in Russia

CORE

History of Pursuing Ch



Machinery & Infrastructure

1960s: Supported the overseas development and export sale of Japanese products such as steel products, machinery, and chemicals

1994: Established P.T. PAITON ENERGY, an electric power company in Indonesia

2004: Jointly acquired 13 power generating assets with International Power (currently ENGIE)

2005: Commenced charter for first FPSO

2006: Acquired gas distribution business in Brazil

Invested in Thai Tap Water Supply Public Company Limited, a water supply company in Thailand

2014: Invested in cogeneration power projects in Thailand

Signed time charter parties for LNG ships for the Cameron LNG project

Invested in VLI S.A., a Brazilian integrated logistics company, owned and operated by Vale S.A.

2015: Acquired shares in Petrobras Gás S.A. in Brazil, thereby expanding the gas distribution business in the country

2016: Invested in Ibri, Sohar-2 power project in Oman

2017: Sold interest in First Hydro, a pumped-storage power generation business in the U.K.



Chemicals

1960s: Supported the overseas development and export sale of Japanese products such as steel products, machinery, and chemicals

1972: Established Intercontinental Terminals Company LLC, a chemical tank terminal business in the U.S.

2004: Commenced commercial production of methanol at International Methanol Company in Saudi Arabia

2006: Invested in Onslow salt field in Western Australia

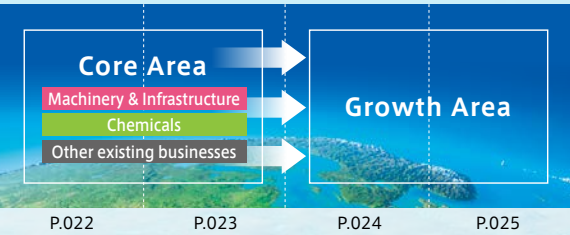
2008: Launched chemical tank terminal business at the Port of Antwerp in Europe

2015: Commenced commercial production of methanol at Fairway Methanol LLC in the U.S.

2016: Invested shares in Hexagon Composites ASA, a Norwegian CFRP pressure tank manufacturer

2018: Invested in coating manufacturing and sales business in Europe

Explanation of Tri-Fold Pages



The results by growth area listed on the right side of the tri-fold have been realized through development of existing businesses, including those in core areas, listed on the left side of the tri-fold. Please see our value creation in growth areas after first understanding the history of growth in our existing businesses. [P.037](#)

ARE A

Challenges in Core Areas



Mobility

1960s: Invested in overseas production and sales operations of Japanese automotive and motorcycle makers (Toyota Motor Group, Hino Motor Group, Yamaha Motor Co., Ltd.)

2001: Invested in major U.S. automotive dealer Penske Automotive Group, Inc.

2015: Invested in major U.S. truck leasing company Penske Truck Leasing Co., L.P.

2016: Invested in the Spain-based Gestamp Automoción, S.A., the world's largest automotive press components manufacturer

2017: Acquired additional equity interest in Penske Truck Leasing Co., L.P., which operates a truck leasing and rental business and logistics business in the U.S.

Invested in The Mobility House AG for commercialization of German-based energy management services with electric vehicles (EVs)

Formed strategic alliance with CaetanoBus, S.A., a Portuguese electric bus manufacturer

Invested in Forsee Power SAS, a French battery system manufacturer

2018: Commenced production at Gestamp's Matsusaka Plant



Healthcare

1976: Established AIM SERVICES CO., LTD. with major U.S. contract food service company ARA (currently Aramark Corporation)

2007: Formed capital and business alliance with Sogo Medical Co., Ltd.

2008: Created the Medical Healthcare Division

2010: Participated in a pharmaceutical development support business in Asia with Parkway Group Healthcare Pte. Ltd., a company under the IHH umbrella

2011: Invested in Asia's largest private hospital group Integrated Healthcare Holdings SB (currently IHH Healthcare Bhd.)

Acquired stake in Turkish healthcare group through Integrated Healthcare Holdings SB (currently IHH Healthcare Berhad)

2016: Created the Healthcare & Service Business Unit

Acquired equity stake in DaVita Care Pte. Ltd., a dialysis clinic operator in Asia

Invested in Asia's largest hospital for middle-income patients, Columbia Asia Group

Invested in Panasonic Healthcare Holdings Co., Ltd. (currently PHC Holdings Corporation), a medical equipment manufacturer

2019: Acquired additional shares of IHH Healthcare Berhad (IHH), Asia's largest private hospital group, thereby becoming IHH's largest shareholder

GROWTH

History of Pursuing Cha



Nutrition & Agriculture

1969: Established Nikken Kasei (currently B Food Science Co., Ltd.) as a subsidiary that engages in the manufacture and sale of sugar alcohol

1991: Acquired feed additive business (currently Novus International, Inc.) from Monsanto Company in the U.S.

2017: Acquired Latitude® wheat fungicide business from Monsanto Company in the U.S.

Invested in ETC Group Limited, which engages in businesses involving agricultural products, sales of agricultural supplies, as well as the manufacture and sale of food stuffs, and has locations mainly in East Africa and countries bordering the Indian Ocean

Completed tender offer for the common stock of Soda Aromatic Co., Ltd., which engages in the manufacture and sale of aromatic-related products

2018: Participated in Nueva Agroindustrias del Norte, S.A. de C.V. (Adelnor), a Mexican agricultural supply company

Decided to upgrade facilities of Kaset Phol Sugar Ltd., a Thailand-based sugar manufacturing company, in order to increase production capacity of high-quality sugar

Invested in Thorne Research, Inc., a developer, manufacturer, and supplier of high-quality supplements in the U.S.

2019: Invested in Ouro Fino Quimica Ltda., a Brazilian agrochemical company



Retail & Services

1980s: Provided supply chain management for the Ito-Yokado Group (currently Seven & i Holdings Co., Ltd.)

1989: Acquired WILSEY FOODS, INC., a U.S.-based producer of margarine, shortening, and oil

1996: Established Ventura Foods LLC together with Harvest States Cooperative, the largest agricultural cooperative in the U.S.

2001: Launched 24-hour shopping channel in Japan with QVC network

Founded Japan Alternative Investment Co., Ltd. (currently Mitsui & Co. Alternative Investments Limited)

2005: Listed first dedicated logistics J-REIT

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

2017: Invested in CIM Group, LLC, a U.S. real estate asset manager

2018: Strengthened senior living property business in the U.S.

2019: Acquired shares in Hans Kisse Company, LLC, a prepared foods manufacturer in the U.S.

H A R E A

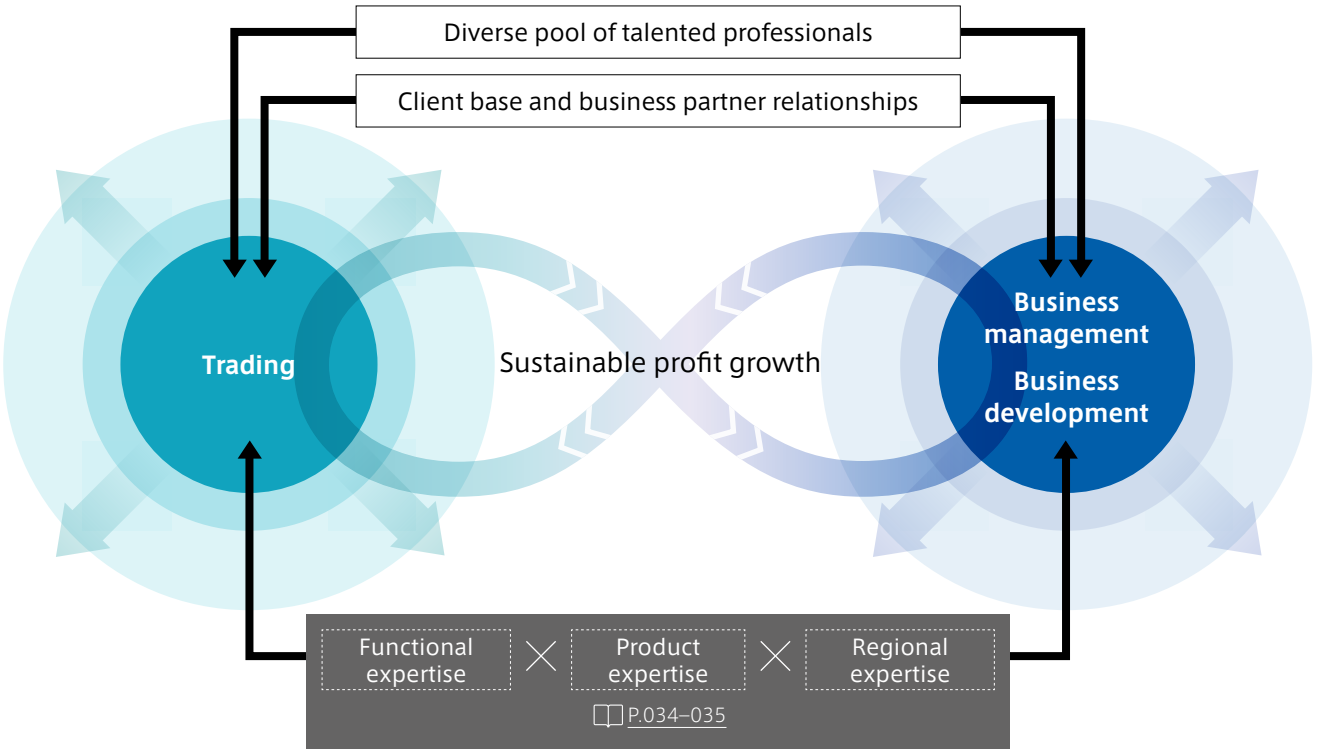
llenges in Growth Areas

Mitsui's Strength 3: Business Model for Growth That Balances between Trading and Business Management

Through our original business of trading, Mitsui has cultivated expansive networks comprising a wide range of clients and has leveraged these networks to carry out business investments. Mitsui gets involved in management of the projects in which we have invested in an effort to enhance their value. In turn, these projects help Mitsui further promote our trading business and expand our networks. Through the repetition of this cycle, Mitsui has developed our current business structure.

Our diverse pool of talented professionals work to combine the sophisticated product expertise that each business unit possesses with our regional expertise, which is supported by local employees who are active in regions around the world, and various functional expertise as a general trading company. In this way, these professionals are leveraging our long-cultivated client base and networks to create new business models and pursue new projects.

Unwavering Value Creation and Profit Growth



Overview The Functions We Provide

Functional expertise

Product expertise

Regional expertise

P.096

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(1) Marketing

(2) Logistics

(3) Finance

(4) Risk management

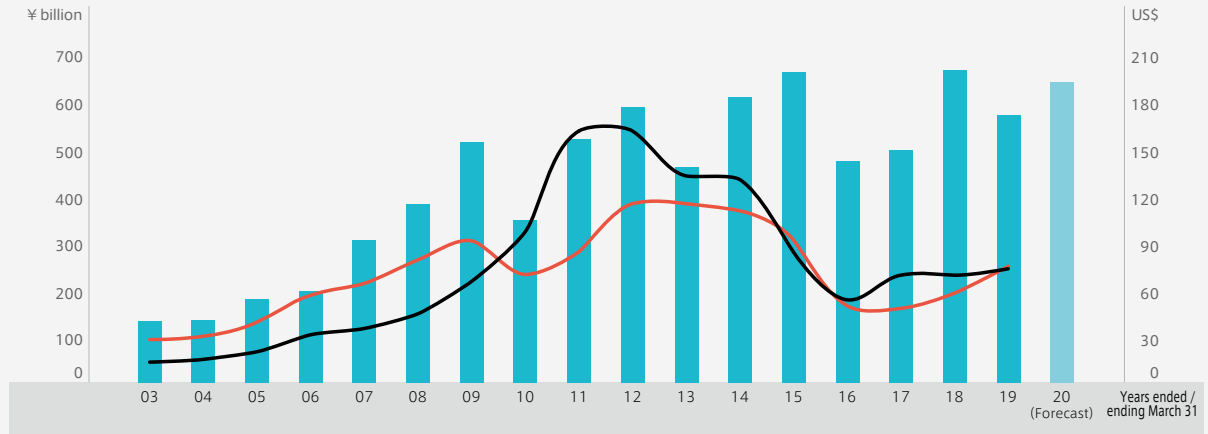
(5) Digital transformation

We provide the following functions to our clients, business partners, and investees in every country and region.

- (1) Create new markets by drawing on sales capabilities developed in extensive experience aligned with various business practices as well as our powerful information gathering and analysis expertise
- (2) Provide optimal logistics solutions in both transportation and cost efficiency
- (3) Offer and advise on various financial functions, from fund procurement and financial structuring to trade finance
- (4) Propose risk reduction and control by utilizing know-how accumulated over many years
- (5) Optimize business processes and revolutionize business models by utilizing AI and IoT

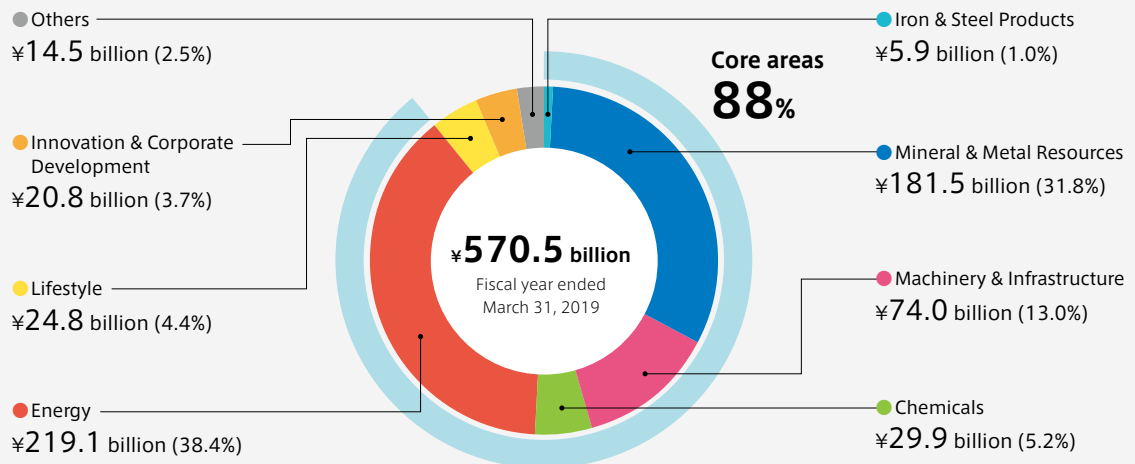
The World-Class Portfolio of Mitsui

Core Operating Cash Flow*

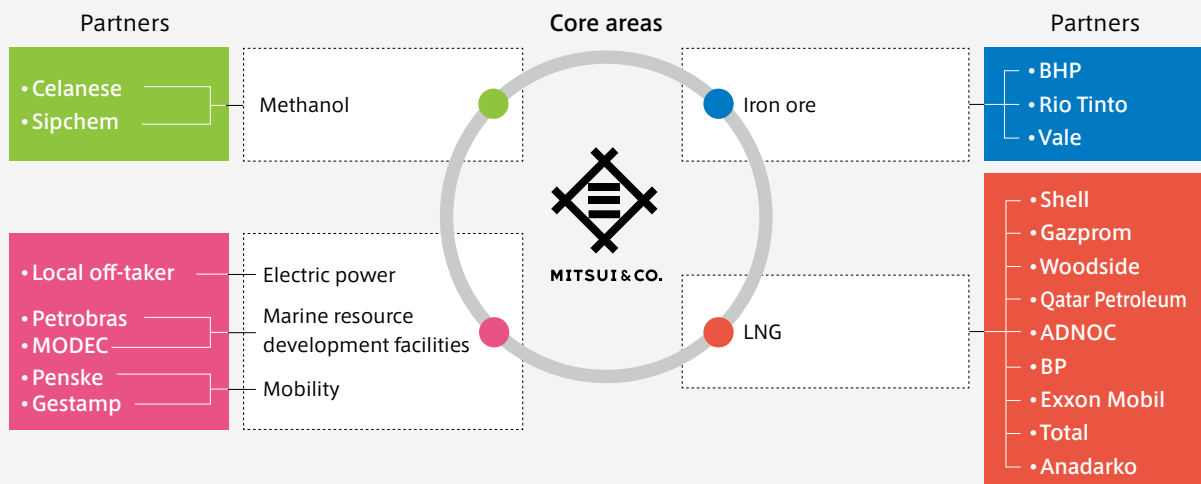


■ Core operating cash flow (left scale) — Iron ore (right scale) — Crude oil (JCC) (right scale)

* Cash flows from operating activities minus cash flows from changes in working capital



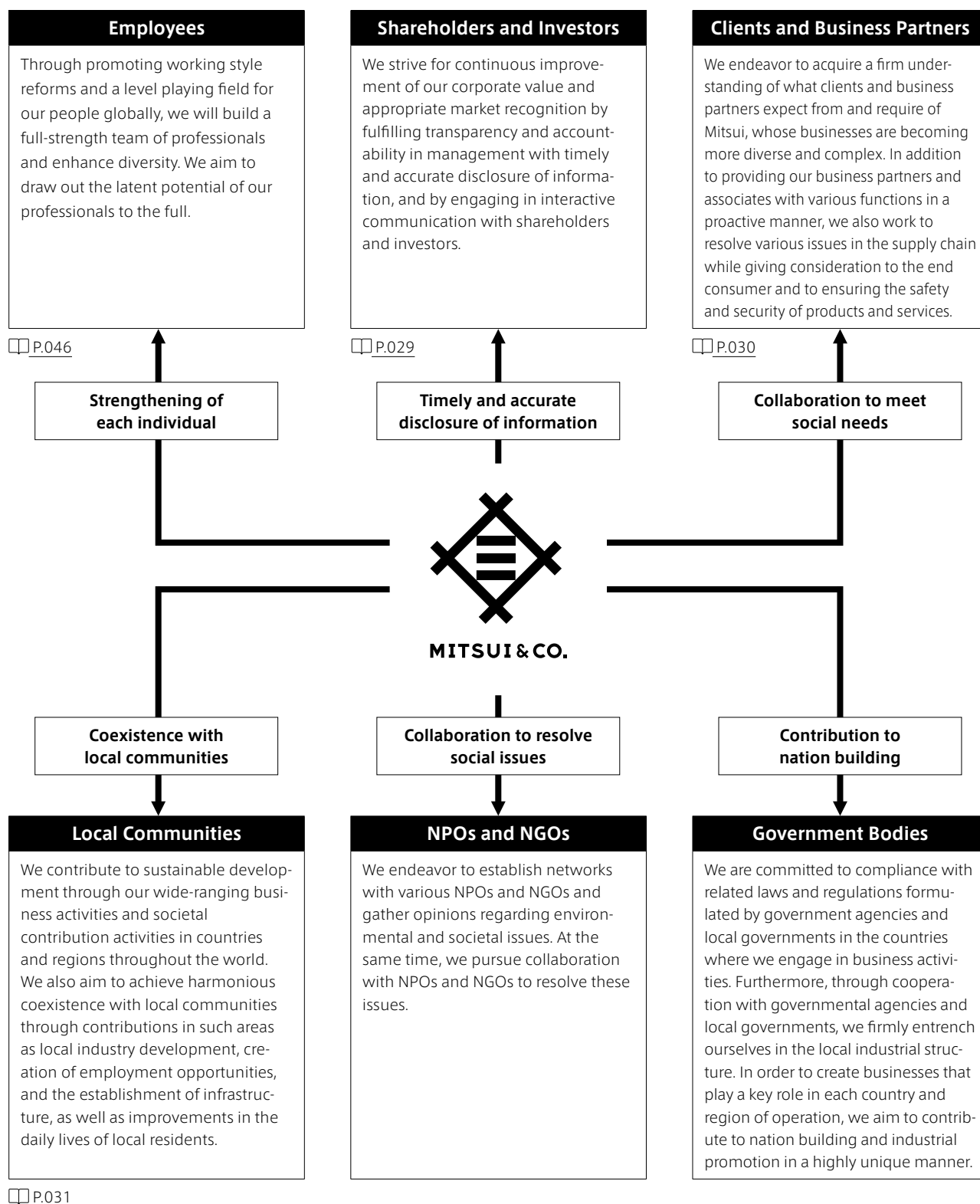
Strategic Partnerships That Lead to Attractive Projects



Mitsui's Strength 4: Strong Relationship with Stakeholders

Through interactive communication with our various stakeholders, each of Mitsui's employees and officers is endeavoring to acquire a firm understanding of what society expects from and requires of Mitsui. Based on this understanding, we strive to respond to changes in market environments and contribute to resolving social issues through our business activities.

Engagement for Business Creation



Timely and Accurate Disclosure of Information

Basic Approach

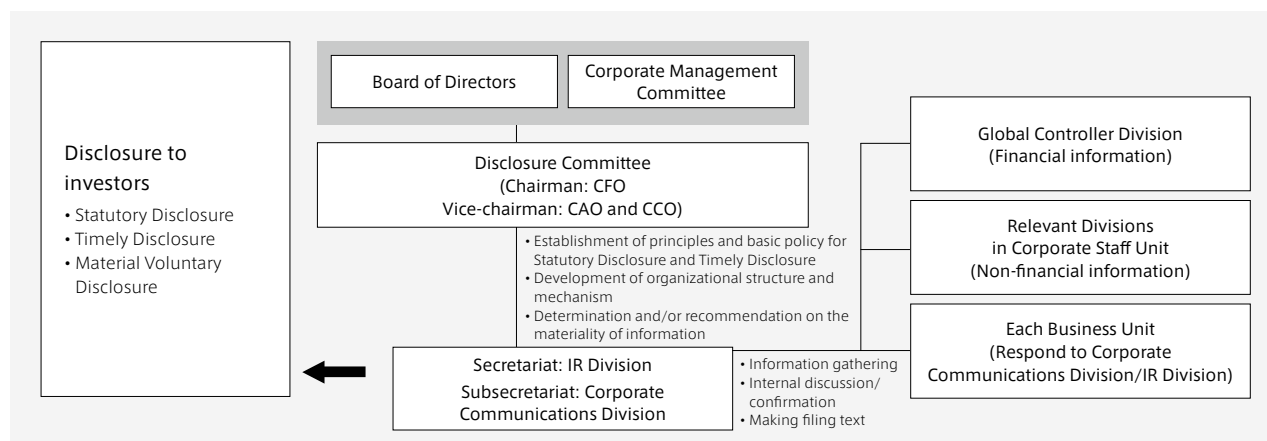
We determined the Corporate Disclosure Policy that stipulates the basic principles and procedures for the disclosure requirements of Mitsui's information in order for investors to form appropriate investment decisions. The policy works to ensure transparency and accountability to investors. Under this policy, we are committed to the timely, accurate, and fair disclosure of material information and such information shall be disclosed in a manner that ensures fair and equitable access by all investors.



For more details on the Corporate Disclosure Policy, please refer to our website.
<https://www.mitsui.com/jp/en/ir/management/ethics/index.html>

Structure for Disclosing Information to Investors

To serve as an organization that operates under the Corporate Management Committee, we established the Disclosure Committee, which comprises directors, executive officers, and the general managers of each relevant corporate staff division. The Disclosure Committee is in charge of determination and/or recommendation on the accuracy and adequacy of the documents to be filed or submitted for Statutory Disclosure, Timely Disclosure and Material Voluntary Disclosure. In addition to financial information, the committee also holds discussions on non-financial information to be disclosed.



Results for the Fiscal Year Ended March 31, 2019

The Company publishes various reports and seeks to enhance information disclosure via our corporate website. The spokespersons designated by the Corporate Disclosure Policy, including the CEO, create opportunities for direct communication with the investors. Going forward, we will continue efforts to reinforce the trust-based relationships we have with investors by providing explanations on our business sustainability and the potential for medium- to long-term growth in corporate value.



Investor Day 2019

Results of IR activities

Results of IR activities														
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
	● Yearly Results		● 1Q Results			● 2Q Results			● 3Q Results					
	● Investor Day		● Integrated Report (Japanese)				● Integrated Report (English)							
	● Shareholder Meeting		● Integrated Report (English)											
For individual investors	● Meetings for managers at securities firms													
	● Tokyo		● Online		● Tokyo		● Osaka		● Tokyo		● Nagoya			
For institutional investors	● Euro IR		● U.S. IR		● Asia IR		● Asia & Euro IR		● Euro IR		● U.S. IR		● Asia IR	
	Meetings: 302													

Promotion of Supply Chain Management

Basic Approach

Through the global development of a broad range of businesses, Mitsui has built diverse value chains throughout the world. We are fully aware of our responsibilities, such as complying with laws, respecting human rights, and maintaining safe and sanitary working conditions, giving comprehensive consideration to reduction of the environmental load, and ensuring safety for products and services and consumer confidence. To correctly assess and solve ethical and social issues in the supply chains, the Company formulated its Supply Chain CSR Policy in December 2007. We are striving to ensure compliance with and implementation of this policy while continuing to review the policy based on changing social expectation and demands. Additionally, we have since made efforts to ensure that all of Mitsui's suppliers fully understand our standards and cooperate in the implementation of the policy.

Current State of Implementation of Supply Chain CSR Policy

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

Mitsui conducts regular supplier surveys in order to confirm the actual situation of business operations and identify risks of each supplier in relation to social issues, such as climate change, biodiversity, environmental management, human rights, and working environment. In the event that we discover violations of this policy in our supply chain, we will urge the supplier to remedy and improve the situation, while providing support to the suppliers as needed. However, if there are no improvements to the situation by the suppliers, we will examine an appropriate response, including the cancellation of contracts, and determine carefully whether to continue our business with that supplier.

1 Companywide uniform supplier communication forms

Beginning in the fiscal year ended March 31, 2009, we started sending letters in multiple languages to all suppliers of Mitsui's business units, overseas offices, and subsidiaries (more than 45,000 suppliers in total) requesting their understanding and cooperation in regard to our Supply Chain CSR Policy, in a move to ensure that all Mitsui suppliers are fully aware of this policy.

2 Supplier questionnaire surveys

We regularly conduct questionnaire surveys to confirm (1) the status of suppliers' adherence to our Supply Chain CSR Policy, and (2) whether they have their own policies related to such areas as "human rights and labor practices," "health and safety," "business ethics," and "environmental management," and ask that our suppliers thoroughly understand. Based on the results of the surveys, we provide advice and guidance to our suppliers, if needed.

3 Supplier on-site surveys

We also conduct interviews with persons in charge and on-site inspections of suppliers' manufacturing facilities using a checklist based on the compliance items in our Supply Chain CSR Policy.



For Supply Chain CSR Policy and more details on the current correspondence situation about Supply Chain CSR Policy, please refer to *Sustainability Report 2019*.

CASE

Palm Oil Import Business (Malaysia)

The Company and its investee, Wangsa Mujur Sdn. Bhd., have acquired certification from the Roundtable on Sustainable Palm Oil (RSPO),* a nonprofit organization that promotes the production and use of sustainable palm oil. The RSPO stipulates the legal, economic, environmental, and social conditions required for sustainable palm oil production in 8 principles and 43 criteria, and both the Company and Wangsa Mujur operate in accordance with its policy. In the fiscal year ended March 31, 2019, RSPO-certified palm oil accounted for 3.6% of palm oil handled by Mitsui, and we aim to increase the ratio of sustainable certified palm oil, including RSPO-certified, that we procure to 100% by 2030.



* RSPO certification aims to advance the production, procurement, and use of sustainable palm oil, and lessen the impact and load on the environment of producing countries and neighboring communities.

Mitsui's handling volume of RSPO-certified palm oil and its ratio to total handling volume

	FY2018	FY2019
Handling volume of certified palm oil	14,500t	21,500t
Total handling volume of produced/used/processed palm oil	520,000t	600,000t
Ratio	2.8%	3.6%

Together with Local Communities

Basic Approach

Conducting business globally in many countries and regions, we consider the protection of human rights in accordance with international standards constitutes the foundation of our sustainability management. “The Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” prescribe and require employees and officers of the Company to observe; full consciousness of their role as members of international society; understanding of and respect for the cultures, customs, and history of individual nations; protection of human rights; and eschewing any form of discrimination based on race, creed, gender, social status, religion, nationality, age, or physical or mental ability. On a Global Group basis, Mitsui drew up “The Mitsui & Co. Group Conduct Guidelines—With Integrity” to share this approach.

Response to International Standards

The United Nations Global Compact asks participating corporations to support and put into practice 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. The Company signed and pledged its support for the UN Global Compact in October 2004, and has been participating as a member of the Global Compact Network Japan, complying with the principles as part of its own corporate guidelines.

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



Please see *Sustainability Report 2019* for details on our response to international standards.

Response to Human Rights Issues in Our Business Promotion

Business opportunities, as well as the risks associated with doing business, have increased and are becoming more diversified due to increasing awareness of the importance of corporate social responsibility. Based on this understanding, we recognize the necessity for comprehensively managing risk from both quantitative and qualitative perspectives, while responding appropriately to changes in social conditions and business models. With this awareness, we have defined the businesses which have high qualitative risks including risks related to the natural environment, society, and governance as “Specially Designated Businesses,” and have been endeavoring to develop such businesses with due caution under our Specially Designated Business Management System. In addition, we have been holding serious dialogue with NPOs, NGOs, interdisciplinary organizations, government institutions, and local communities. This has helped us understand the risks and opportunities we face in our business development and examine the necessary response. In these ways, we are working to resolve issues through transdisciplinary methods, and we are also actively promoting efforts that enhance the sustainability of our businesses.

Case Study: Introduction of Mitsui's Businesses in Mozambique

We are contributing to nation building, as the projects we are promoting in Mozambique are important to its growth and also supporting to obtain the necessary foreign currency to resolve its debt problem.

Moatize Coal Mine and Nacala Rail and Port Infrastructure Project

In March 2017, we invested and began participating in the Moatize Coal Mine and the Nacala rail and port infrastructure project in Mozambique. This project involves not only a coal mine but also the integration of rail and port infrastructure, including freight and passenger rail. Accordingly, the project will contribute to nation building in Mozambique. While the development of this project requires neighboring residents to relocate, we are engaging in relocation procedures in accordance with international standards, holding regular public hearings, offering financial support, and providing other kinds of support to help these residents maintain and/or improve their lifestyles. Also, we are making a broad range of efforts with the aim of realizing co-creation with nearby community members, that include supporting water pipe construction; building soccer fields, schools, and medical facilities; training teachers and providing school lunches; supporting fundamental education; providing farming advice; holding vocational training; and raising awareness on preventing infectious diseases. With these efforts, we will strive to contribute to the resolution of social issues in Mozambique.

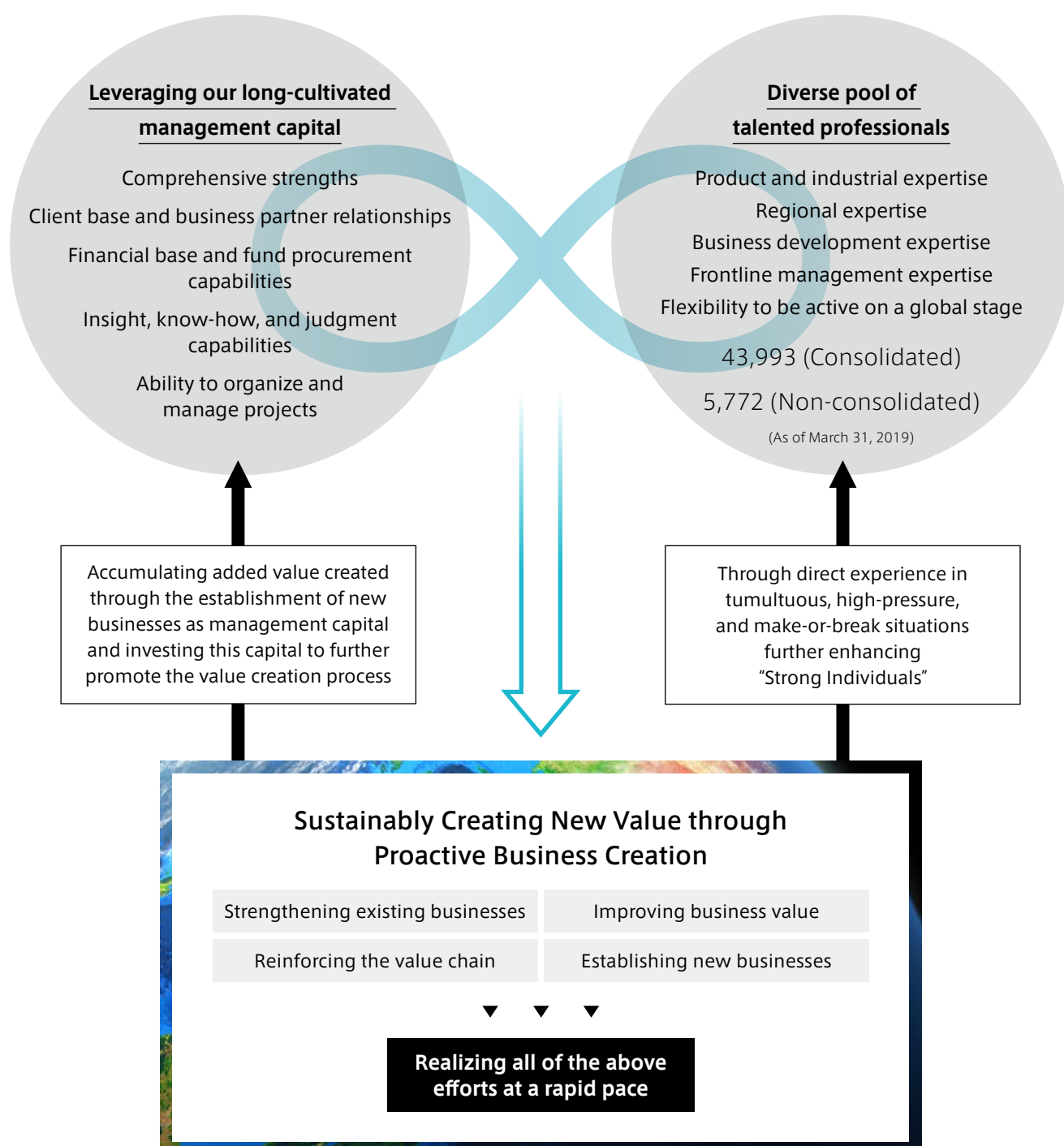
Area 1 LNG Project [□ P.090–92](#)

In June 2019, we made the final investment decision related to the Area 1 Block of the Mozambique LNG project. With the development target of the gas fields on the northern coast of Mozambique, this project is an integrated upstream-mid-stream project that encompasses all stages from natural gas production and liquefaction to LNG shipment. Accordingly, the government of Mozambique positions the project as one that is important to its national development. While the promotion of this project requires neighboring residents to relocate, we have formulated plans for their relocation in accordance with the national laws of Mozambique and through over 800 discussions with local community members, NGOs, and other organizations. The process for relocation is also being carried out in a manner that conforms to international standards. In addition to providing housing for these residents for their relocation, we are supporting the construction of public facilities such as hospitals and schools. Furthermore, the project will create employment opportunities for these residents.

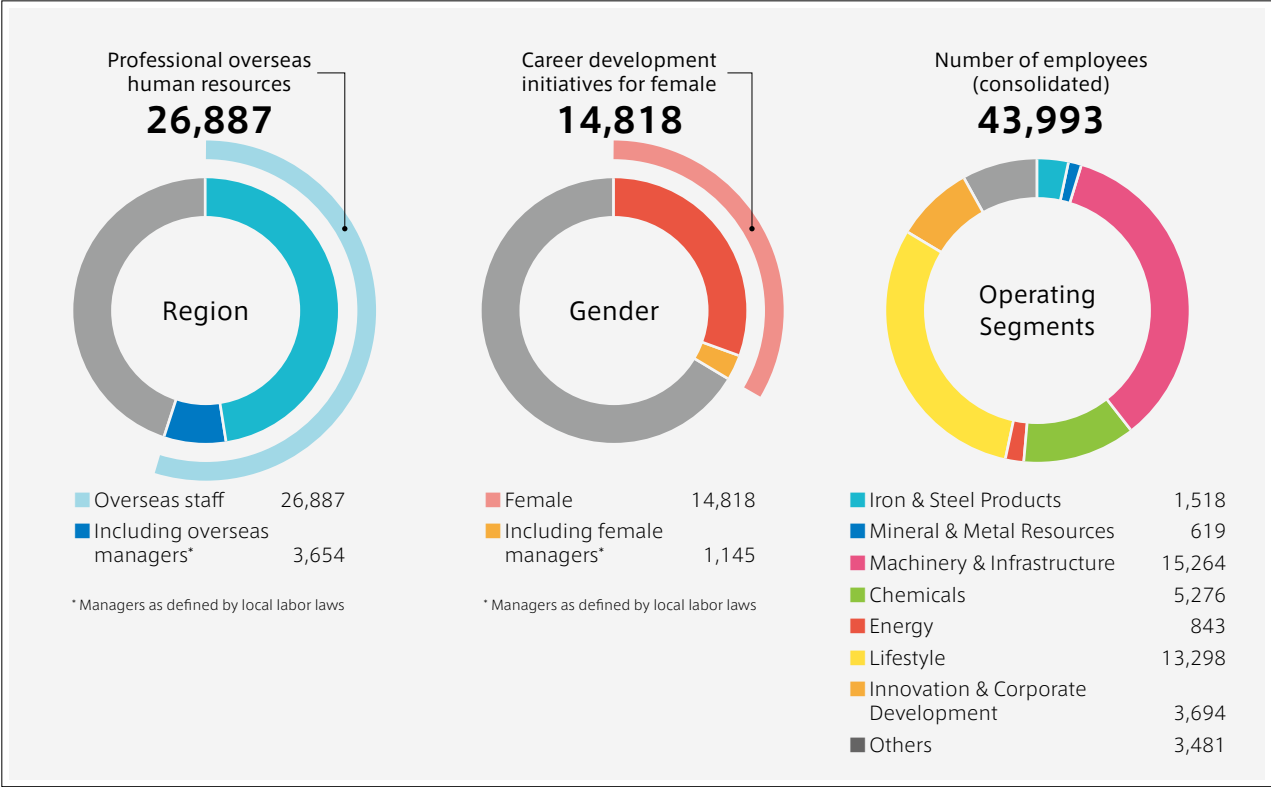
Mitsui's Strength 5: Professional Human Resources with Sophisticated Business Know-How

As the first president of the former Mitsui,* Takashi Masuda, stated, "Mitsui has a pool of very talented individuals. This is Mitsui's most important asset." We believe that human resources are our greatest asset. Mitsui possesses a diverse range of talented professionals in specific business domains, regions, products, and fields, and they have the qualities and capabilities to pursue the necessary initiatives to create and develop new businesses and create new value around the world. At this very moment, our human resources across the globe are leveraging our various capitals and working together to create value unique to Mitsui. At the same time, through direct experience in tumultuous, high-pressure, and make-or-break situations, we are further developing and enhancing "Strong Individuals" and "A Diverse Pool of Talented Professionals."

* From a legal perspective, there is no continuity between the former Mitsui & Co. and the present Mitsui & Co., and they are totally separate corporate entities.



Data Related to Our Full-Strength Team Comprising Diverse Human Resources



Synergies for the Success of Projects According to Our Professional Human Resources

CASE Pakistan LNG FSRU (Floating Storage and Regasification Unit) Business

Mitsui has a long-term agreement to jointly own a floating storage and regasification unit (FSRU). Through this agreement, we are offering regasification services for LNG in Pakistan, where demand for gas is growing.

XIAOTONG BI
Marketing Manager,
Marine Energy Logistic Dept.
Marine Enterprise Div.
Mobility Business Unit II

Many colleagues are involved, they are talented and with various availabilities. Pakistan office always shared information timely, economy analyzation has been done in dozens of assumptions by analysts, some side information is collected by our Korean colleagues, etc. Without any piece, the project may not succeed.

KAMAL WAJID
Assistant General Manager
Energy Team

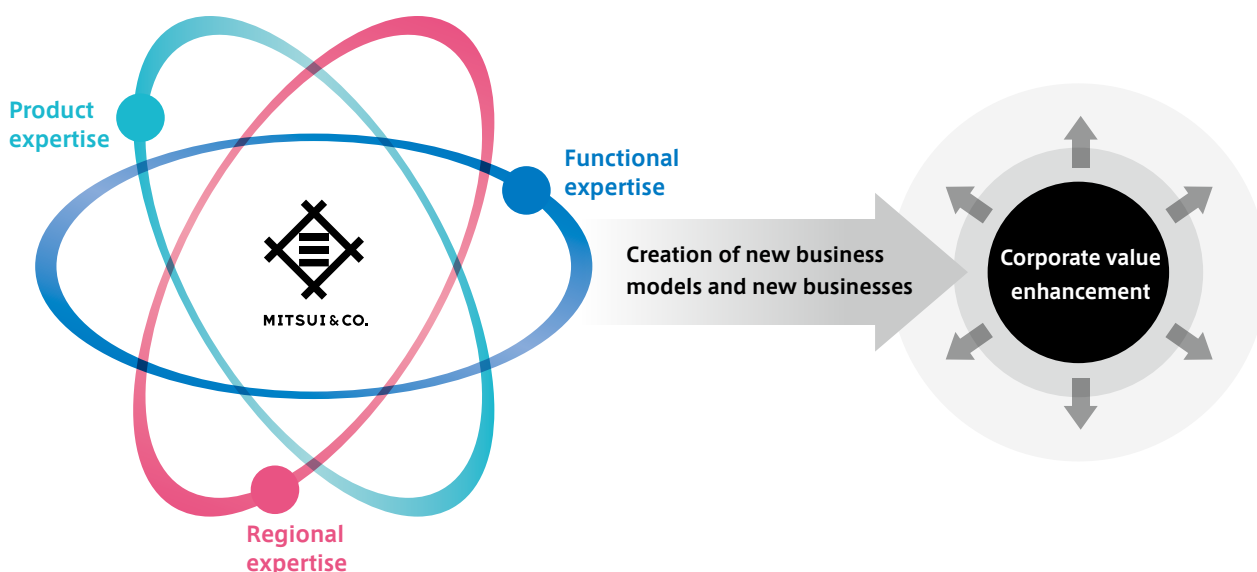
Our colleagues were target oriented, timely responding, got inside local information through our existing business relations/synergy, and utilized our other local offices location presence and their strong relations with Govt, ministry helped us a lot for this project success.

TOMOKO IkeGAYA
Assistant General Manager
Project Management Team
Orient Marine Co., Ltd.

To assess problem and seek improvement points, to assess all the potential risks and devise countermeasures. To research local information and provide us promptly. This project needs deep understanding of local laws, culture and business practices, which our colleague has.

Mitsui's Strength 6: Mitsui's Comprehensive Strengths

Our talented professionals fully leverage our capitals and pursue co-creation with our stakeholders to create tremendous industrial value both quantitatively and qualitatively. In addition to this, there is another equation for value creation. That equation is the comprehensive strengths of Mitsui, which are realized through the multiplication of functional, product, and regional expertise. We have a unique operational organization that is built upon the two axes of product and regional expertise. Under this organization, we engage in business activities while leveraging the respective strengths provided by these two axes and pursuing collaboration organically between them. We work to share and apply the insight and know-how accumulated and sophisticated by each business unit, including the comprehensive knowledge pertaining to their respective products and local information, in a manner that transcends organizational boundaries. Additionally, by combining the various functions we possess as a general trading company, we are able to create new business models and new businesses and further enhance our corporate value.



Driving Growth by Providing Support That Transcends Organizational Boundaries

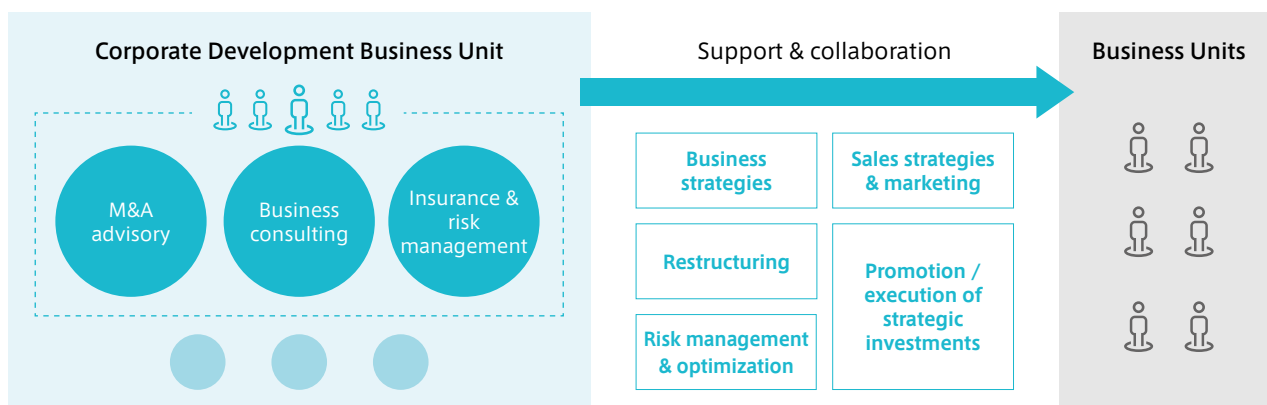
● Functional expertise × ● Product expertise

The Corporate Development Business Unit provides the engine for innovation that helps us advance into new and fast-changing markets and establish unprecedented business models. The unit draws on the particular set of skills accumulated on the frontlines of financial business and logistics business. Functioning as a financial advisor and much more, the Corporate Development Business Unit works to identify

business with high growth potential in each business unit and carries out investment, and furthermore provides comprehensive support for enhancing business value after investment.

There are two aspects of the Corporate Development Business Unit's activities as "an internal M&A advisor," one of its missions. First, it helps other business units inside Mitsui

MITSUI & CO., LTD.



pursue entirely new investment opportunities by identifying and purchasing businesses (M&A advisory). Second, it helps them manage their existing portfolio companies so as to add maximum value through bolt-on acquisitions, asset sales, or business reengineering.

The Corporate Development Business Unit has helped Mitsui evolve in all sorts of new directions. For example,

it supported the ICT and Mobility teams' joint investment in Rajant Corporation, a provider of innovative wireless technology solutions that enable industrial IoT applications and autonomous vehicle operations. It also helped Mitsui's Fashion & Retail team to invest in Indochino.com, an omnichannel retailer of made-to-measure clothing, and the Mobility team to invest in Penske Truck Leasing Co., L.P.

Leveraging the Group's Know-How to Resolve Social Issues around the World

● Product expertise × ● Regional expertise

We have selected "Nutrition and Agriculture" as a growth area under our current medium-term management plan. In this area, we acquired a part of shares in ETC Group Limited ("ETG"), a company with its headquarters in Dubai, United Arab Emirates, with a total acquisition price of ¥30.0 billion. ETG has comprehensive networks comprising as many as up to 2 million farms in East Africa and countries bordering the Indian Ocean. Leveraging this network, ETG promotes efforts to contribute to agricultural growth. Through our involvement in the business expansion of ETG, we will provide the company with farming advice (advice related to improving farm management and agricultural techniques) and share the procurement know-how for agricultural supplies to contribute to the resolution of social issues related to food and agriculture in Africa.

Based on its credo "If farmers grow, we grow too," ETG has worked for over 50 years to provide support to small farmers. ETG's agricultural network was formed through deep

trust-based relationships with farmers. This network possesses functions for origination sales, agricultural material sales, and farming advice. In addition, the network is able to process pulses (i.e., beans excluding soybeans and peanuts) and carry out the manufacture and sale of general consumer goods, making it highly independent.

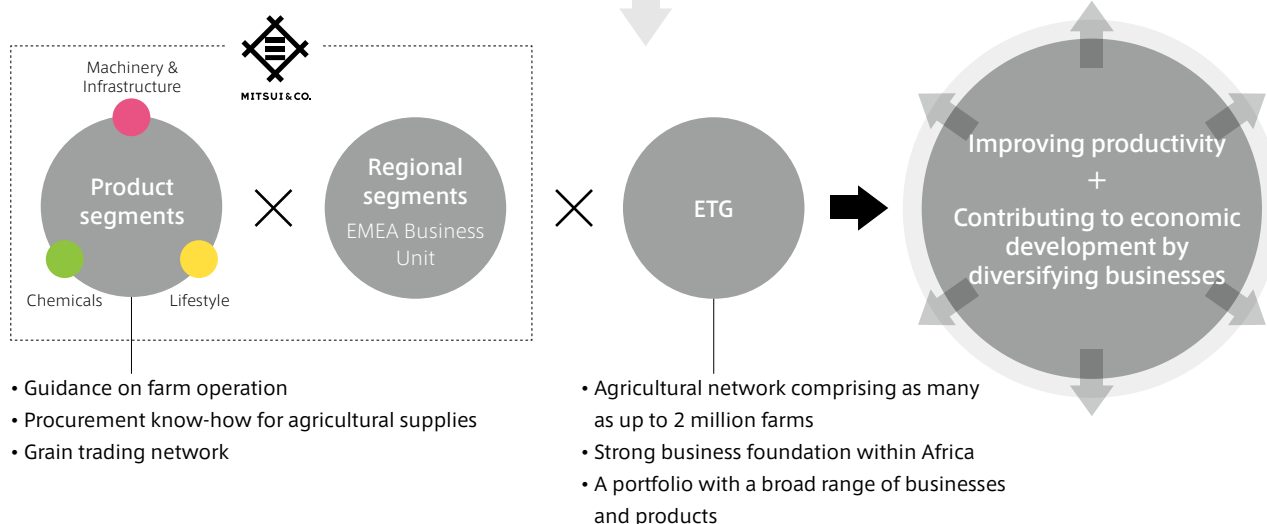
By leveraging this logistics network, we aim to provide goods and services that are deeply rooted in people's lifestyles on a one-stop basis, including processed foods, general consumer goods, materials, and insurance products, to support the improvement of ETG's corporate value. Also, through these efforts, we will encourage agricultural independence and growth in Africa while also promoting business diversification through the utilization of ICT and the collaborative development of infrastructure to improve the quality of life in African countries and contribute to their economic development.

Food Issues in Africa

Severe food shortages

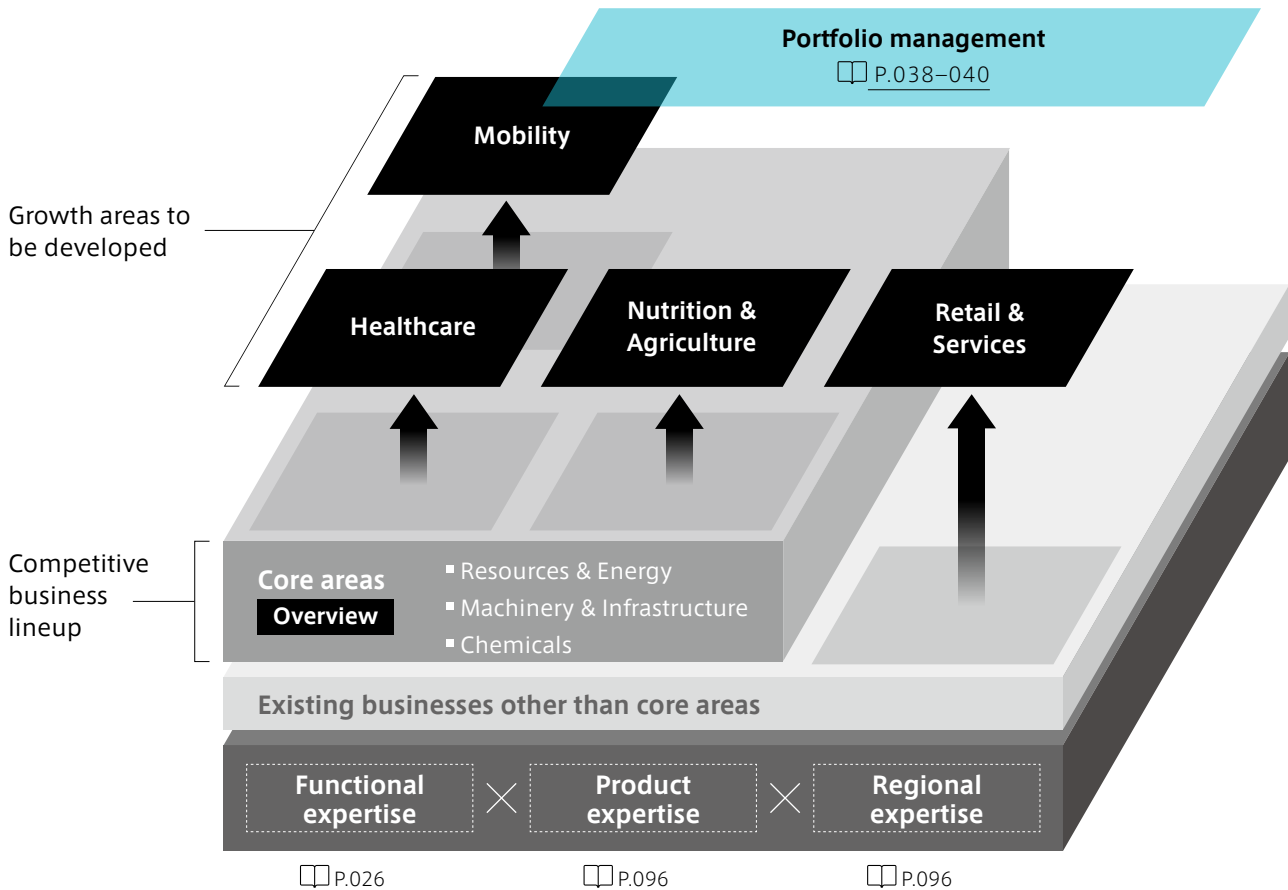
- Bad produce harvests due to inclement weather
- Low production efficiency due to the small scale of farms

- Insufficient irrigation facilities
- Degradation of soil quality due to overcultivation and improper land use



Mitsui's Long-Term Strategy 1: Positioning Strategy That Leverages Our Competitiveness

In "Core areas," Mitsui continuously adds assets through bolt-on acquisitions in its areas of strength, thereby further enhancing its strong businesses. In "Growth areas," Mitsui's next profit pillars, we develop and evolve our existing businesses, including those in our core areas where we are already competitive. In addition, we allocate our limited capitals in a well-balanced manner through portfolio management, with the aim of building a robust profit base as well as establishing new growth areas.

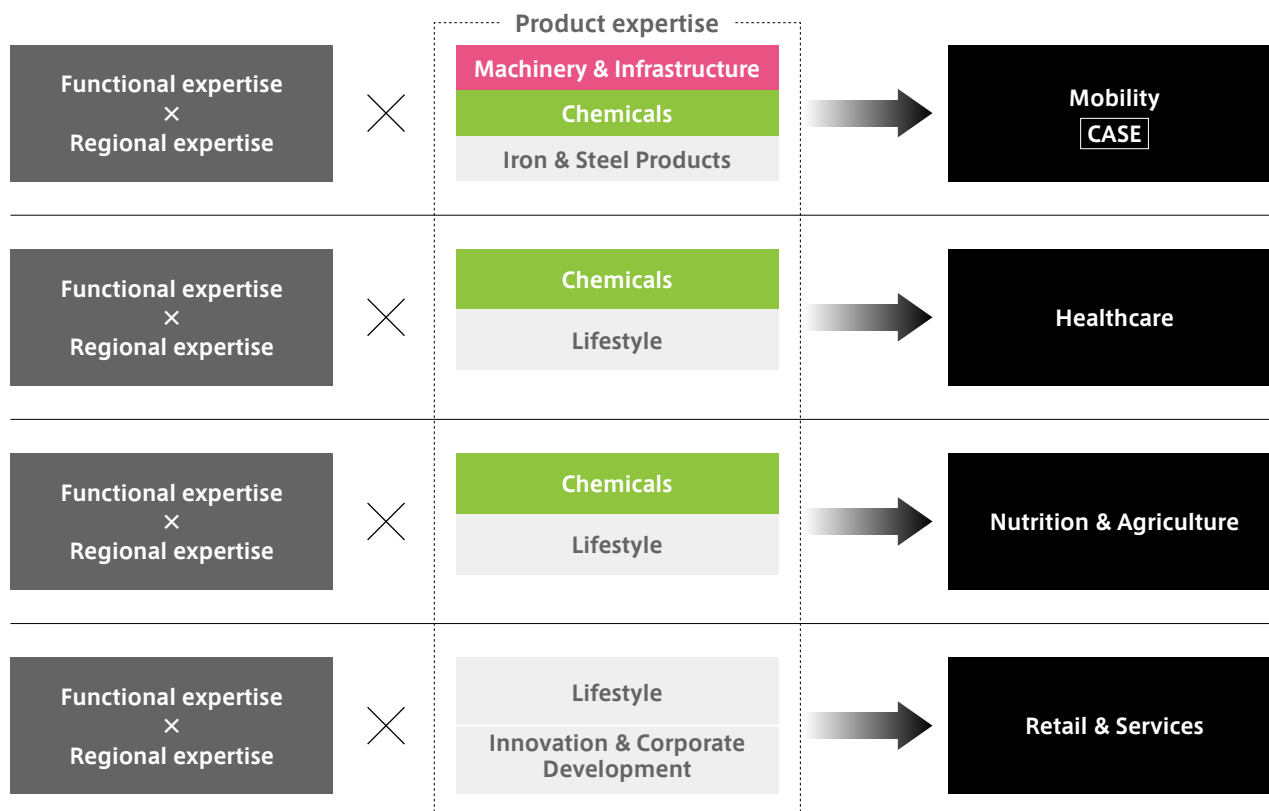


Overview Our Competitiveness in Core Areas

	Value provision	Competitiveness	Efforts to gain an even greater competitiveness
Mineral & Metal Resources	<ul style="list-style-type: none"> Cost competitiveness Stable supply of a consistent level of quality 	<ul style="list-style-type: none"> Overwhelming cost competitiveness of owned assets Ability to supply a consistent level of quality Relationships with influential partners (including governments and local communities) Brand and trustworthy reputation 	<ul style="list-style-type: none"> Strengthen a three-pronged approach of enhancing cost competitiveness, production volume, and reserves
Energy	<ul style="list-style-type: none"> Financing Marketing (purchasing power) 		
Machinery & Infrastructure (Infrastructure Projects)	<ul style="list-style-type: none"> Stable over the long-term supply of electricity and gas Provision of services related to offshore energy Financing 	<ul style="list-style-type: none"> Ability to organize and manage projects Know-how in infrastructure development and management Ability to negotiate long-term contracts Long-term, trust-based relationships with important clients Relationships with influential partners (including governments and local communities) 	<ul style="list-style-type: none"> Undertake a digital transformation for our assets
Machinery & Infrastructure (Integrated Transportation Systems)	<ul style="list-style-type: none"> Establishment and expansion of local value chains Sales support and provision of financing Provision of comprehensive services related to leasing, maintenance, logistics, etc. 	<ul style="list-style-type: none"> Trading network Marketing capabilities Logistics expertise Long-term, trust-based relationships with important clients Relationships with influential partners 	<ul style="list-style-type: none"> Take initiatives toward the growth area of "Mobility"
Chemicals	<ul style="list-style-type: none"> Virtual pipeline Cost competitiveness Stable supply 	<ul style="list-style-type: none"> Trading network Marketing capabilities Know-how in transportation of chemicals that are difficult to transport Industrial and material expertise (judgment capabilities) Multilayered relationships with influential partners and clients 	<ul style="list-style-type: none"> Take initiatives toward the growth area of "Nutrition & Agriculture" Reinforce trading capabilities

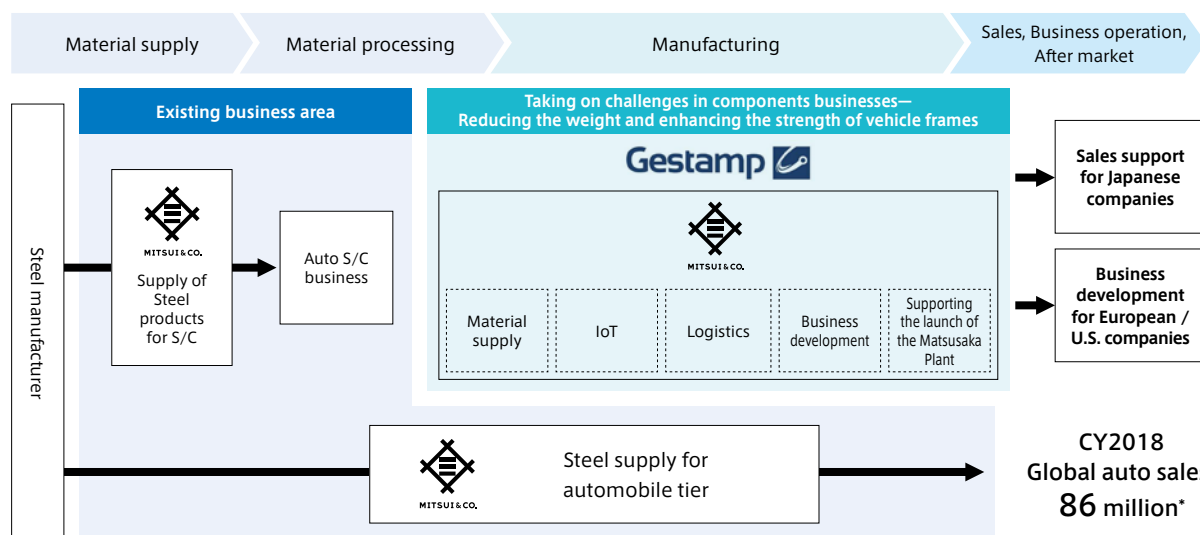
Establishing Growth Areas

Rather than establishing businesses in which we have no experience or track record, we adopt a perspective that considers the overall value chains of our existing businesses, fully utilizing the industrial expertise we have cultivated in these businesses, as well as our established network of clients and partnerships, to create new business models and promote new projects. □ P.024–025 History of Pursuing Challenges in Growth Areas



CASE Functional expertise × Regional expertise × Iron & Steel Products = Mobility: Reinforcement of Mitsui's Automobile Value Chain

Overcoming the conventional supply limit of steel products and becoming deeply involved in automobile manufacturing



* Source: JATO Dynamics Limited (total of major market data)

Mitsui's Long-Term Strategy 2: Portfolio Management and Financial Strategy —Practicing Disciplined Portfolio Management and Maintaining a Stable Financial Base—

Striving to improve business quality and ensure appropriate returns, Mitsui applies its refined risk management capabilities to all stages of business, beginning with selecting investment candidates that we have discovered by leveraging our expansive networks and industrial expertise, and continuing on through the process of making investment decisions, starting up projects, enhancing corporate value, and strategically recycling assets. In addition, our basic financial policy is to maintain liquidity and a stable financial base to support our diverse business portfolio as well as our growth strategies.

Through portfolio management, we efficiently allocate our limited capital in a well-balanced manner to areas that are of importance to the Group, to further strengthen our business portfolio with the aim of our sustainable growth and social development.

Basic philosophy of portfolio management

- ▶ Strengthening earnings bases of existing businesses and leveraging economies of scale
- ▶ Generating inter-business synergies through strategic positioning in the value chain
- ▶ Acquiring new function platforms
- ▶ Expanding into new business fields and taking on the challenge of creating innovative new business models

Balance sheet (As of March 31, 2019)
¥ trillion

Current assets 4.0	Other liabilities 2.8
Non-current assets 7.9	Interest-bearing debt* ¹ 4.6 (3.7)
	Shareholders' equity* ² 4.3
	Non-controlling interests 0.2

*1. Figure in brackets are 'net interest-bearing debt,' which is interest-bearing debt minus cash and cash equivalents, and time deposits.

*2. 'Shareholders' equity' means total equity attributable to owners of the parent.

Basic Approach to Financial Strategy

- ▶ Maintain Liquidity and Stable Financial Base

Policy

Maintaining a sufficient amount of liquidity to cover the repayment of interest-bearing debt

Keep enough cash in hand to cover approximately two years of repayments



Hold necessary liquidity on our balance sheet even in emergency situations, including the drying up of market liquidity

Policy

Steadily procure funds over the long term in accordance with asset liquidity

- Procure funds for long-term investment and loan projects based on funding periods of approximately 10 years



Minimize refinancing risks

- Utilize government financial agencies and project finance for large-scale projects in developing countries



Address country risks

Maximize funding efficiency throughout our consolidated Group

Create an in-house banking process in which funding can be procured and surpluses deployed efficiently in each region according to need



Effectively leverage liquidity and lines of credit

Lifecycle Management of Investments

01

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

02

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.³ Moreover, a variety of factors are evaluated in making decisions, including the ability to execute business plans, Mitsui's functions to be utilized, probability of increasing value, conditions of contracts with other related parties, risk analysis and management measures (including ESG-related risks), 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
- Deliberations held at every stage by the Council of Investment and Finance Proposals, the Corporate Management Committee, and the Board of Directors regarding factors such as investment, loan, and guarantee amount

Quantitative Guidelines of Each Meeting Structure to Select Proposals for Deliberation

Meeting Structure	Proposals	Amount
Council of Investment and Finance Proposals	Investment, loan, and guarantee proposals, project entailing acquisition of business assets or other such project	Over ¥5.0 billion
Corporate Management Committee	Total investment, loan, and guarantee amount on a consolidated basis	Over ¥15.0 billion
	Among investment, loan, and guarantee proposals, matters to be resolved by the Board of Directors	—
Board of Directors	Disposal and acquisition of important business assets	Over ¥40.0 billion

- In accordance with the Specially Designated Business Management System, separate discussions are held, when necessary, regarding business domains with high qualitative risks pertaining to ESG and other factors.

03

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

04

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.)

05

Value Addition through Operation and Management

Mitsui plays a direct role in operating businesses and managing companies in order to boost their competitiveness and value. Mitsui's functions are utilized to this extent by appointing professionals who are highly specialized in the respective business area, dispatching our diverse group of professionals, and pursuing close coordination between Mitsui 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

06

Strategic Asset Recycling

Businesses we have invested in are continually evaluated based on growth potential, the ability to increase value with Mitsui's 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

■ Business Frontline ■ Business Supporting Unit⁴

³ Quantitative standards considered include consolidated internal rate of return, ratio of consolidated investments and loans outstanding to guarantees, and risk-return ratio. The risk-return ratio is the ratio between the amount of risk assets associated with a specific project and the profit for the year projected to be generated through Mitsui's equity holdings in the project. Risk assets refer to the maximum amount of anticipated loss on operating receivables and investments, assets such as property, and off-balance-sheet positions such as liability on guarantee belonging to the Group, calculated by multiplying internally established risk weight according to latent risks such as credit and market risks.

⁴ Planning & Administrative Divisions related to each business segment and Financial Management & Advisory Divisions (Please see organization chart on page 124 for details.)

The Portfolio Management Committee's Role and Yearly Cycle of Portfolio Management

As one of the advisory bodies to the Corporate Management Committee, the Company has established the Portfolio Management Committee to establish portfolio strategy, formulate investment and loan planning, and provide portfolio monitoring. In addition, this committee reports such information to the Board of Directors on a regular basis.

► Establishment of a strategy for the overall portfolio of Mitsui

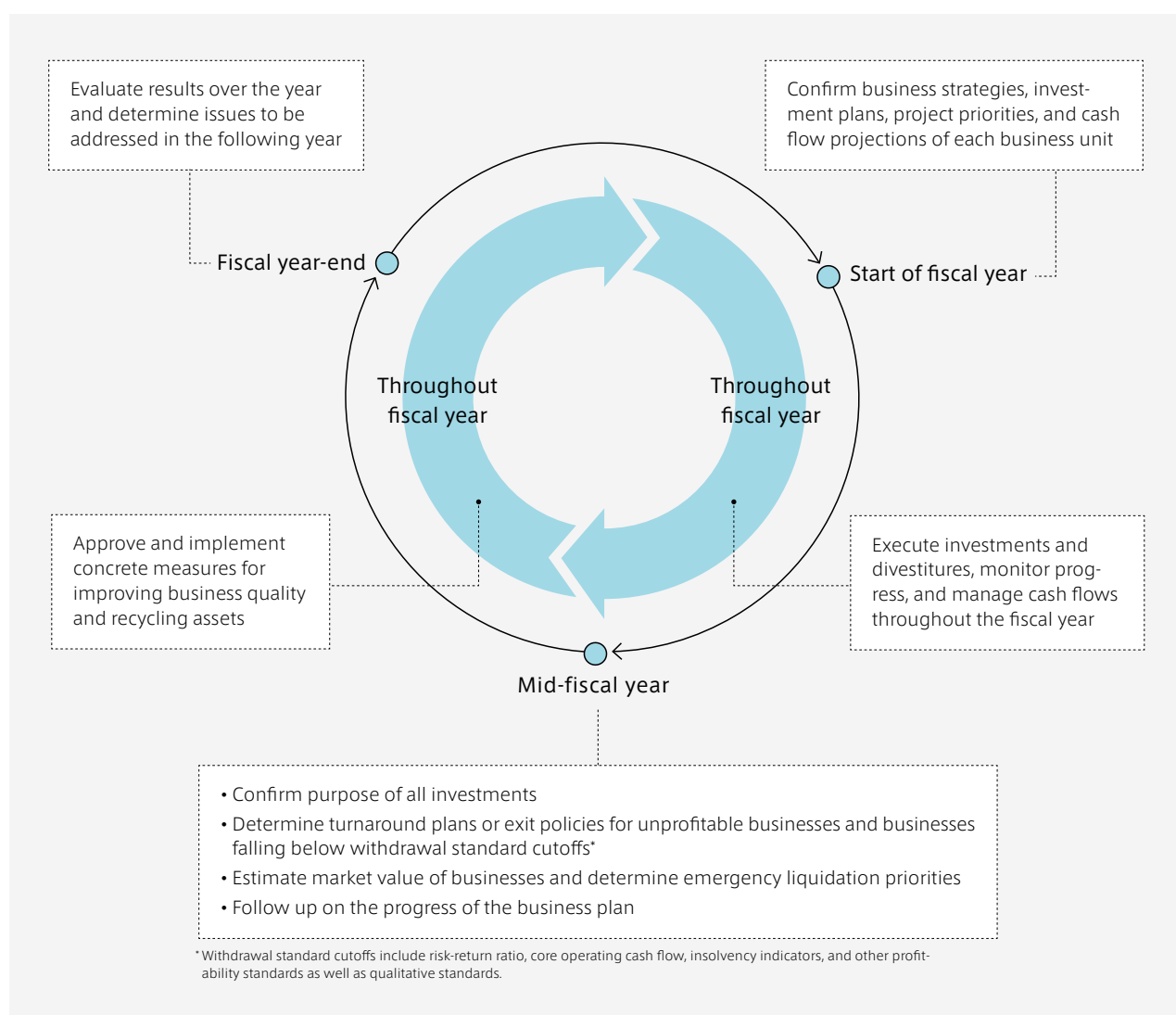
Specify priority areas and areas of focus, new target areas, and areas that need to be reviewed, in view of the overall strategy of Mitsui, the individual strategies of operating units, market trends and macro analyses, and the allocation of its management resources.

► Establishment of investment and finance policies

Establish important policies relating to the management of the overall portfolio of Mitsui such as guidelines for investment and finance limits, the design of a consolidated capital cost structure, etc.

► Regular monitoring of Mitsui's overall portfolio

Review regularly to confirm the significance of all business holdings, including listed shares, in addition to confirming the appropriateness of asset size in accordance with each business area and country.

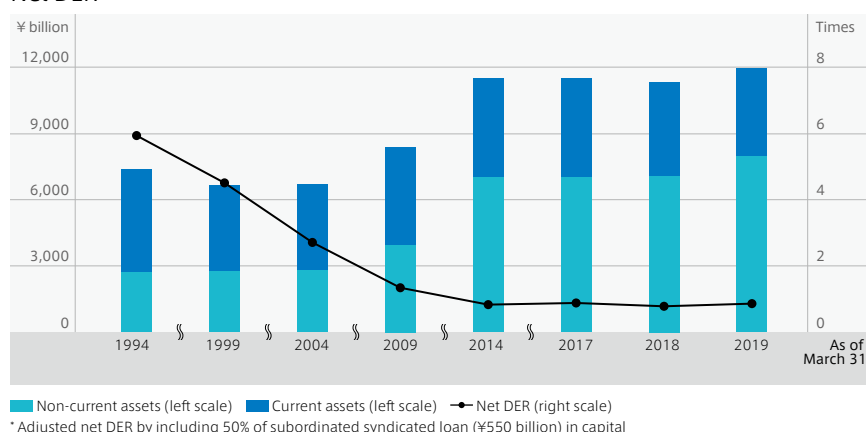


Indicators We Focus on with Our Financial Strategies

During the previous medium-term management plan, we introduced a cash flow allocation framework. Our purpose was to drive the implementation of our growth strategy while maintaining and strengthening our financial foundation by making a balanced allocation of cash, gained from operating cash flow and asset recycling, to both growth investments and shareholder returns.

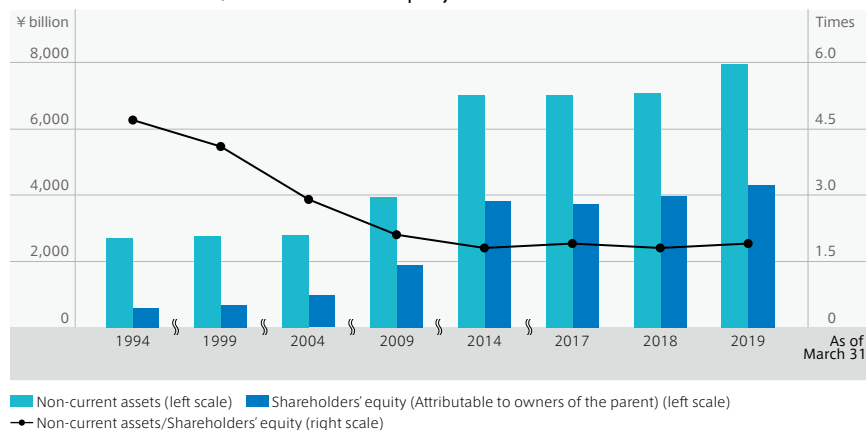
For all of the indicators we focus on when considering financial strategy, our policy is to achieve gradual improvements by following our cash allocation framework and maintaining a positive free cash flow after returns to shareholders.

Net DER*



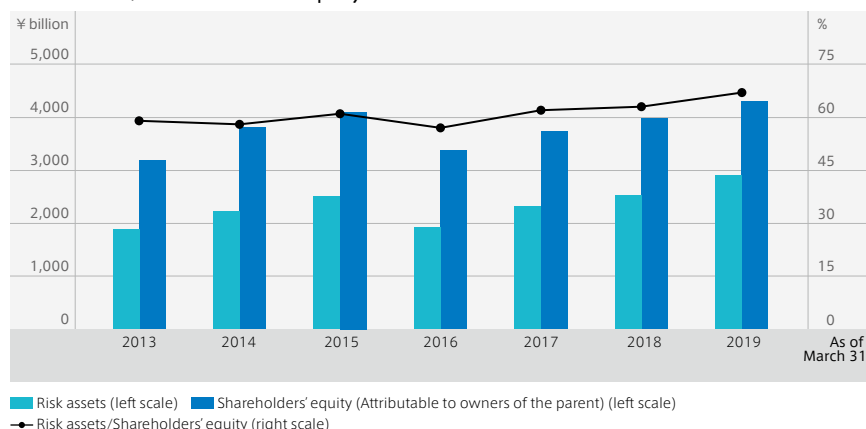
Concomitant with the shift in business composition from trading to investment, our investment assets and fixed assets have been increasing. When business investments of fixed assets that are relatively high risk or take longer to generate returns, leverage needs to be reduced, and we have in fact deleveraged significantly compared to historic levels.

Non-Current Assets / Shareholders' Equity



When we compare our non-current assets, which are relatively high risk, and the equity that ultimately absorbs this risk, we see that there has continued to be gradual improvements. The gap between non-current assets and equity is mainly funded by interest-bearing debt, and if this expands, it reduces financial stability.

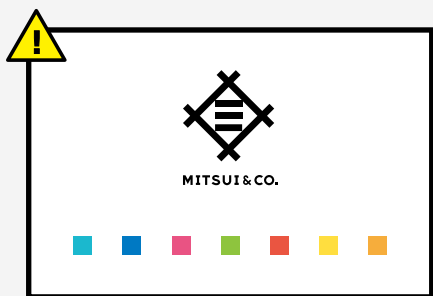
Risk Assets / Shareholders' Equity



In addition to the risk amount carried by assets on the balance sheet, we assess and periodically monitor the amount of off-balance-sheet risk, such as market risk and guarantees, using a set standard. Our risk exposure is being held within a range of about 60%–70% of our shareholders' equity, and we periodically stress test our risk assets for various scenarios, verifying the impact on the risk assets to shareholders' equity ratio.

Mitsui's Long-Term Strategy 3: Global Group Risk Management

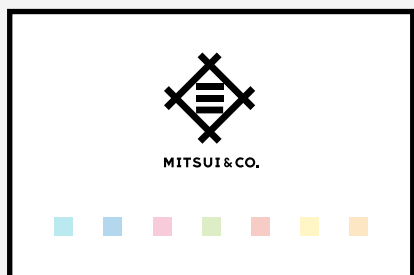
Our broad range of businesses across the globe face various risks. In addition, the environment surrounding our management and businesses is undergoing rapid change, leading to higher levels of uncertainty. Amid these circumstances, we need to heighten our awareness of risks and carry out a swift response to address them. Issues resulting from changes in the external environment, which are difficult to address in our frontline operations, need to be resolved through collaboration between the frontlines and management. To that end, we have in place the following risk management structure to ensure such collaboration.



1

In the Event of a Crisis

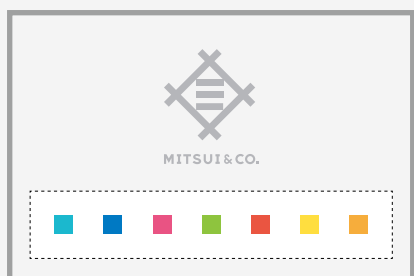
Pursuant to the Rules on the Crisis Response Headquarters, Mitsui established a Crisis Response Headquarters, headed by the President, as an organization to limit damage and loss by rapidly determining and implementing concrete measures to respond to crises appropriately.



2

Companywide Risks

The Portfolio Management Committee and other organizations design, establish and develop risk management structures on a Global Groupwide level and handle significant risks. In addition, each division of the corporate units is responsible for surveillance of the whole Mitsui's positions, control within the range of their authority, and supporting the relevant Directors and Managing Officers.



3

Frontline Operational Activities

Each Head Office Chief Operating Officer and Regional Chief Operating Officer manages business within the scope of the authority granted to them based on the various rules on delegation of authority, including the Rules on Delegation of Authority for Head Office Chief Operating Officers, and manages risk of loss relating to their businesses within the scope of their authority. Transactions that exceed the authority delegated to each Head Office Chief Operating Officer and Regional Chief Operating Officer require approval via Mitsui's internal approval system. In other words, approval needs to be obtained from the Corporate Management Committee or a relevant representative director or senior managing officer, depending on the importance of the situation (please refer to page 39). Measures taken by each business unit to manage quantitative risks^{*1} include setting position limits and loss-cut limits as well as monitoring positions by divisions with relevant expertise. For the management of qualitative risks,^{*2} the business units are obligated to observe related internal regulations.

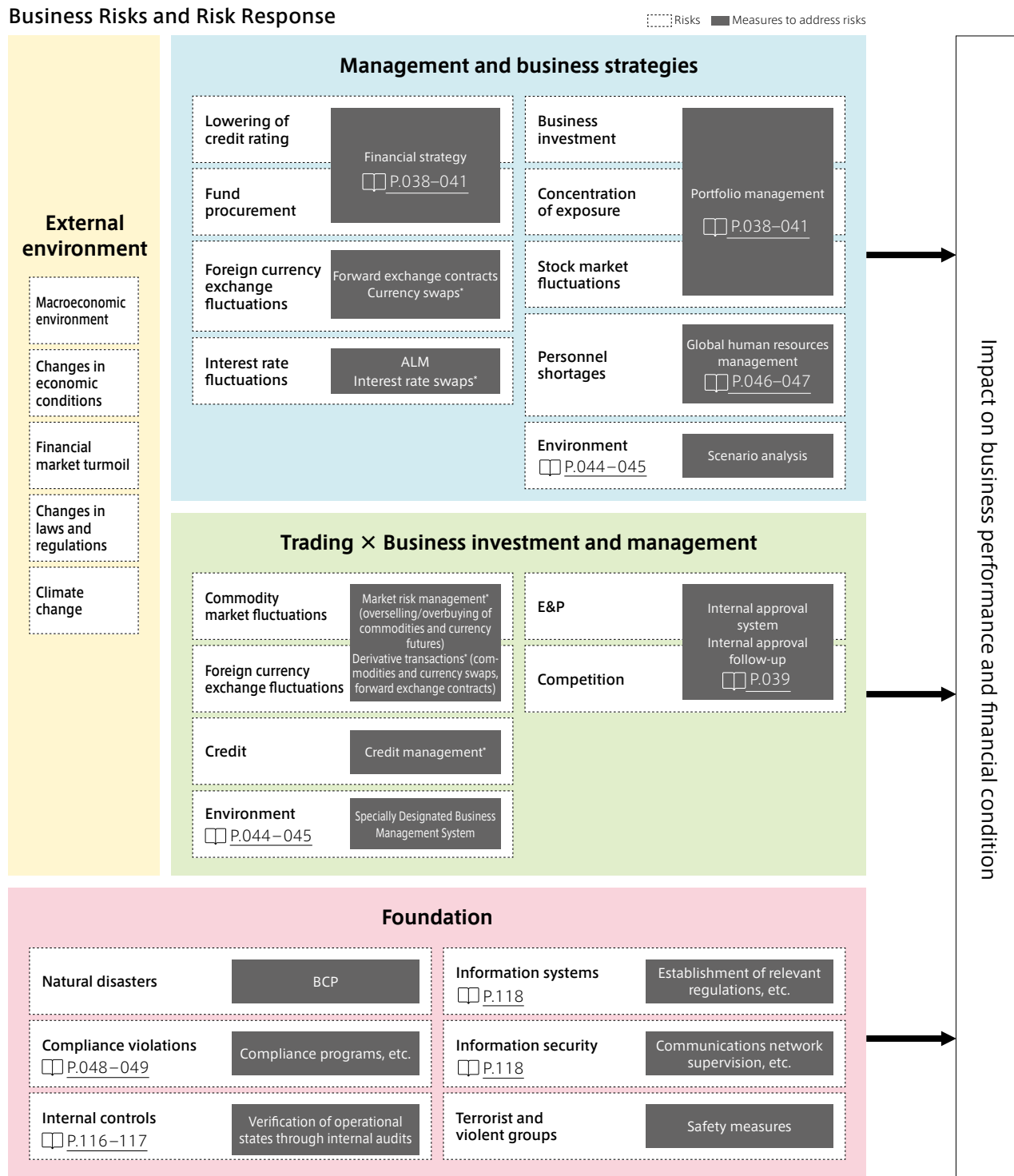
^{*1}. Credit risks, market risks, business risks arising from the businesses of subsidiaries, and country risks, etc.

^{*2}. Compliance risks and operational risks, etc.

Business Risks

Mitsui strives to identify the various causes of risks and gain an understanding of their characteristics. Mitsui also evaluates the potential of each risk materializing as well as the impact a risk would have if it were to actually materialize. Mitsui also steadily observes risks stemming from the external environment, for which it has no control over, as it executes its management and business operations. We also promote a wide range of initiatives to hedge and control risks caused by factors aside from the external environment.

Business Risks and Risk Response



* Please see our Annual Securities Report for details.

Efforts to Address Climate Change through Our Business

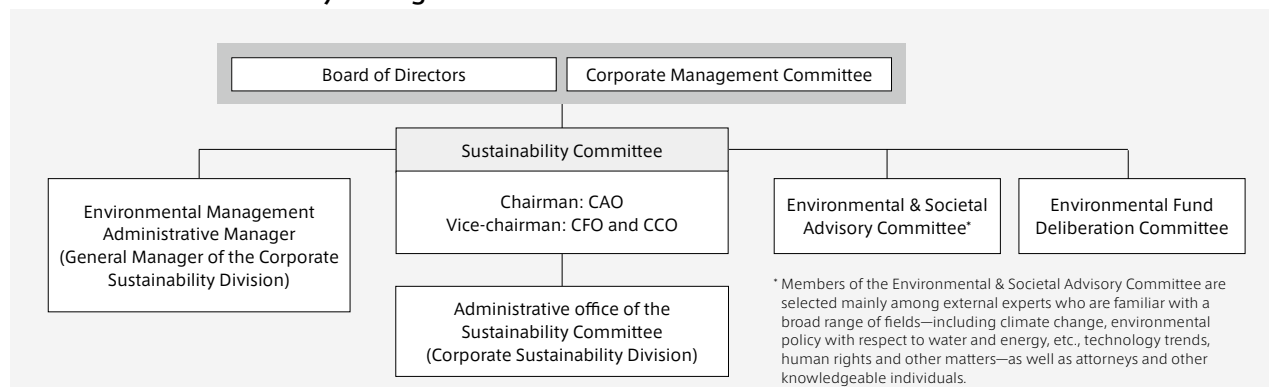
The actions of corporations to address climate change are becoming more and more important for realizing a sustainable society. This importance is highlighted by such factors as the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement by the United Nations. In December 2018, the Company declared its support for the Task Force on Climate-related Financial Disclosures (TCFD).

Mitsui has adopted the protection of the global environment as one of its material issues, "Create an eco-friendly society," in recognition of the adverse impact that climate change and other global environmental changes have on the sustainable growth of Mitsui and society as a whole. Meanwhile, the response to climate change provides us with new business opportunities, including low-carbon energy, eco-friendly infrastructure and products, and innovative services that make extensive use of digital technologies. We believe that the sustainable growth of society cannot be realized without economic development and measures to address climate change. Accordingly, we will leverage the comprehensive strengths of Mitsui's Global Group to achieve sustainable growth for society through collaboration with our various stakeholders.

Governance Accelerating Our Response to Climate Change

To serve as an organization that operates under the Corporate Management Committee, we established the Sustainability Committee, which comprises directors, executive officers, and the general managers of each relevant corporate staff division. The Sustainability Committee engages in such efforts as collecting information related to the sustainability of Mitsui's businesses, conducting monitoring activities, and submitting proposals to the Corporate Management Committee. In addition, the committee collaborates with the Headquarter Business Units to identify business risks and opportunities pertaining to climate change and monitor the status of our frontline response to climate change. At the same time, the committee promotes activities to respond appropriately to the demand for information disclosure from external stakeholders. The details on discussions held at meetings of the Sustainability Committee are reported regularly to the Corporate Management Committee and the Board of Directors. These details are then used to help determine the future direction of our management.

Structure for Sustainability Management



Strategy Simultaneously Pursuing Economic, Social, and Environmental Value

We identify business risks and opportunities by Headquarter Business Units and formulate strategies for sustainable growth accordingly. While working to fulfill important missions for Mitsui, such as "Secure a Sustainable Supply of Essential Products," "Enhance Quality of Life," and "Create an Eco-Friendly Society," we are making concerted efforts to enhance the operational efficiency of our existing businesses and promote the development of innovative new technologies and business models. Through these means, we are taking on the challenge of realizing both economic development and a low-carbon society.

Risk Management Improving Risk Tolerance and Capturing New Growth Opportunities

We have classified businesses with a high level of environmental impact as "specially designated businesses" and are working to formulate measures to address the environmental impacts that accompany these businesses. We are also making efforts to examine the compliance of the specially designated businesses with environmental regulations and guidelines and to minimize risks starting from the stage of project incubation (Specially Designated Business Management System). Furthermore, we have established the Environmental & Societal Advisory Committee, which functions as an advisory body to the Sustainability Committee. Composed of attorneys and other external experts, the Environmental & Societal Advisory Committee takes steps to improve the quality of Mitsui's projects from an objective and highly specialized perspective.

In the promotion and management of each business, we bear in mind the various climate change scenarios that are offered by internationally recognized organizations, such as the International Energy Agency, and analyze the impact of such scenarios on our businesses. Additionally, as we are a company that develops businesses all over the world, the climate change-related policies of each country have a significant impact on the profitability and sustainability of each individual business. We therefore make full use of the global network we have established through our business activities over many years to promptly gain an understanding of the policies of each country of operation as well as the stakeholder trends that could impact such policies. This understanding is then utilized in our decision-making process.

We undertake initiatives in a broad range of diverse businesses. Accordingly, we are continuously revising our portfolio with an awareness of enhancing our tolerance to climate change-related risks. We are also taking on the challenge of flexibly capturing business opportunities that leverage our expansive business development.

Major Climate Change-related Risks and Their Impact on Mitsui's Businesses

To address the following climate change-related risks, which have the potential to adversely impact Mitsui's businesses, we are transitioning to a portfolio with a high risk tolerance in each business field. In addition, we are closely monitoring government policies, laws, and regulations in each country of operation and working to provide new products and services that give consideration to a low-carbon society. Through these means, we are preparing ourselves to respond to potential risks should they occur.

Transition Risks	
Policy and Legal	Decrease in demand for fossil fuels and impairment to Mitsui's stake in fossil fuel businesses resulting from the transition to using energy with low carbon emissions Adverse impact on the profitability of Company-owned assets resulting from such factors as changes in the energy and power source mix due to government policies in each country and the introduction of new laws or regulations
Technology	Adverse impact on the supply and demand of existing products and services due to the introduction of new technologies that respond to climate change
Market	Risks that affect the procurement of funds for business promotion resulting from low-carbon policies of financial institutions and insurance companies
Physical Risks	Impediment of operations at operating companies in Australia, the U.S., and other regions due to cyclones and hurricanes

Examples of Mitsui's Initiatives

Initiatives toward New Technologies

To respond to the increasing demand for energy, and to pursue efforts to address climate change, we are engaging in a pilot project in the supply chain for hydrogen, which is expected to be utilized as a form of next-generation energy, and undertaking initiatives toward new technologies, including carbon capture and storage technologies.



Hydrogen supply chain project
Source: Chiyoda Corporation

Efforts Related to Greenhouse Gas Emissions

We have been conducting a survey of our greenhouse gas (GHG) emissions from the fiscal year ended March 31, 2006, in Japan and the fiscal year ended March 31, 2009, overseas. In the fiscal year ended March 31, 2019, GHG emissions from the Head Office, Company offices and branches, and domestic/overseas subsidiaries came to 0.69 million tons. Furthermore, GHG emissions from un-incorporated joint ventures in the metal resource and energy field totaled 3.23 million tons. As a result, total GHG emissions came to 3.92 million tons (see page 059).

Meanwhile, in addition to owning and maintaining forests that accumulate and absorb CO₂, we are working to ease our total GHG emissions in such ways as participating in the Jirau run-of-the-river hydropower project in Brazil, which has received approval from the United Nations for annual carbon credits of 6 million tons.

Also, we have adopted a target to reduce energy consumption intensity by 1% or higher on average per year at our Head Office as well as at our domestic offices and branches and domestic subsidiaries.



For more information on our environmental data, please refer to *Sustainability Report 2019*.

Mitsui's Forests

Passing on an abundance of forests to the next generation with the aim of realizing a sustainable society

We own forests in 74 locations that cover a total of roughly 44,000 hectares, which is approximately 0.1% of Japan's total land area. Taking into account the public value offered by forests, we have maintained and managed our forests over many years. In addition, all of our forests have obtained the FSC® certification (license number: FSC®C057355) and SGECC certification, which are both international standards. It is also estimated that Mitsui's forests accumulate and absorb roughly 560,000 tons of CO₂ per year.* These factors demonstrate how we contribute to the mitigation of climate change-related risks through responsible forest management.

* Based on in-house calculations that referenced "IPCC Guidelines for National Greenhouse Gas Inventories" Tier 1



Mitsui's Long-Term Strategy 4: Human Resources Strategy

—Maintaining and Enhancing a Strong Pool of Talent—

The source of the Mitsui & Co. Global Group's competitiveness lies in its strong pool of talent, which comprises 44,000 highly capable individuals on a consolidated basis. By having our diverse human resources engage in friendly competition as they take on the challenge of creating new value, we aim to realize growth for both our employees and the Group, which in turn will help us enhance our comprehensive strengths and bolster our competitiveness. To accomplish this aim, we will provide growth opportunities to our diverse pool of talent, who are active on the global stage, in an effort to maximize their individual capabilities and build a full-strength team of professionals. At the same time, we will strive to promote the best possible talent through fair competition and evaluation.

Key Elements of Our Human Resources System

Mitsui regards human resource management systems as tools that help every individual employee to work energetically and lead to the realization of the corporate mission and values. This basic philosophy is reflected in the following priorities.

Mitsui's Global Group companies will share the above approaches through the Mitsui & Co. Global Business Management Guidelines and by other means. We will formulate human resource management systems, and recruit, train and appoint personnel on the basis of said guidelines, according to the particular circumstances of individual companies.

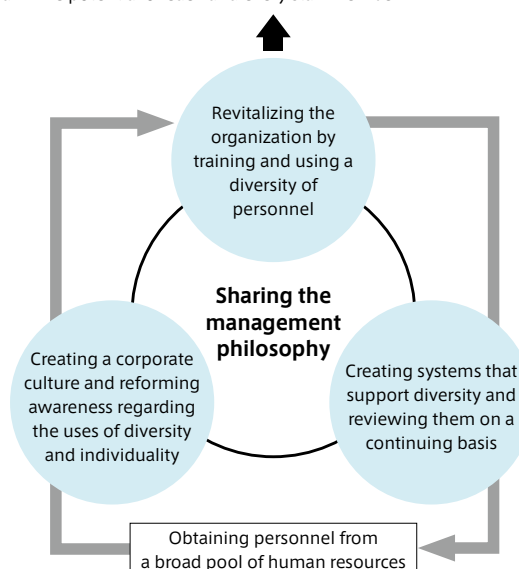
1. Recruitment of Human Resources	We will recruit people highly motivated to take on new challenges as well-balanced individuals.
2. Human Resource Development	We will develop people who share the values of Mitsui & Co. and have leadership skills that enable them to take the initiative in realizing our management philosophy.
3. Appropriate Appointment and Deployment of Personnel	We will appoint and promote optimal people from the Mitsui & Co. Global Group's human resource pool.
4. Promotion of Diversity & Inclusion	We will foster a corporate culture in which employees with diverse backgrounds accept differences and respect one another.
5. Developing of an Environment That Realizes Employee Potential	We will implement measures to develop an environment in which individuals can perform their tasks energetically at their full potential through diverse work styles.
6. Consideration for Employee Wellness, Working Environments, and Health and Safety	We will create healthy and safe working environments in which employees can continue to work with confidence.

The Diversity Management That Mitsui Is Aiming For

Mitsui implements "diversity management," under which each and every member of our diverse human resources recognizes and respects each other, stimulates each other to exert their capabilities to the fullest, brings new value to our business, and creates innovation. This allows us to enhance the competitiveness of the Mitsui & Co. Global Group. Specifically, we strive to build a foundation on which we can realize this vision, primarily through the sharing of our management philosophy, by fostering a corporate culture that seeks to fully utilize diverse individual characteristics, by broadening employees' mindsets, and by creating and continually reviewing work-related systems to support diversity. At the same time, we train and deploy diverse human resources on a Global Group basis, and work to enhance our corporate value by building a full-strength team of professionals.

Increasing Competitiveness by Combining the Capabilities of Diverse Human Resources

- Development of personnel who promotes innovation with strong capabilities for flexibly adapting to and coping with change in an environment characterized by the globalization of business activities and expansion of business domains.
- To be a company that can attract human resources, draw out the individuality, and maximize potential of each and every staff member.



Frameworks for Promoting Active Roles for Our Diverse Human Resources

In addition to strengthening the capabilities of our human resources, we are making thorough efforts to place the right people in the right positions on a Global Group level. In this way, we are working to further enhance our human capital and maximize the potential of organizational strengths.

Flexible Reallocation of Human Resources

Human resources are vital but finite management resources. Taking into account the external environment and the balance between our portfolios and profits, we agilely transfer and position our human resources to growth areas that we have defined as targets under our management policies. We are continually implementing human resource reallocation measures such as the ones listed below to accelerate our business offensives, which have resulted in the promotion of business by diverse, talented professionals.

Since the fiscal year ended March 31, 2018, we have transferred approximately 100 people from corporate units to business units and affiliated companies, with the aim of streamlining administrative units and strengthening business frontline units. At the same time, we have been actively pursuing digital transformation on the corporate side, from where we dispatch these employees, equipping strong but light armor to operate with a high degree of sophistication.

Supporting the Active Role of Women in the Workplace

The Company has formulated action plans to promote women's empowerment. The goal of "more than tripling the number of female staff in managerial positions as of June 2014 (67) by around 2020," which was described in the plans, was achieved in July 2018 (221). (Please see page 059.) In addition, to step up the cultivation of diverse leaders, the Company introduced career vision training targeting young female business staff and a female mentor system. In the fiscal year ending March 31, 2020, the Company plans on implementing the Women Leader Promotion Program, which will be geared toward our female managers.

Introduction of the Change Leader Program

The Change Leader Program (CLP) was implemented as an initiative to identify, nurture and develop diverse talent on a global basis and to train them to become leaders who can actively and boldly push forward reforms necessary to create business. A total of 30 participants from around the world joined this program in the fiscal year ended March 31, 2019. Participants took part in various sessions including 1-on-1 programs with the top management at the Tokyo Headquarters, and underwent active business discussions with the business units and administrative units to accomplish their own stretch assignments that they set up. To promote local business origination to an even greater extent, we will continue to leverage this program for further human resource development.



A training session in the Change Leader Program

Implementing the Mitsui Engagement Survey

The Company began to gather accurate data about the attitudes of employees with the implementation of a survey on work styles in October 2015 (target: Mitsui & Co., Ltd.). In November 2018, we launched the Mitsui Engagement Survey targeting employees at the Tokyo Headquarters, branches and offices in Japan as well as employees working or recruited overseas. As for the survey's results, the level of employee satisfaction, which factors in such important matters as work fulfillment and sense of personal growth, was 76.6%. This result expressed numerically how our diverse human resources are engaging their job proactively with a sense of fulfillment. Through the provision of results from the survey as feedback to each region, we are promoting the development of each organization on a global level.



Please see *Sustainability Report 2019* for more details on our efforts toward human resources.

Mitsui's Long-Term Strategy 5: An Organization with Integrity

We believe that business is built on a foundation of trust, and compliance is necessary to maintain and foster such trust. In our pursuit of compliance, it is not enough simply to obey laws, regulations, and norms. It is also extremely important that we continually verify the appropriateness of our words and actions against our sense of integrity.

Takashi Masuda, the first president of the former Mitsui,* once said, "Let not short-term gains tempt your mind, seek only enduring prosperity by embracing grand aspirations." Since then, the Mitsui Group has inherited the spirit of working with high aspirations to realize valuable business that is truly required by society. The foundation on which those high aspirations are based is integrity.

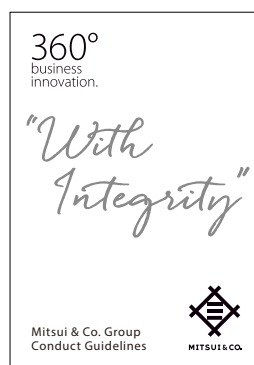
* From a legal perspective, there is no continuity between the former Mitsui & Co. and the present Mitsui & Co., and they are totally separate corporate entities.

The Mitsui & Co. Group Conduct Guidelines—"With Integrity"

Mitsui & Co. and each of the Mitsui Group's companies have individually established their own corporate philosophy (MVV) and business conduct guidelines. While such company-level initiatives remain very important, in November 2018 we put together the Mitsui & Co. Group Conduct Guidelines—"With Integrity" to share our approach toward integrity and compliance on a Global Group basis and to continue achieving sustainable growth as a Group.

Our basic approach toward integrity involves various aspects, including not only the observance of laws and regulations but also respect for human rights, the elimination of discrimination, respect for diversity, the cultivation of an open-minded corporate culture, and consideration toward environmental conservation. Above all, our approach aims to act honestly in accordance with the highest ethical standards.

We will continue to respond faithfully and sincerely to the trust placed in us by each of us working in Mitsui Group, putting the spirit of these conduct guidelines into practice in our daily actions.



Mitsui & Co. Group Conduct Guidelines—"With Integrity"

https://www.mitsui.com/jp/en/company/outline/governance/compliance/WithIntegrity_E.pdf

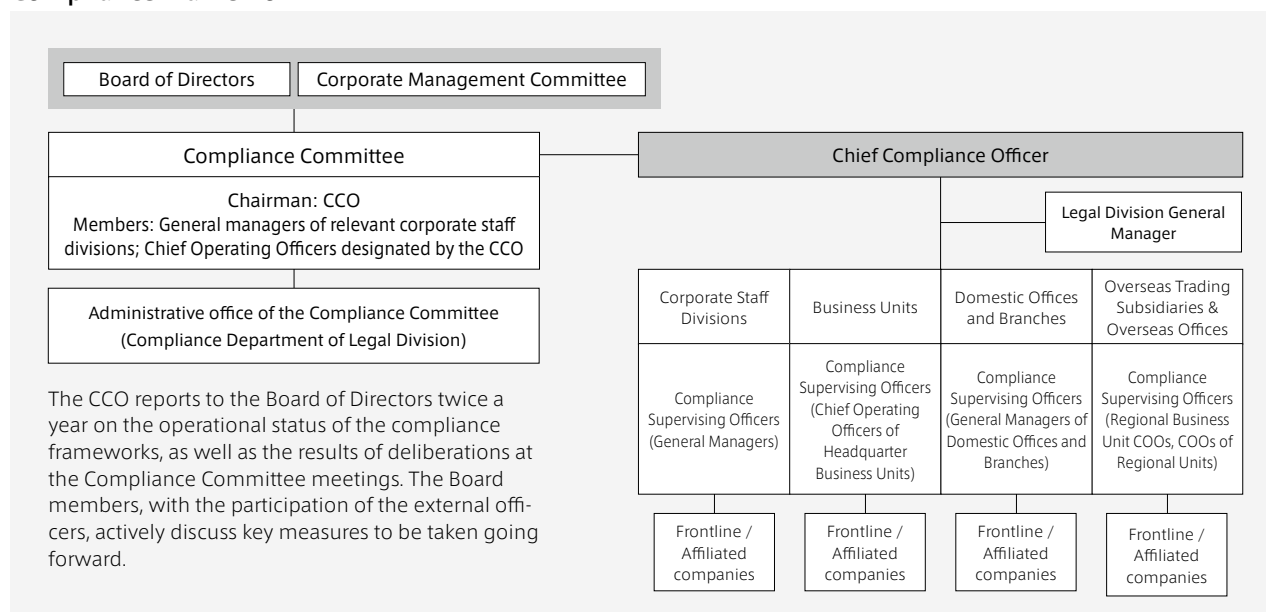
Initiatives to Build an Organization with Integrity

To maintain its reputation that is truly trusted by society, we are working at the Global Group level to ensure the compliance awareness and action with integrity of its employees and build an organization with integrity.

Framework

The Compliance Department of the Legal Division leads compliance-related initiatives on a Global Group basis under the direction and supervision of the Chief Compliance Officer (CCO) and in collaboration with the Compliance Supervising Officers appointed in each of Mitsui's business units, and branches and offices in Japan and overseas. The objectives of these efforts implemented on a Global Group basis are to: (i) heighten compliance awareness, (ii) improve and strengthen compliance programs, and (iii) respond to specific compliance issues as they arise. Furthermore, to serve as an organization that operates under the Corporate Management Committee, we established the Compliance Committee, which works to develop our compliance framework and maintain and improve its effectiveness. With the participation of external attorneys, the Compliance Committee discusses action plans for improving the compliance framework based on various compliance-related matters that have been reported. The minutes of the committee meetings are shared among all of our officers and employees. In addition, Group CCO meetings, in which CCOs of the Company and its affiliated companies in Japan participate, and overseas office CCO meetings, are held regularly in order to actively exchange information and opinions about optimum initiatives and other related matters, thereby strengthening the compliance framework on a Global Group basis.

Compliance Framework



Compliance Programs

We believe that even if a detailed, fine-tuned compliance program is formulated, the effectiveness of the compliance framework cannot be reinforced without management executives taking the lead in compliance-related initiatives. For this reason, the President & CEO, CCO, and other executives are proactively engaging in awareness-raising activities and sending messages to employees continuously and repeatedly on the importance of integrity and compliance. By leveraging the Mitsui & Co. Group Conduct Guidelines—"With Integrity," the CCO blog, and other efforts, we are striving to instill a perpetual awareness of compliance while providing as many opportunities as possible for employees to better themselves through training and other means. In these ways, we share cautionary tales and important points of concern on compliance. Any cases of compliance violations are handled strictly, including disciplinary actions, in accordance with our Working Regulations.

Fostering a "Speak up" Culture

We believe that the essence of compliance lies in the development of an open working environment that reflects our management philosophy and values, so that problems can be prevented through smooth communication within the Mitsui Global Group. Should problems occur, a report must be immediately made to superiors or to those in charge, so that appropriate action can be taken in a timely manner. We recognize the importance of discovering problems at an early stage, and we are actively fostering a culture in which people speak up when they become aware of issues. Management executives continually disseminate the message that we can improve the Company by speaking up about issues.

The Company has established eight channels for reporting compliance-related matters within or outside of the administrative chain of command, including anonymous access to attorneys and independent organizations outside of Mitsui. The rules for the whistleblowing system already prohibited any form of retaliation against or disadvantageous treatment of whistleblowers.

Furthermore, Mitsui has introduced the Global Group Hotline, a special whistleblowing hotline for reporting and seeking advice regarding cases that breach the laws of Japan or another country in relation to anti-trust (monopoly) laws or anti-corruption laws, or cases that give rise to suspicion of such breaches. Under the system that is being put in place, the Compliance Department of the Legal Division of Head Office becomes a unified channel by which to receive whistleblowing reports from overseas trading affiliates, and other subsidiaries in Japan and overseas. Also, officers and employees of Group companies are able to seek advice directly through Mitsui's whistleblowing system when the issues are related to officers and employees of Mitsui or when the issues could have a serious impact on the Mitsui Group.

Megatrends That Mitsui Envisions

In addition to the growing importance of sustainability around the world, the megatrends that have the potential to impact our businesses are changing by the moment. With a firm awareness of the internal and external environments of each Business Unit, we have identified the risks and opportunities facing our businesses and formulated strategies for sustainable growth accordingly. In this manner, we aim to not only achieve sustainable growth in corporate value but also contribute to the sustainable development of the environment and society as a whole.

Megatrends

- Population increase
- Widening gap in income between rich and poor
- Climate change, environmental pollution
- Aging population
- Rapidly growing middle-income class
- Increase of healthcare needs
- Diversification of human resources
- Energy and water shortages
- Changes in work style
- Increase and diversification of infrastructure needs
- Technological innovation
- Accelerating smartification accompanied by increased security risk
- Further consideration for human rights



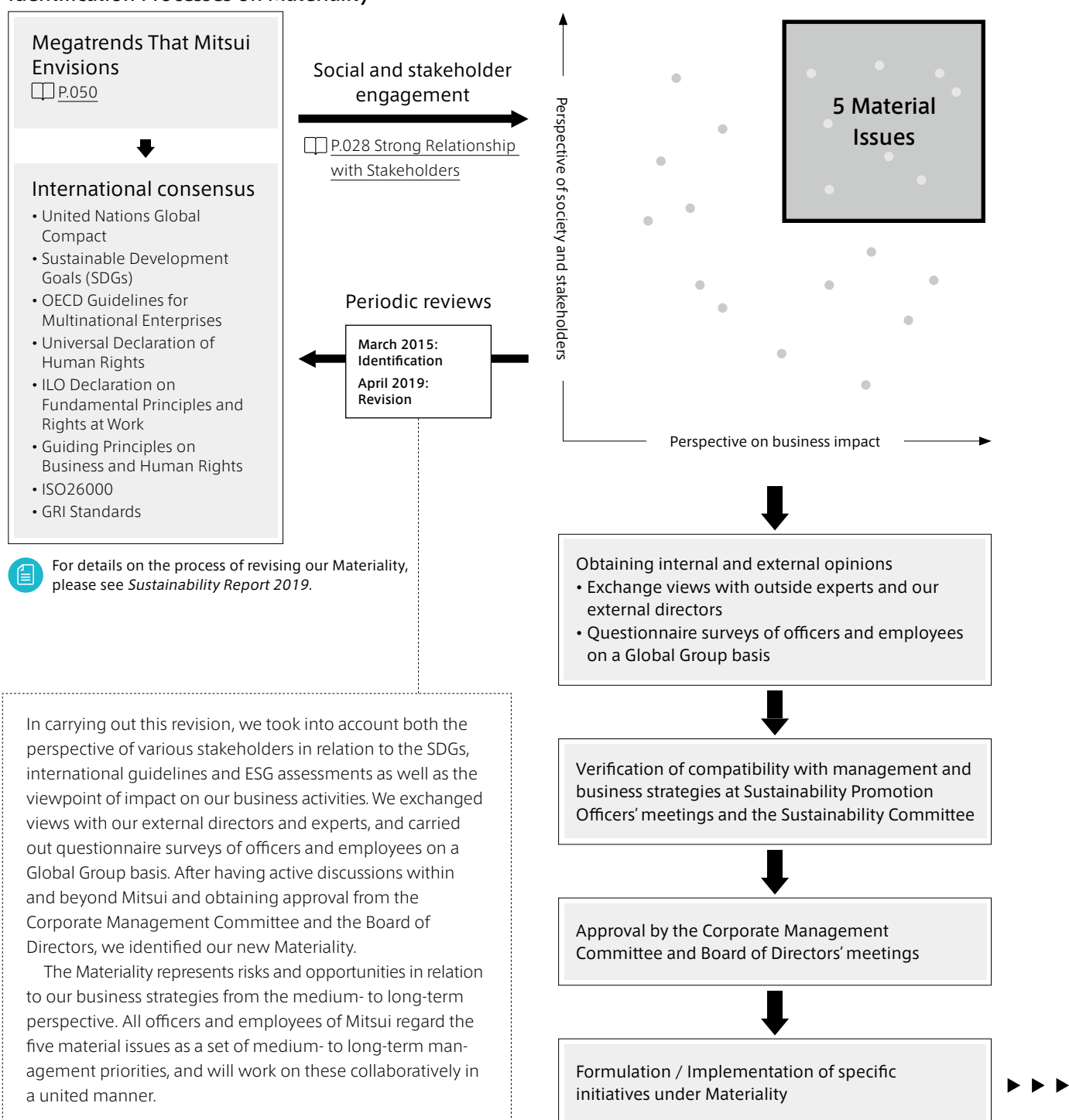
Awareness of the Internal and External Environments

Segments	Awareness of the Internal and External Environments
Iron & Steel Products P.076	<ul style="list-style-type: none"> ■ Acceleration of transition toward a low-carbon society ■ Restructuring of distribution systems and trend of local production for local consumption
Mineral & Metal Resources P.078	<ul style="list-style-type: none"> ■ Acceleration of transition toward a low-carbon society ■ Heightened importance of competitive minerals and metals
Machinery & Infrastructure P.080	<ul style="list-style-type: none"> ■ Acceleration of transition toward a low-carbon society ■ Increase in demand for transportation services and related infrastructures due to population increase ■ Shift to the 3Ds (decarbonization, decentralization, and digitalization)
Chemicals P.082	<ul style="list-style-type: none"> ■ Acceleration of transition toward a low-carbon society and the circular economy ■ Changes of consumer needs as a result of demographic changes ■ Sharper awareness of health ■ Progression of digitalization
Energy P.084	<ul style="list-style-type: none"> ■ Acceleration of transition toward a low-carbon society ■ Increased need for clean energy
Lifestyle P.086	<ul style="list-style-type: none"> ■ Sharper awareness of health ■ Sophistication of food demand following the global rise of the middle class; diversifying consumer needs as a result of demographic changes ■ Changes in shifts in disease structure such as the increase in chronic illnesses
Innovation & Corporate Development P.088	<ul style="list-style-type: none"> ■ Widespread use of IoT and AI ■ Changes in consumer services ■ Expanding scope of blockchain application
Overseas Regional Business Units P.096	<ul style="list-style-type: none"> ■ Heightened environmental awareness ■ Importance of developing and promoting local talent

Material Issues of Focus (Materiality)

As a provider of industrial solutions for sustainable social development, we identified issues that are of high importance for society and our stakeholders and that have a significant impact on our corporate management. We designated these issues as Materiality. Materiality provides us with guiding principles to accurately assess expectations of Mitsui and fulfill our social responsibility. Accordingly, addressing these issues will help us maintain and strengthen our value creation capabilities in a sustainable manner.

Identification Processes on Materiality



Mitsui and the SDGs

Adopting shared goals with its business partners, customers, local communities, NPOs, and NGOs, Mitsui has been contributing to resolve the issues facing industries and society through our businesses since our establishment by drawing on and combining our own strengths together with the strengths of our various stakeholders in a way that transcends organizational boundaries. These kinds of actions embody the essence of Goal 17 of the SDGs, "Partnerships for the Goals." With Goal 17 acting as our core, we will continue to pursue Challenge & Innovation in order to achieve the SDGs.



Mitsui & Co.'s Materiality



Secure sustainable supply of essential products



Enhance quality of life



Create an eco-friendly society



Develop talent leading to value creation



Build an organization with integrity

Related SDGs goals

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Secure sustainable supply of essential products	●	●	●				●					●		●	●		
Enhance quality of life	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Create an eco-friendly society			●			●	●	●	●		●	●	●	●	●		
Develop talent leading to value creation			●	●	●			●		●							
Build an organization with integrity		●	●		●	●	●	●		●		●	●	●	●	●	●

Materiality	Recognition of societal issues	Main risks and opportunities	Initiatives of Mitsui
Secure sustainable supply of essential products 	<ul style="list-style-type: none"> Population growth and expanding demand for resources, energy, raw materials, food, manufactured products, etc. Improvement of production and supply capacity to respond to climate change Safety and security of food and manufactured products 	<p>Risks</p> <ul style="list-style-type: none"> Climate change-related supply failures affecting resources, energy, raw materials, food, manufactured products, etc Reputational damage resulting from safety and health problems affecting the final consumers of food and manufactured products <p>Opportunities</p> <ul style="list-style-type: none"> Improvement of production and supply capacity to respond to the effects of climate change Enhancement of competitiveness through the establishment of traceability, responsible marketing leading to demand expansion, etc. 	<p>Contributing to the stable supply of resources and materials through the building of optimal supply chains, spanning all stages from upstream to downstream</p> <ul style="list-style-type: none"> Contribute to the stable supply of metal resources and energy, and maintain an asset portfolio that is sustainable over the long term Steadily and efficiently supply safe and reliable food resources while also implementing countermeasures against climate change, abnormal weather events, and other disasters <p>Supplying manufactured products and food with ensured safety and security</p> <ul style="list-style-type: none"> Make traceability management a priority in the food business area

Materiality	Recognition of societal issues	Main risks and opportunities	Initiatives of Mitsui
Enhance quality of life 	<ul style="list-style-type: none"> • Infrastructure development in developing and emerging countries • Aging infrastructure in developed countries • Health maintenance, provision of healthcare, nursing, and welfare services • Consideration for indigenous peoples in relation to resource development and other activities 	<p>Risks</p> <ul style="list-style-type: none"> • Reputational damage resulting from safety and health problems affecting infrastructure users <p>Opportunities</p> <ul style="list-style-type: none"> • Development of sustainable infrastructure for improvement of living standards in developing and emerging countries • Growing demand for food with high added value in response to the growing middle-income class • Changes in shifts in disease structure due to population growth/economic development and increase in healthcare needs due to aging • Creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities • Market expansion by meeting diversifying consumer needs 	<p>Contributing to the enhancement of quality of life through the development of local and social infrastructures that are essential for sustainable growth and development</p> <ul style="list-style-type: none"> • Respond to the increasing demand for core infrastructure in developing and emerging countries, which are experiencing remarkable population growth and economic development, and by doing so, work to cultivate local industries and create employment • Respond to repair demand resulting from the rise of aging infrastructure in developed countries • Respond to the global trend toward the aging of the population by developing senior housing business. Strengthen our business base centered on hospitals, which we see as core elements in the healthcare ecosystem and contribute to the advancement of healthcare from perspectives of accessibility, quality, and efficiency in Asia, where healthcare demand is expected to expand rapidly due to population growth, economic expansion, and demographic aging • Respond to the need for food with high added value, focusing particularly on greater demand for deliciousness and a heightened awareness of health • Provide products and services that meet the diverse needs of consumers • In cases in which resource development projects require neighboring residents in planned development areas to relocate, construct infrastructure that supports the livelihood of residents □□ P.031
Create an eco-friendly society 	<ul style="list-style-type: none"> • Global warming, climate change • Water resource shortages • Resource recycling, the circular economy • Environmental pollution • Loss of biodiversity 	<p>Risks</p> <ul style="list-style-type: none"> • Impact of tighter policies and regulations as part of the transition to a low-carbon society • Impact of new technologies and the creation of new markets on supply and demand in existing business areas • Disruption of business operations due to the impact of cyclones, hurricanes, and other events linked to climate change • Adverse effects on production yields in agricultural, forestry, and fishery products due to abnormal weather • Impact of leakage of hazardous chemicals • Increase of environmental costs due to the destruction/deterioration of ecosystems <p>Opportunities</p> <ul style="list-style-type: none"> • Expansion of environment-related markets due to increased environmental awareness and the tightening of regulations • Creation of new business models based on resource recycling, the circular economy and sharing • Expansion of business areas, such as energy conservation and renewable energy, resulting from energy diversification 	<p>Continuously revising our asset portfolio with an awareness of enhancing our resistance to climate change-related risks</p> <ul style="list-style-type: none"> • For energy, promote the strengthening of our asset portfolio related to gas and manage a crude oil portfolio with an awareness of the time period between 2030 and 2040 • For metal resources, refrain from accumulating new assets for thermal coal and strengthen our asset portfolio—centered on iron ore, coking coal, and copper—by bolstering our cost competitiveness and promoting flexible asset replacement that responds to changes in demand forecasts • Gradually reduce the ratio of coal-fired thermal power within our equity share of power generation capacity and increase the proportion of renewable energy, including hydraulic power, to 30% by 2030 <p>Making contributions by providing industrial solutions to environmental problems through the development of environment-related businesses</p> <ul style="list-style-type: none"> • Proceed with initiatives toward renewable businesses, the modal shift, and the widespread use of new energy vehicles such as electric vehicles • Promote efforts toward creating the sharing economy and resource recycling businesses (aboveground resources) <p>Establishing targets to reduce energy consumption intensity by 1% or higher on average per year for Mitsui and its subsidiaries in Japan</p> <p>Increasing the ratio of sustainable certified palm oil including RSPO-certified procured to 100% by 2030 □□ P.030</p>

Materiality	Recognition of societal issues	Main risks and opportunities	Initiatives of Mitsui
Develop talent leading to value creation 	<ul style="list-style-type: none"> • Diversity & inclusion • Improvement on creativity through workstyle innovation and career development for diverse human resources • Innovation platforms 	<p>Risks</p> <ul style="list-style-type: none"> • Decline in the quality and competitiveness of human resources due to market and environmental changes • Outflows of employees due to the loss of career development opportunities for diverse human resources <p>Opportunities</p> <ul style="list-style-type: none"> • Improvements in productivity, efficiency, and motivation along with accelerating workstyle innovation • Recruitment of competitive people • Fine-tuned human resource development with an increased emphasis on diversity • Appropriate appointment and deployment of personnel on a global consolidated basis • Improvement of corporate competitiveness by creating innovations through diversity management promotion 	<p>Enhancing our diverse pool of talented professionals, who represent our greatest asset □□ P.046-047</p> <ul style="list-style-type: none"> • Guided by the belief that “human resources are our greatest asset,” strive to become a company in which individual employees can work with a sense of high motivation • Focus on the individual’s ability and personality in our selection processes to recruit diverse people who can succeed in a global environment • Foster diverse and strong individuals who can contribute to the management of our Global Group and create new value • Allocate human resources appropriately in order for our diverse professionals to achieve their full potential, and also to maximize our strategic potential as an organization • Raise awareness of and develop an environment for cultivating a corporate climate and culture of “diversity & inclusion” • Create environments in which individual employees can enhance their efficiency and productivity and reach their full potential <p>Health management, occupational health and safety initiatives Evolving into an entity capable of taking the lead in creating business by exerting our comprehensive strengths and our capabilities to connect and create</p>
Build an organization with integrity 	<ul style="list-style-type: none"> • Expanding responsibility and increasing of consideration for human rights in supply chains (e.g., labor practices and impact on local communities) • Raising integrity awareness, including ensuring compliance among all officers and employees • Reinforcement of corporate governance and internal control 	<p>Risks</p> <ul style="list-style-type: none"> • Reputational damage resulting from human rights violations and environmental loads in supply chains • Compliance violations, including anti-competitive actions, corruption, and bribery, resulting from a lack of integrity awareness on the part of officers and employees • Information security problems <p>Opportunities</p> <ul style="list-style-type: none"> • Realize highly effective corporate governance by improving transparency and accountability and clarifying the separation between business oversight and execution 	<p>Promotion of Supply Chain Management □□ P.030</p> <ul style="list-style-type: none"> • Focus on complying with laws, respecting human rights, maintaining safe and sanitary working conditions, reducing environmental load, and ensuring consumer safety and confidence in relation to products and services <p>Reinforcing compliance under the concept that our sound reputation is the foundation of our business, and recognizing that it is only through compliance that we can maintain that reputation and gain even more trust from our customers □□ P.048-049</p> <ul style="list-style-type: none"> • Ensure the compliance awareness of each employee • Build an organization with integrity on a Global Group basis • Take steps to improve the effectiveness of our corporate governance structure • Enhance our corporate governance structure and reinforce internal control on a global consolidated basis □□ CHAPTER 4 • Strive to further improve transparency and promote active engagements with our stakeholders □□ P.028-031 <p>Risk Management □□ P.042-043</p> <ul style="list-style-type: none"> • Classify business areas affected by high qualitative risks relating to the environment, society, governance, and other aspects as “Specially Designated Businesses” and implement business initiatives under the Specially Designated Business Management System • Implement measures to protect personal information and cyber-security measures to manage information appropriately, a vital business asset • Formulate and regularly review a business continuity plan (BCP) to ensure that we will be able to maintain effective management structures, under our business continuity management (BCM) system

Participation in Initiatives

United Nations Global Compact

In October 2004, the Company signed and pledged its support for the UN Global Compact. The Company has been participating as a member of Global Compact Network Japan and is complying with the principles as part of its own corporate guidelines. Currently, the Company conducts a Companywide survey every other year in order to check compliance with the UN Global Compact principles and is working to comply with and practice the principles on a Global Group basis.



Ten Principles of the UN Global Compact

Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; and 6. the elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainable Development Goals (SDGs)

Mitsui uses its capabilities in the five areas of marketing, financing, logistics, risk management, and IT process configuration to develop diverse business operations across nations and regions. As such, we believe that we can leverage these capabilities to make a wide-ranging contribution to the achievement of the 17 goals. We will strive to achieve, in particular, the goals related to our identified material issues in partnership with our stakeholders.

As a corporate member of Global Compact Network Japan, Mitsui will continue to raise awareness of the SDGs in its business organizations, to reflect the SDGs in our business strategies, and to ensure that our business activities are always guided by a determination to contribute to the achievement of the SDGs.

Please refer to the Sustainability Report for information on the themes of initiatives Mitsui has determined by material issue as well as the relationship of these initiatives with the 17 goals and 169 targets laid out in the UN SDGs. The Sustainability Report also introduces the specific activities that Mitsui is pursuing to realize the SDGs.



Other Initiatives

- World Economic Forum
- Japan Foreign Trade Council, Inc.: Global Environment Committee, CSR Study Committee
- Japan Business Federation (Keidanren): Committee on Corporate Behavior & Social Responsibility, Committee on Gender Diversity, Committee on Environment and Safety, Committee on Nature Conservation
- Council for Better Corporate Citizenship (CBCC)
- Japan Forum of Business and Society (JFBS)
- Japan Business and Biodiversity Partnership
- Forest Stewardship Council (FSC®)
- Roundtable on Sustainable Palm Oil (RSPO)

Message from the Chairperson of the Sustainability Committee

Toward the realization of
a sustainable society,
Mitsui & Co. will contribute to
a brighter future filled
with aspirations.

Shinsuke Fujii

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



Takashi Masuda, the first president of the former Mitsui & Co.,* stated, "Let not short-term gains tempt your mind, seek only enduring prosperity by embracing grand aspirations." We have inherited these values of looking toward the future and the commitment to societal and corporate sustainability. Those values constitute an unshakable foundation for the Mitsui of today.

The realization of a sustainable society has become an urgent global priority, as evidenced by the adoption of the Sustainable Development Goals (SDGs) for 2030 by the United Nations, and the growing importance of environmental, social, and governance (ESG) aspects to various stakeholders. We are told that, in order to prevent climate change from having a severe impact on the earth, and on people's lives, we need to limit the increase in temperature compared with the level before the Industrial Revolution to 1.5–2°C. International efforts are now accelerating, including calls for the achievement of greenhouse gas emission reduction targets under the multilateral framework of the Paris Agreement.

With the aim of contributing to solving such problems, in July 2018, Mitsui announced that it would no longer accumulate new thermal coal assets for coal business that discharges a large amount of greenhouse gas. We also set the target of increasing the portion of our renewable energy-based power generation capacity to 30% by 2030. In December 2018, the Company expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established under the auspices of the Financial Stability Board.

In addition to the growing international importance of sustainability, we are also aware of the continual change in megatrends with the potential to affect our business activities. In response to these changes, we decided to review the Materiality (material management issues) that we identified in March 2015. While taking into consideration international frameworks

such as the SDGs, as well as the perspectives of both a wide range of stakeholders and the potential impact on our business activities, we also engaged in active discussions within and beyond Mitsui. This process culminated in the announcement of our new Materiality in April 2019.

The newly identified five material issues are: "Secure sustainable supply of essential products," "Enhance quality of life," "Create an eco-friendly society," "Develop talent leading to value creation," and "Build an organization with integrity." These constitute the basis for conducting all of Mitsui's business activities and promoting sustainability management with a focus on social and corporate sustainability.

Furthermore, we enhanced the functions of the Sustainability Committee established under the Corporate Management Committee, and in order to accelerate sustainability management initiatives on a Global Group basis, we created the Corporate Sustainability Division that plays the role of promoting and driving sustainability management on a Company-wide basis.

The corporate mission of Mitsui is to "Strive to contribute to the creation of a future where the aspirations of the people can be fulfilled." Under that mission, we will continue to respond to the trust and expectations of all stakeholders, including our customers, business partners, the countries and regions in which we engage in business activities, and our shareholders. Moreover, through a wide range of business activities, we will contribute to sustainable economic and social development on a global scale, as well as to finding solutions to global issues, such as climate change.

April 2019

* From a legal perspective, there is no continuity between the former Mitsui & Co. and the present Mitsui & Co., and they are totally separate corporate entities.