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# Strategic Edge

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# Mitsui's Collective Impact

## Mitsui's Reason for Being, Value Creation

Our pool of diverse professionals actively leverages the Group's comprehensive strengths and networks while drawing on common goals together with our various stakeholders, including our clients, partners, and local communities, to create new businesses which help solve issues directly faced by society and industry. This approach to business, where Mitsui grows while contributing to the sustainable development of society, has been in our DNA since our founding.

### Track record of Challenge & Innovation

□ P.34

Business model for growth  
that leverages trading and  
business management

□ P.38



Our pool of diverse professionals actively  
leveraging the Group's comprehensive  
strengths and networks

□ P.50

Taking the initiative to create  
new business for sustained creation  
of new value

Contributing to the sustainable  
development of society

### CASE

#### Cameron LNG Project in the U.S.

Mitsui participates in the Cameron LNG project, which produces and sells LNG in Louisiana in the U.S. Production commenced on all three trains of the project in May 2020.

Mitsui has secured long-term access to four million tons of LNG annually, some of which will be transported on its own LNG tankers, for sale on the global market.



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

The Cameron project is a prime example of how Mitsui combines the comprehensive strength of its many businesses, including the LNG business, infrastructure projects business and ship business, to formulate a collective impact on value creation for the economy, society and the environment, while engaging with stakeholders such as partners, host countries and customers.

Having defined “secure a sustainable supply of essential products” as a material issue (Materiality), Mitsui will contribute to the reliable supply of energy for Japan and the world by supplying LNG produced from the Cameron project, which has a relatively low environmental impact.

### Mitsui's collective impact on display

1	LNG	History, reputation and expertise from participation in 11 projects since the 1970s
2	EPC contract	Infrastructure business • Track record in infrastructure project business • Formulated optimal EPC contract for construction of LNG liquefaction facilities and project management
3	Trading	• LNG sales experience • Sales capabilities in LNG, including relationships with end customers in Japan, leveraged to optimize distribution
4	LNG tankers	• With eight LNG tankers chartered by Mitsui that include four owned tankers, established flexible logistics structure • Aim to strengthen and expand LNG tanker business

End customers, including Japan



## Track Record of Challenge & Innovation (Core Businesses)



©Sakhalin Energy

- 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 on 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** Participated in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company
- 2007** Participated 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 jointly participated in 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 JV mine and port
- 2017** Participated in Moatize coal mine and the Nacala rail and port infrastructure project in Mozambique
- 2018** Decided to develop South Flank iron ore mine in Australia as well as new iron ore deposits through Robe River JV
- 2019** Acquired interest in Grosvenor coal mine in Australia

- 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, made final investment decision  
Commenced production at Greater Enfield project in Australia
- 2020** Commenced production at Tempa Rossa oil field in Italy



- 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
- 2001** Participated in Penske Automotive Group, a major automobile retailer in the U.S.
- 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  
Participated in Penske Truck Leasing, Co., L.P., one of the largest truck leasing firms in the U.S.
- 2017** Sold interest in First Hydro, a pumped-storage power generation business in the U.K.
- 2018** Decided to move forward with gas-fired power plant project in Chonburi, Thailand
- 2019** Invested in second major gas-fired power plant in Rayong, Thailand



- 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** Established Mitsui Bussan Plastics Trade Co., Ltd. (now MITSUI & CO. PLASTICS LTD.) in merger of Mitsui Bussan Plastics Co., Ltd., Mitsui Bussan Plastics Kansai Co., Ltd., and Nippon Trading Co., Ltd.  
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 in Hexagon Composites ASA, a Norwegian CFRP pressure tank manufacturer
- 2017** Participated in ETG Group Limited, which trades in agricultural products and sells agricultural supplies, mainly in East Africa and Indian Ocean Rim regions  
Acquired Latitude® wheat seed treatment fungicide business assets from Monsanto Company in the U.S.
- 2018** Invested in coating manufacturing and sales business in Europe  
Participated in Adelnor, a Mexican agricultural supply company
- 2019** Participated in Ouro Fino Química Ltd., an agrochemical sales company in Brazil, and Belchim Crop Protection NV/SA, an agrochemical sales company in Europe

## Track Record of Challenge & Innovation (Strategic Focus)



### Energy Solutions

- 1994** Signed development contracts for the Sakhalin II petroleum and natural gas projects
- 2013** Entered into natural gas liquefaction tolling agreement and joint venture agreement for the Cameron LNG project in the U.S.
- 2014** Invested in LanzaTech, a company that develops next-generation fuels using microorganism gas fermentation technology in the U.S.
- 2016** Invested in Hexagon Composites ASA, a Norwegian CFRP pressure tank manufacturer
- 2017** Acquired a distributed solar generation business from SunEdison, Inc. in the U.S. and integrated it with Forefront Power LLC
- 2018** Invested in Yushan Energy Taiwan Co., a developer of offshore wind power plants in Taiwan
- 2019** Made final investment decision for the Mozambique LNG project  
Made final investment decision for the Arctic LNG 2 project in Russia  
Sold interest in C2C Power wind & solar power generation portfolio in Canada  
Participated in EV Connect Inc., which operates and manages EV charging stations in the U.S.  
Business collaboration with ALL NIPPON AIRWAYS Co., Ltd. and LanzaTech Inc. for expanding the sustainable aviation fuel production and delivery business  
Participated in next-generation ethanol production project in China



### Healthcare / Nutrition

- 1976** Established AIM SERVICES CO., LTD. with major U.S. contract food service company ARA (currently Aramark Corporation)
- 1991** Acquired feed additive business from Monsanto Company in the U.S., and established Novus International, Inc.
- 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.)
- 2016** 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 PHC Holdings Corporation, a medical equipment manufacturer
- 2017** Acquired stake in Soda Aromatics Co., Ltd.
- 2018** Reinforced senior living properties business in the U.S.  
Invested in Thorne Research, Inc., a manufacturer and supplier of high-quality supplements in the U.S.
- 2019** Acquired additional shares of IHH Healthcare Berhad (IHH), Asia's largest private hospital group, thereby becoming IHH's largest shareholder  
Established healthcare fund to capture demand from the growing Chinese healthcare market  
Sold interest in Columbia Asia Healthcare, an Asian hospital group
- 2020** Participated in Ceva Santé Animale SA, an animal health company in France  
Becoming a subsidiary of preventative healthcare service provider, Hoken Dohjinsha

# STRATEGIC FOCUS





## Market Asia

### Enhance quality of life

- 1960s** Supported Japanese automakers to establish production bases in Asia
- 1994** Participated in sugar production company in Thailand
- 1997** Established PT. Bussan Auto Finance as sales and financing company for motorcycles in Indonesia
- 2011** Invested in Asia's largest private hospital group, Integrated Healthcare Holdings SB (currently IHH Healthcare Bhd.)
- 2013** Participated in a processing plant under Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam
- 2014** Participated in project to construct and operate a container terminal in Indonesia
- 2015** Entered into contract for integrated railway systems and trackwork for underground transit system in Indonesia
- 2016** Participated in DaVita Care Pte. Ltd., a leading provider of dialysis services in Asia
- 2017** Participated in project to develop and operate a shopping center and railway station commercial complex, etc., in Taiwan
- 2018** Participated in FKS Food & Agri Pte Ltd., an integrated food enterprise in Southeast Asia
- 2019** Acquired additional shares of IHH Healthcare Berhad (IHH), Asia's largest private hospital group, thereby becoming IHH's largest shareholder  
Established healthcare fund to capture demand from the growing Chinese healthcare market

### Create an eco-friendly society

- 2016** Expanded initiatives in Japan, South Korea, and China together with the Spain-based Gestamp Automoción S.A., a global leader in manufacturing automotive stamping components
- 2018** Invested in Yushan Energy Taiwan Co., a developer of offshore wind power plants in Taiwan
- 2019** Participated in a project in China which produces ethanol from flue gas

## History of Mitsui

### 1950s

Facilitated import of daily necessities into Japan and exports after controls were lifted

- ▶ 1947 Daiichi Bussan Kaisha, Ltd. established
- ▶ 1959 Daiichi Bussan Kaisha, Ltd. integrated with other trading companies (Mitsui & Co.'s great amalgamation) and changed its name to Mitsui & Co., Ltd.

### 1960–1970s

In view of Japan's high dependence on overseas sources for key materials, Mitsui invested in the development of its own sources of mineral resources and energy with the aim of ensuring their stable supply to Japan

- ▶ 1969 Established Mitsui Oil Exploration Co., Ltd.

Supporting 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
- ▶ Introduced overseas technologies and business models to Japan

### 1980–1990s

Further strengthened functions, including IT (information technology), FT (financial technology), and LT (logistics technology)

Accelerated the planning and development of large-scale LNG projects in accordance with efforts to diversify Japan's energy supply sources

- ▶ 1994 Signed development contracts for the Sakhalin II petroleum and natural gas projects

Acquired and developed large-scale businesses overseas

- ▶ 1991 Acquired feed additive business from Monsanto Company
- ▶ 1994 Established P.T. PAITON ENERGY, an independent power company in Indonesia

### 2000–

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

- ▶ 2019 Made final investment decision for the Mozambique LNG project

Responding to new needs for enhancing industry and enriching lifestyles

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

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

- ▶ 2017 Invested in Moatize Coal Mine and the Nacala rail and port infrastructure project in Mozambique

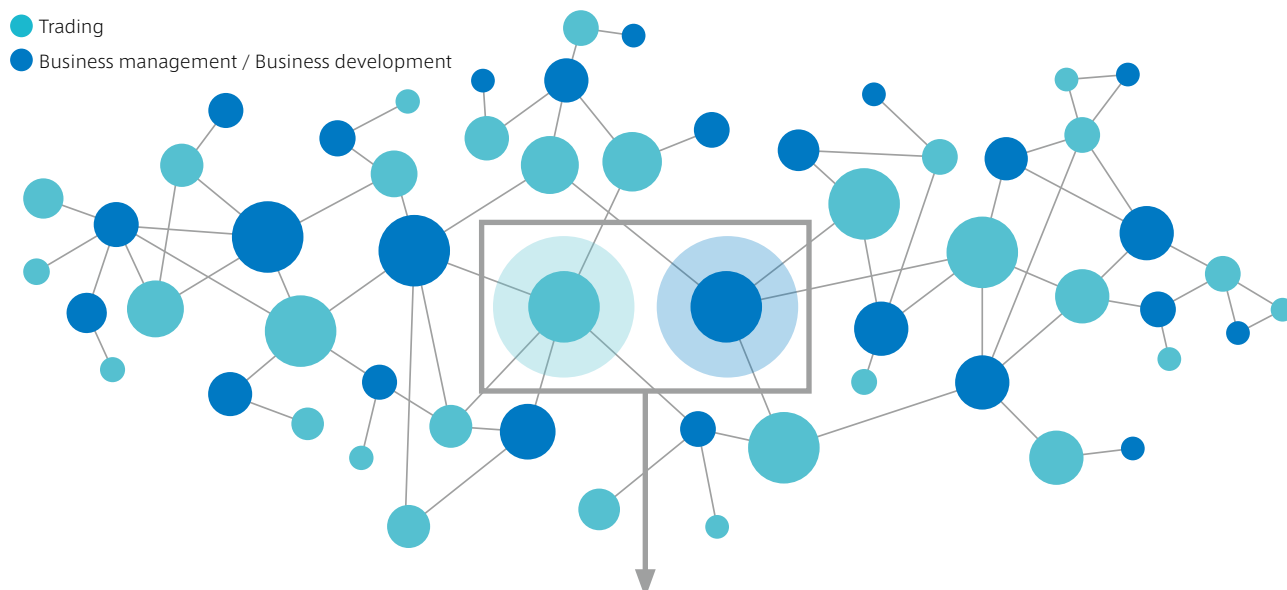


## A Business Model That Maximizes Our Comprehensive Strength

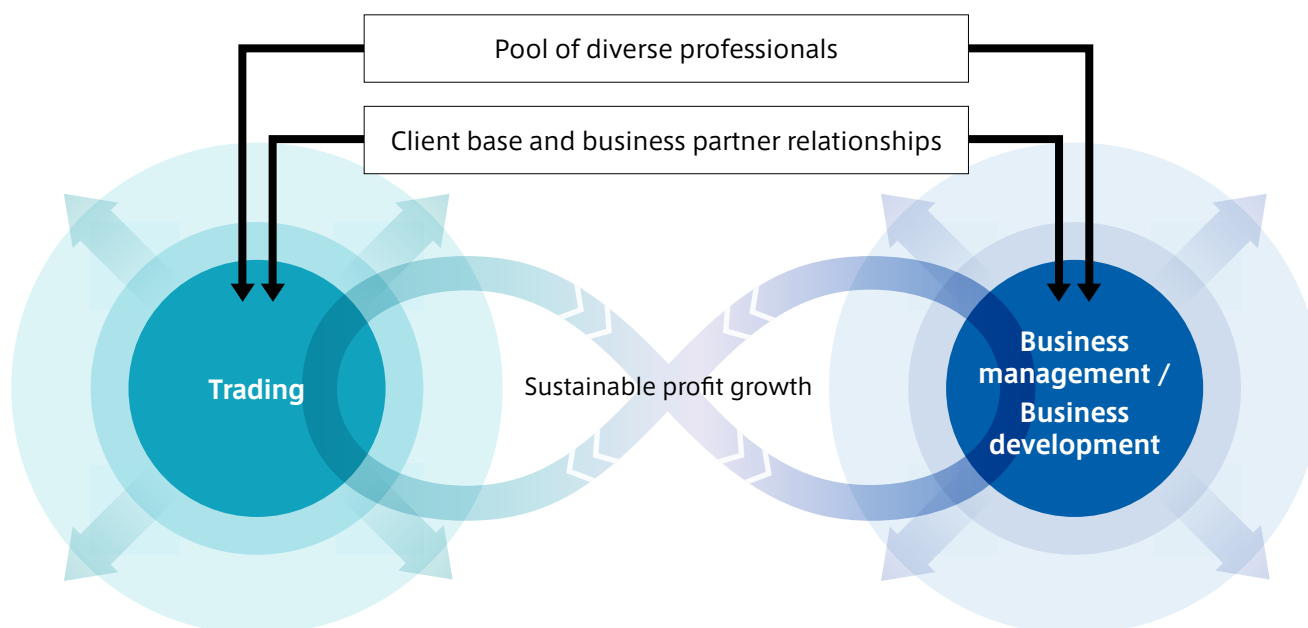
Through our original business of trading, Mitsui has cultivated expansive networks comprising a wide range of clients and has leveraged these networks to carry out business investments. Mitsui gets involved in management of the projects in which we have invested in an effort to enhance their value. In 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 pool of diverse 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.

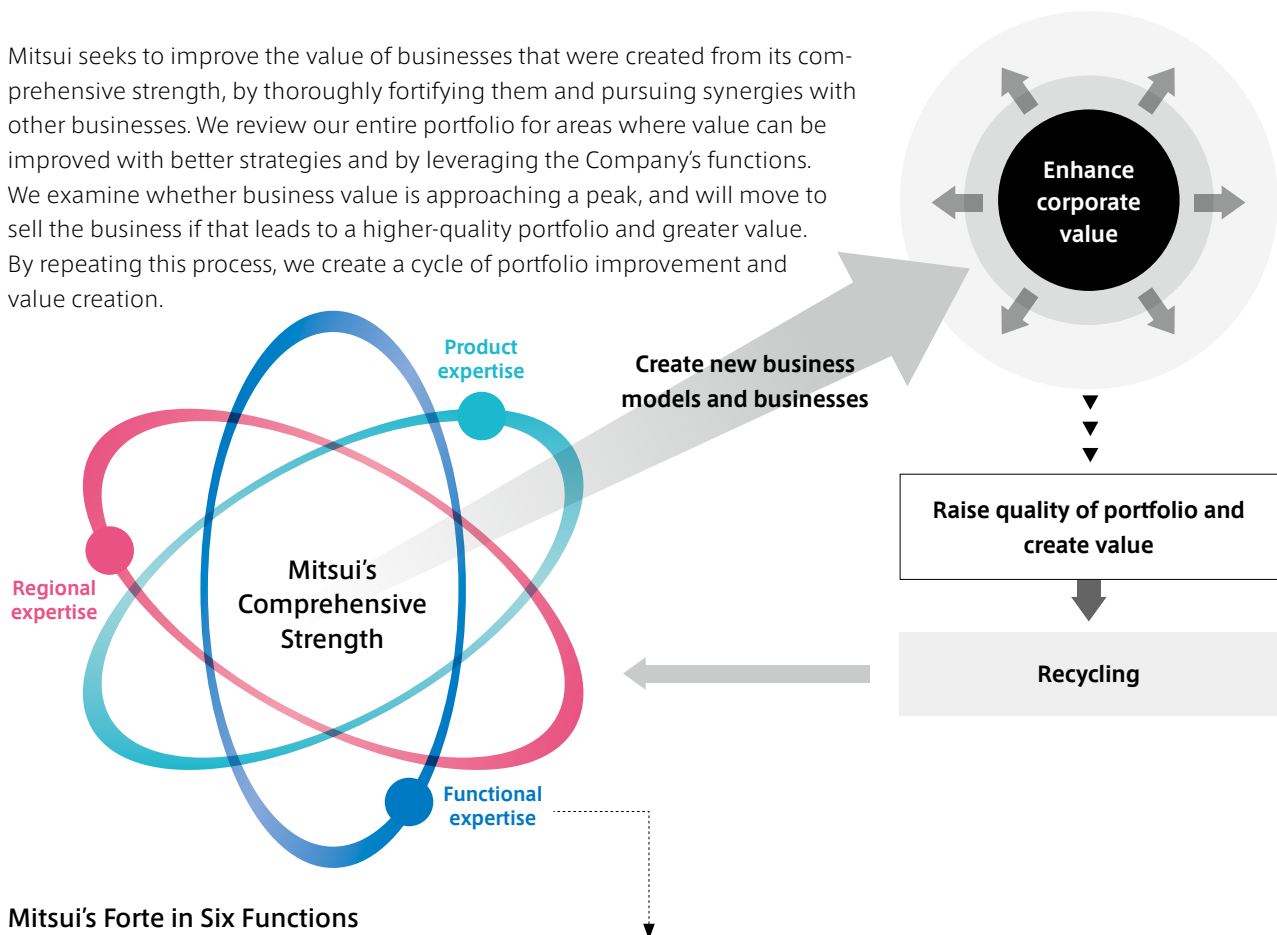
### Mitsui's Business Portfolio



### Business Model for Growth That Leverages Trading and Business Management



Mitsui seeks to improve the value of businesses that were created from its comprehensive strength, by thoroughly fortifying them and pursuing synergies with other businesses. We review our entire portfolio for areas where value can be improved with better strategies and by leveraging the Company's functions. We examine whether business value is approaching a peak, and will move to sell the business if that leads to a higher-quality portfolio and greater value. By repeating this process, we create a cycle of portfolio improvement and value creation.

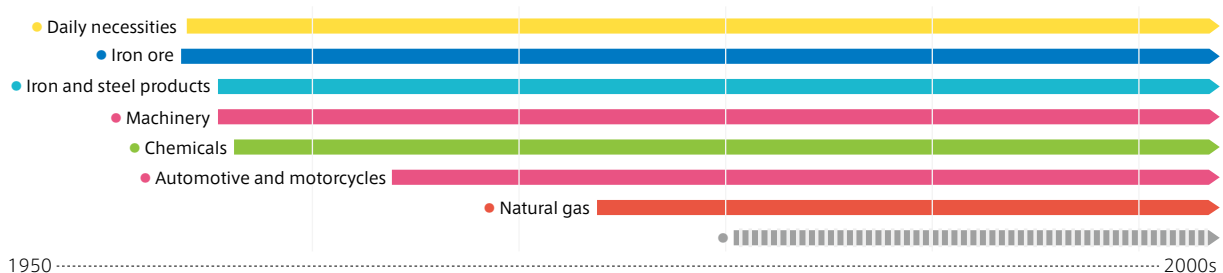


### Mitsui's Forte in Six Functions

- 1** Marketing: Create new markets by drawing on sales capabilities developed through extensive experience aligned with various business practices as well as our powerful information gathering and analysis expertise
- 2** Logistics: Provide optimal logistics solutions in both transportation and cost efficiency
- 3** Finance: Offer and advise on various financial functions, from fund procurement and financial structuring to trade finance
- 4** Risk management: Propose risk reduction and control by utilizing know-how accumulated over many years
- 5** Management: Create competitive businesses by maximizing comprehensive strengths and application of management resources. Realize sustained value improvement
- 6** Digital transformation: Optimize business processes and revolutionize business models by utilizing AI and IoT

### 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 fullest, 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.

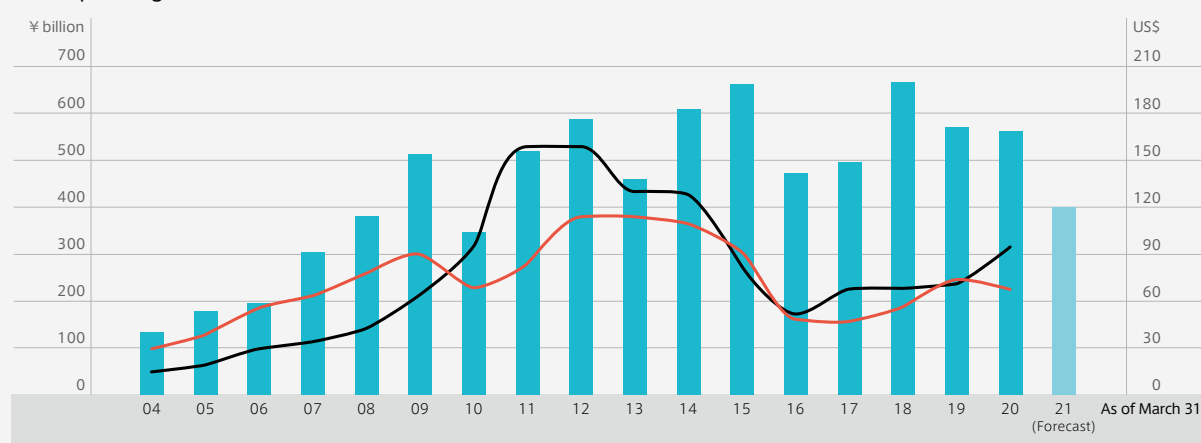


## Portfolio Management and Financial Strategy

### Diverse Business Portfolio Resilient to Downward Pressure

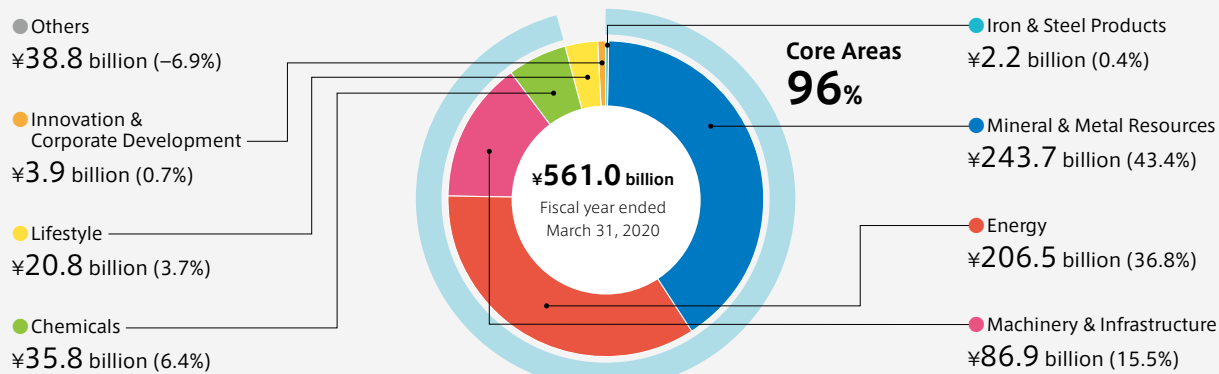
Mitsui has carried out business investments by leveraging the experience and client base it has amassed through trading in a wide range of industries. Mitsui aims to further enhance the value of its investments by leveraging its business management capabilities and comprehensive strengths. At the same time, Mitsui has continuously replaced its business assets while always keeping an eye on the future. Formed as a result of these efforts, our diverse business portfolio has been able to generate strong cash flows in a challenging business environment under the COVID-19 pandemic.

#### 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. Core operating cash flow for the fiscal year ended March 31, 2020 (above) is calculated by additionally deducting the repayments of lease liabilities.



\* Core operating cash flow for the fiscal year ended March 31, 2020 (above) is calculated by additionally deducting the repayments of lease liabilities.

### Practicing Disciplined Portfolio Management and Maintaining a Stable Financial Base

By practicing disciplined portfolio management, Mitsui has strategically allocated our limited capital to areas that are of importance to the Group, to further strengthen our business portfolio with the aim of sustainable growth and social development.

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.

#### Basic philosophy of portfolio management

- ① Strengthening earnings bases of existing businesses and leveraging economies of scale
- ② Generating inter-business synergies through strategic positioning in the value chain
- ③ Acquiring new function platforms
- ④ Expanding into new business fields and taking on the challenge of creating innovative new business models

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

### 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 business units, market trends and macro analyses, and the allocation of its management resources

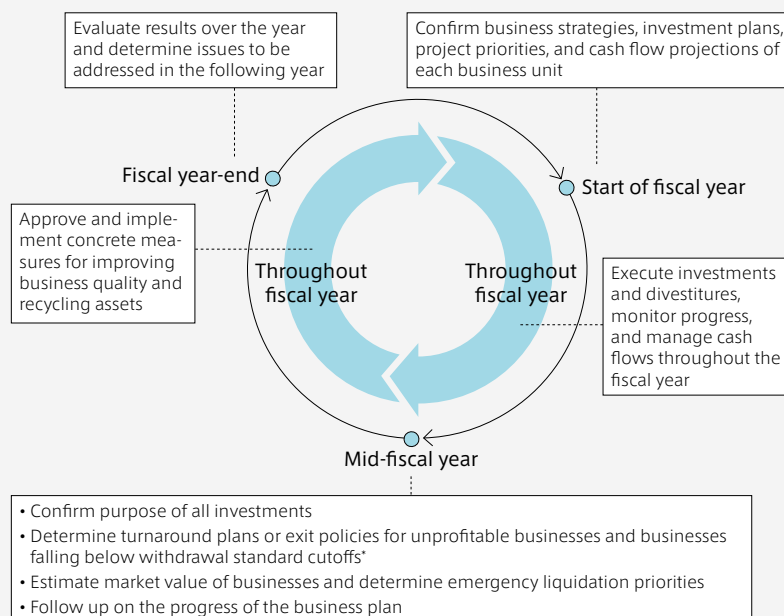
### Establishment of investment and finance policies

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, in addition to confirming the appropriateness of asset size in accordance with each business area and country

\* Withdrawal standard cutoffs include risk-return ratio, core operating cash flow, insolvency indicators, and other profitability standards as well as qualitative standards.



Balance sheet (As of March 31, 2020)  
¥ trillion

Current assets <b>4.1</b>	Other liabilities <b>2.8</b>
Non-current assets <b>7.7</b>	Interest-bearing debt* <sup>1</sup> <b>4.9</b> <b>(3.5)</b>
	Shareholders' equity* <sup>2</sup> <b>3.8</b>
	Non-controlling interests <b>0.3</b>

\*1. Figures in parentheses are "net interest-bearing debt."  
\*2. In this report, "shareholders' equity" means total equity attributable to owners of the parent.

## Basic Approach to Financial Strategy

We aim to ensure liquidity and maintain a healthy financial position.

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

Keep enough liquidity, mainly 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

### 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

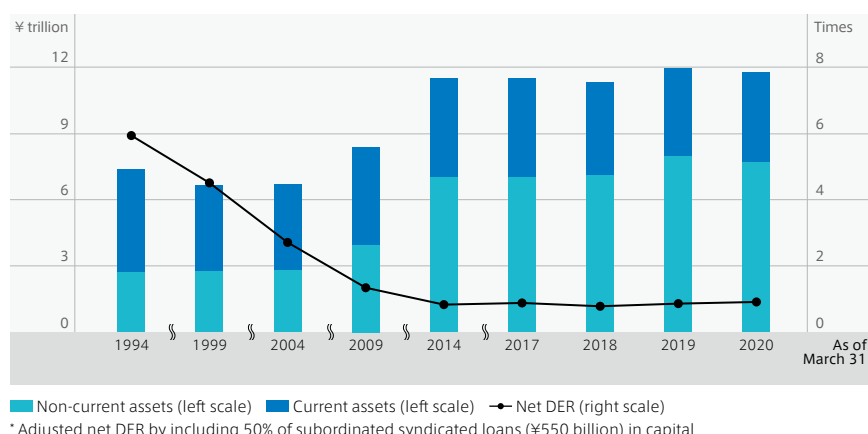
↓  
Effectively leverage liquidity and lines of credit



## Indicators We Focus on in Our Financial Strategies

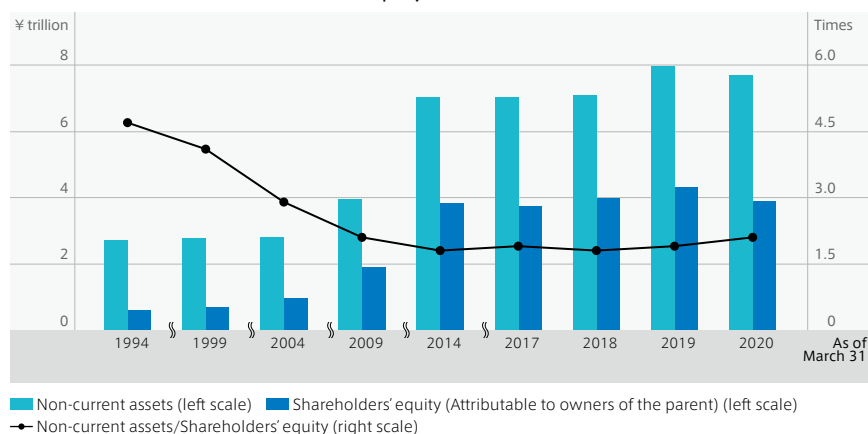
In 2014, Mitsui introduced a framework for cash flow allocation. The purpose of this framework is to drive the implementation of our growth strategy while maintaining and strengthening our financial foundation by making a balanced allocation of cash, gained from operating cash flow and asset recycling, to both growth investments and shareholder returns. For all of the indicators we focus on when considering financial strategy, our policy is to maintain appropriate levels based on our cash flow allocation framework.

### Net DER\*



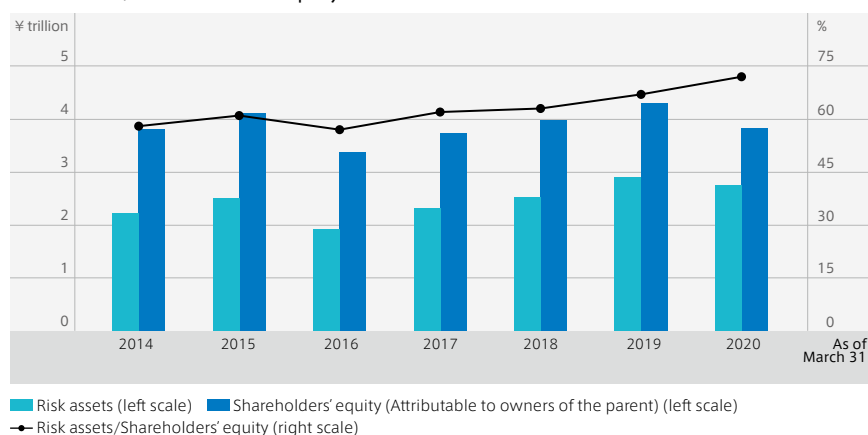
Concomitant with the shift in business composition from trading to investment, our investment assets and fixed assets have been increasing. When business investments of fixed assets that are relatively high risk or take longer to generate returns, leverage needs to be reduced, and we have in fact deleveraged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

## Lifecycle Management of Business 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.

### 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.<sup>\*1</sup> 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.

- Verify assumptions, including strategic viability, ability to execute business plans, commodity prices, costs, foreign exchange rates and interest rates
- Deliberations by committees on investment, loan, and guarantee amounts

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.
- Introduced internal carbon pricing system in April 2020<sup>\*2</sup>

### 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.

### 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

#### Business 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. Our aim is to continuously improve the efficiency of invested capital by utilizing ROIC (return on invested capital) as an internal management indicator, in addition to profits and cash flow.

### 06

#### 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.

<sup>\*1</sup> 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.

<sup>\*2</sup> For more information on the internal carbon pricing system, please refer to page 45.

## Sustainability Management—Tackling Climate Change through Our Businesses

With the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement by the United Nations, companies' measures to address climate change are becoming important for the sustainability of society. Mitsui has identified "Secure sustainable supply of essential products," "Enhance quality of life," and "Create an eco-friendly society" as components of its Materiality. Accordingly, our global business activities will both contribute to the development of economies and societies in a variety of countries and regions worldwide and help address climate change and other global issues. We believe that a favorable long-term balance between economic and social contributions is essential to realizing a sustainable growth strategy.

Also, in December 2018 the Company declared its support for the Task Force on Climate-related Financial Disclosures (TCFD). Pursuant to the TCFD recommendations, we will advance relevant disclosure further.

### Strategy Pursue Economic, Social, and Environmental Value in a Balanced Manner

We view the various risks and opportunities related to climate change as important factors that we must take into consideration when building business strategies. We have formulated Medium-term Management Plan 2023 in light of scenario analysis (→ page 48) conducted in the fiscal year ended March 31, 2020.

### Major Risks and Opportunities Related to Climate Change

Mitsui conducts a wide range of businesses in many different countries and regions. We believe the potential impact of climate change on our businesses is as follows.

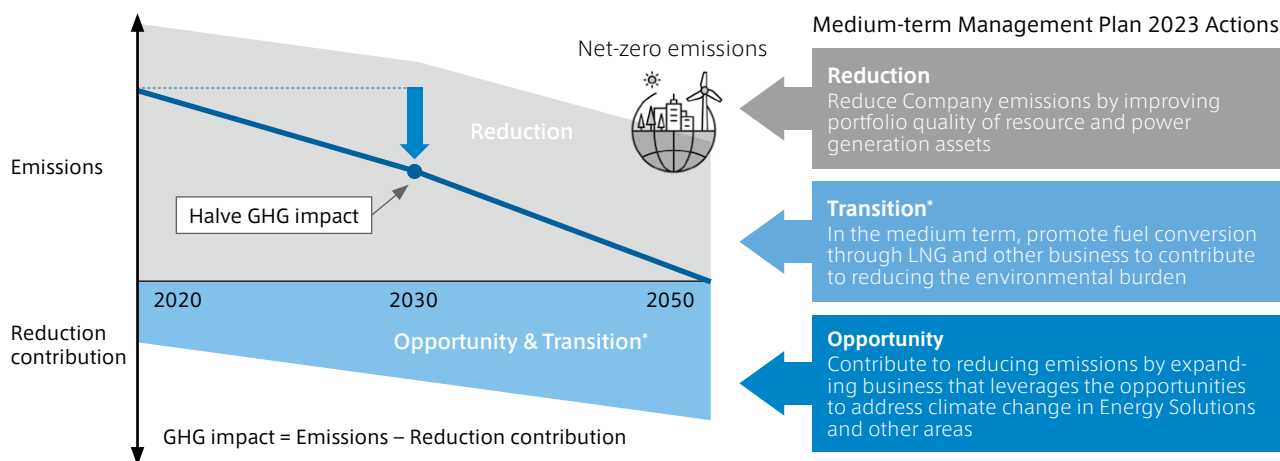
Transition risks	Policy and legal risks	<ul style="list-style-type: none"> <li>Shift to the use of energy with low carbon emissions due to various national and regional policies (changes in energy and power mix)</li> <li>Government-imposed restrictions on greenhouse gas emissions, with carbon taxes and cap-and-trade emissions-credit schemes</li> </ul>
	Technology risks	<ul style="list-style-type: none"> <li>Changes in supply and demand in markets for existing commodities and services, the obsolescence of existing production equipment and facilities, or impairment of the value of Mitsui's ownership interests accompanying the introduction of new technologies geared toward climate change or the development and dissemination of alternative products</li> </ul>
	Market risks	<ul style="list-style-type: none"> <li>Increases in demand for low-carbon products and services or fossil fuel-related products and services</li> <li>Fund procurement risks due to the adoption of decarbonization policies by financial institutions and insurance companies</li> </ul>
Physical risks	Acute risks	<ul style="list-style-type: none"> <li>Interruption of the operations of project companies in Australia and the United States, etc., due to cyclones and hurricanes</li> </ul>
	Chronic risks	<ul style="list-style-type: none"> <li>Impact of global warming on agricultural and marine products or impediments to operations accompanying rising sea levels</li> </ul>

Further, for each of our business fields we have analyzed the internal and external environment and identified risks and opportunities.

Segment	Risks	Opportunities
Iron & Steel Products	<ul style="list-style-type: none"> <li>Decrease in demand for materials and drilling equipment for the energy sector</li> </ul>	<ul style="list-style-type: none"> <li>Reform of steel production, processing and supply chains responding to low carbon society</li> <li>Increase in demand for maintenance businesses to contribute to extending life of infrastructure</li> <li>Increase in demand for lighter vehicles and highly efficient motors accompanying spread of electric vehicles</li> </ul>
Mineral & Metal Resources	<ul style="list-style-type: none"> <li>Decrease in demand for raw materials (iron ore, coal) due to increase in Electrical Arc Furnace usage in anticipation of efforts to reduce greenhouse gases</li> <li>Increase in the cost of environmental measures and carbon taxes</li> <li>Increase in the difficulty for obtaining environmental permits</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of recycling businesses in response to circular economy</li> <li>Increase in demand for raw materials for secondary batteries, copper, and aluminum accompanying the spread of vehicle electrification</li> </ul>
Energy	<ul style="list-style-type: none"> <li>Decrease in demand for fossil fuel and the subsequent decrease in the value of upstream assets</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of LNG and gas businesses that have a relatively low environmental impact</li> <li>Increase in demand for biofuel, hydrogen, and other next-generation energy</li> </ul>
Machinery & Infrastructure	<ul style="list-style-type: none"> <li>Change in the social conditions surrounding coal-fired thermal power businesses</li> <li>Change in the supply and demand of existing businesses accompanying the creation of new technologies and new markets</li> <li>Impact of extreme weather on cargo transportation volumes</li> </ul>	<ul style="list-style-type: none"> <li>Development of renewable energy generation businesses</li> <li>Increase in demand for storage batteries that help address increased volatility in power grids</li> <li>Circular economy and sharing</li> </ul>
Chemicals	<ul style="list-style-type: none"> <li>Change in demand for fossil fuel-derived chemicals</li> <li>Change in industrial structures due to strengthening of environmental restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for recycling in anticipation of a recycling-based society</li> <li>Increase in demand for biochemicals and energy-saving materials</li> <li>Increase in demand for forests as a source of absorption and emission credit businesses</li> </ul>
Lifestyle	<ul style="list-style-type: none"> <li>Change in food-producing regions accompanying global warming, etc.</li> <li>Impact on supply chains of extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>Rising need for securing food resources and securing stable food supplies</li> </ul>
Innovation & Corporate Development	<ul style="list-style-type: none"> <li>Increase in insurance claims accompanying a rise in physical risks</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for insurance accompanying a rise in physical risks</li> <li>Increase in business opportunities in relation to environmental derivatives</li> </ul>

## Aiming for Net-Zero Emissions in 2050

Mitsui has set a goal of achieving net-zero emissions by 2050. As a pathway to that goal, we aim to reduce GHG impact by 50% in 2030 compared to the impact in 2020.



\* For "Transition," only the future "Reduction contribution" attributable to the Company has been envisioned.

### 1 Medium-term Management Plan 2023

GHG impact is the Company's GHG Emissions net of the Reduction contribution resulting from Opportunity & Transition. We aim to reduce the 2030 GHG impact to half of that in 2020.

To this end, we will pursue three main initiatives. Reduction initiatives will optimize our resource and power-generation asset portfolio to reduce emissions. Transition initiatives will help realize a low-carbon society by advancing the shift from coal-fired to LNG-fired thermal power generation. Opportunity initiatives will utilize measures focused on climate change as opportunities to advance new businesses.

### 2 Introduction of an internal carbon pricing system

At Mitsui, we introduced an internal carbon pricing system in April 2020 in order to increase the medium- to long-term resilience of businesses emitting large volumes of GHG, and to encourage the development of projects that are effective at reducing GHG emissions. Regarding new business projects, in projects with potential risks or opportunities from GHG regulations, etc., we have added analysis of the potential impact of a 2°C scenario to project screening factors, as well as the reasonableness of countermeasures in the event these risks are realized. We will also use the internal carbon pricing system for assessing risks in existing projects.

#### GHG-Related Initiatives

Mitsui has been conducting GHG emission surveys in Japan since the fiscal year ended March 31, 2006, and overseas since the fiscal year ended March 31, 2009. Previously, we disclosed Scope 1 and Scope 2 GHG emissions based on the control approach of the GHG Protocol.\* As of the fiscal year ended March 31, 2020, we disclosed the Scope 3, Category 15 indirect GHG emissions of investment-based energy businesses, investment-based mineral and metal resources businesses, and investment-based thermal power generation businesses that do not fall under the classification of either Scope 1 or Scope 2, and we disclosed the Scope 1 and Scope 2 GHG emissions of the businesses of affiliated companies in all business fields. We have extended the scope of disclosure to reflect our corporate strategy, which entails continuously reforming our portfolio with a focus on resilience to risks arising from climate change and utilizing our wide-ranging business development to take on opportunities flexibly.

In the fiscal year ended March 31, 2020, GHG emissions from the Head Office, Company offices and branches, and domestic and overseas subsidiaries were 0.75 million tons. Further, GHG emissions from un-incorporated joint ventures in the metal resources and energy field totaled 3.07 million tons. As a result, total GHG emissions were 3.82 million tons. In addition, Scope 3, Category 15 indirect GHG emissions accompanying investments amounted to 32 million tons.

\* GHG Protocol is a GHG emissions calculation and reporting standard formulated through an initiative led by the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development).



For more information on our environmental data, please refer to *Sustainability Report 2020*.

#### GHG Emissions

Unit: Thousand t-CO<sub>2</sub>e

	2018.3	2019.3	2020.3
Scope 1+2	3,985	3,776	3,820
Scope 3 (Investment)	–	–	32,000

Note: Scope includes greenhouse gas emissions of the Company, consolidated subsidiaries, and un-incorporated joint ventures in the Mineral & Metal Resources and Energy sectors (Scope 1 and Scope 2, including gas generated at times of production).



## Management Foundation Risk Management and Governance Concerning Climate Change

### ESG Due Diligence Checklists and the Specially Designated Business Management System

Decisions are made on the selection of new businesses and on whether or not to implement new businesses following deliberations at respective committees based on quantitative standards such as profitability and on qualitative evaluations (→ page 43 “Lifecycle Management of Business Investments”). As part of these evaluation efforts, respective business divisions conduct environmental, social, and governance (ESG) impact assessments using ESG due diligence checklists that, with reference to international standards, summarize environmental and social risks for each business division. Factors covered by these assessments include climate change, pollution prevention, ecosystems, water stress, and human rights.

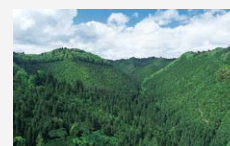
Upon completion of these evaluations, businesses that have high qualitative risks in relation to climate change and other ESG factors are classified as “specially designated businesses” and advanced in compliance with the Specially Designated Business Management System. As required, recommendations on whether or not to proceed with potential new businesses and recommendations on optimizing the quality of potential new businesses are sought from the Sustainability Committee, the Environmental & Societal Advisory Committee, and other bodies. Ultimately, whether or not to proceed with potential new businesses is determined through deliberations that consider whether or not new businesses meet certain quantitative and qualitative standards and which are held at meetings of the Board of Directors, the Corporate Management Committee, and the Council of Investment and Finance Proposals, which supervise ESG risk.

### Business Domains Subject to Specially Designated Business Management System

Business Domain		Key Points for Screening
		<b>Applicable to All Four Business Domains</b> <ul style="list-style-type: none"> <li>Significance and social value of the business itself</li> <li>Significance of Mitsui engaging in this business</li> </ul>
1	<b>Environment-related business</b> Business that has a large impact on the environment Examples: Coal-fired power plant business, offshore oil field business, etc.	<ul style="list-style-type: none"> <li>Contributions of such businesses to the environment and society</li> <li>Measures to mitigate environmental load (incl. climate change, biodiversity loss, water risk)</li> <li>Safety assurance and work environment</li> <li>For development business, appropriate consideration for and understanding of the human rights of local residents and other related parties, and other related matters</li> <li>Compliance with environmental laws, regulations and guidelines, etc.</li> </ul>
2	<b>Medical, healthcare and bioethics related business</b> Business related to the fields of medical and healthcare, business related to the development of technologies relating to the human genome, genetic analysis, genetic recombination, and other relevant matters, or business that handles products to which these technologies are applied Examples: Business with a high public profile in the medical and healthcare fields (dialysis, pharmaceutical drug manufacturing business), development of new drugs using genetic analysis technology, etc.	<ul style="list-style-type: none"> <li>Ethical screening based on the guidelines of three Japanese government ministries (Ethical Guidelines for Human Genome and Genetic Sequencing Research: MEXT, MHLW, METI)</li> <li>Approval by the ethics committee of the research institute in question, acquisition of informed consent, checking of processes, etc.</li> </ul>
3	<b>Projects receiving subsidies</b> All projects that directly or indirectly receive subsidies from governmental and administrative agencies, or other such entities, both within and outside of Japan	<ul style="list-style-type: none"> <li>Evaluation in light of Mitsui's management philosophy (MVV)</li> <li>Social impact and ensuring accountability and process transparency</li> <li>Determination of the interests of stakeholders, and resultant considerations and responses</li> <li>Responsibility and capability over the medium to long term as the operator of a business with a high public profile</li> </ul>
4	<b>Business harboring other unusual reputation risks</b> Business that may be in conflict with public order and morality, Mitsui's management philosophy, etc., and business with a high public profile Examples: Business involving utilization of sensitive personal information, social infrastructure business, etc.	<ul style="list-style-type: none"> <li>Evaluation in light of Mitsui's management philosophy (MVV)</li> <li>Social impact and ensuring accountability and process transparency</li> <li>Determination of the interests of stakeholders, and resultant considerations and responses</li> <li>Responsibility and capability over the medium to long term as the operator of a business with a high public profile</li> </ul>

#### CASE Mitsui's Forests

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. Over many years, we have maintained and managed our forests, which have an estimated public value of approximately ¥200.0 billion.<sup>\*1</sup> In addition, all of our forests have obtained the FSC® certification (FSC®-C057355) and SGEI certification, which are both international standards. It is also estimated that Mitsui's forests absorb and sequester roughly 160,000 tons of CO<sub>2</sub> and accumulate approximately 10 million tons of CO<sub>2</sub> per year.<sup>\*2</sup> These factors demonstrate how we contribute to the mitigation of climate change-related risks through responsible forest management.



“Mitsui's forests” in Owani-machi, Aomori

<sup>\*1</sup> This was calculated based on *Evaluation of the Value of Ecosystem Services with Respect to the Biodiversity Preservation Activities of Companies*, Ministry of the Environment.

<sup>\*2</sup> This was calculated through the use of the Tier 2 approach in “Chapter 4: Forest Land” of 2019 *Refinement to the 2006 IPCC Guidelines on National Greenhouse Gas Inventories*. The calculation method has been changed from the previous calculation method based on the Tier 1 approach of the 2006 *IPCC Guidelines* to a calculation method based on the aforementioned Tier 2 approach in order to refine calculations from the fiscal year ending March 31, 2021, onward.

## Governance in Support of Climate Change Countermeasures

To create an organization that operates under the Corporate Management Committee, in May 2017 we established the Sustainability Committee, which comprises directors, executive officers, and the general managers of each relevant corporate division. With a view to advancing management based on an awareness of the sustainability of society and the Company, the Sustainability Committee offers recommendations on business policies and business activities from the viewpoint of sustainability. These activities include the formulation of basic policies for sustainability management. Furthermore, with the aim of realizing measures in response to sustainability issues, we have established the Environmental & Societal Advisory Committee as an advisory body to the Sustainability Committee. Mitsui mainly appoints to the former committee external experts who provide a wide range of insight on climate change; policies on water, energy, and other environmental matters; trends in technology; and human rights.

Details of the discussions at meetings of the Sustainability Committee are periodically reported to the Corporate Management Committee and the Board of Directors and utilized in decisions on the Company's management policies. Further, meetings of the Board of Directors discuss overall sustainability, including the progress of climate change countermeasures. In the fiscal year ended March 31, 2020, out of a total of 70 proposals and reports submitted to and discussed by the Board of Directors, 25 related to sustainability and governance (→ page 103).



## Initiatives of the Sustainability Committee to Date

FY2018	FY2019	FY2020
<ul style="list-style-type: none"> <li>• Policy deliberations for coal-related business initiatives</li> <li>• Report on latest trends in climate change issues</li> <li>• Discussion on information disclosure policy for environment-related data</li> <li>• Deliberations on enhanced disclosures of non-financial information in consideration of the external environment</li> </ul>	<ul style="list-style-type: none"> <li>• Deliberations on enhanced disclosures of non-financial information</li> <li>• Discussion on reviewing Materiality</li> <li>• Report on external environment in relation to climate change</li> <li>• Discussion on declaration of support for TCFD</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion on climate change scenario analyses</li> <li>• Discussion on key priorities established in relation to sustainability</li> <li>• Discussion on the introduction of internal carbon pricing system</li> <li>• Discussion on establishment of GHG-related targets</li> </ul>



For details on the initiatives of the Sustainability Committee, please see our sustainability reports.

## Environmental & Societal Advisory Committee

Aiming to realize measures in response to sustainability-related issues, Mitsui has established the Environmental & Societal Advisory Committee as an advisory body to the Sustainability Committee. Mainly comprising external experts who provide a wide range of insight on climate change; policies on water, energy, and other environmental matters; technology trends; human rights; and labor issues, this advisory committee evaluates risks in relation to each of these themes and provides recommendations on improving the quality of business projects.

## Sustainability Management—Tackling Climate Change through Our Businesses

**CASE Business Impact Assessments Associated with Transition Risks (Scenario Analysis)**

We have selected business fields considered to possess significant financial and non-financial impacts related to transition risks, used multiple climate change scenarios to carry out impact assessments for each business, and investigated countermeasures based on the results.

**(1) Business Fields Selected for Scenario Analysis in the Fiscal Year Ended March 31, 2020**

Taking into consideration the GHG emissions of entire supply chains, we selected the following business fields.

- Oil and gas development businesses and LNG businesses (■ Energy Segment)
- Coal businesses (■ Mineral & Metal Resources Segment)
- Thermal power generation businesses (■ Machinery & Infrastructure Segment)

**(2) Selected Scenarios**

We have used the following scenarios taken from *World Energy Outlook*, which is published by the internationally recognized International Energy Agency (IEA):

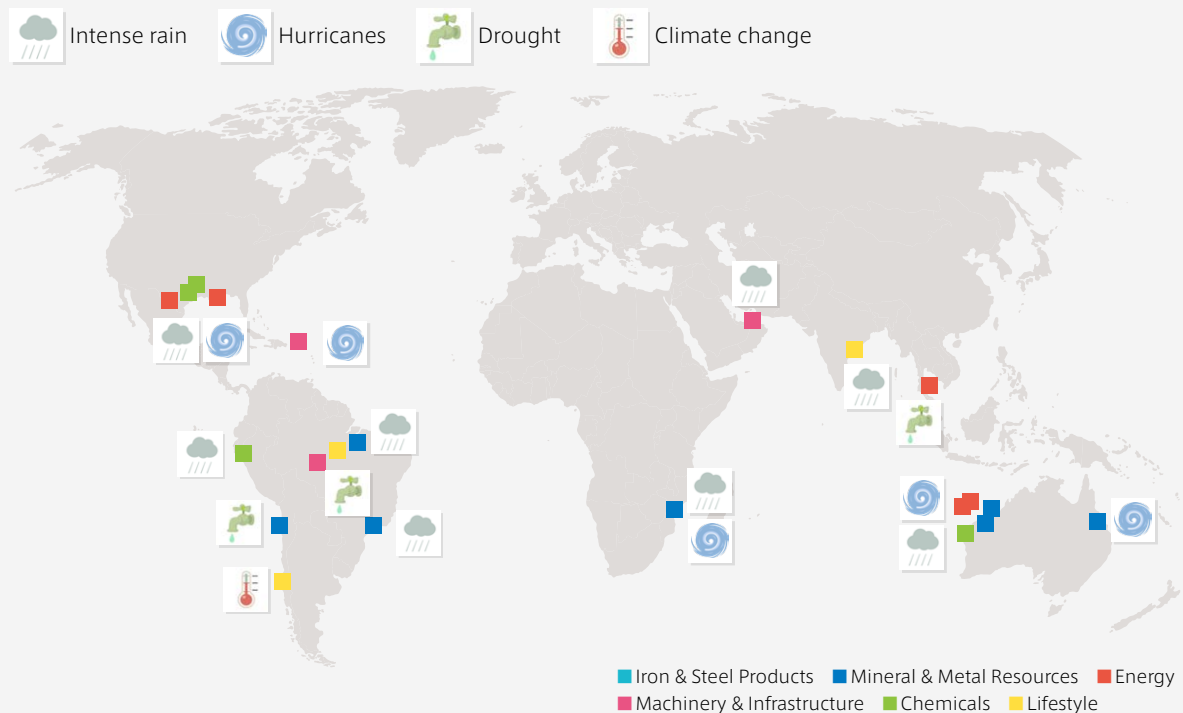
- New Policies Scenario (NPS): Scenario based on the GHG reduction target submitted to the United Nations by respective countries
- Sustainable Development Scenario (SDS): Scenario needed to uphold the Paris Agreement, which seeks to keep global warming within 2.0°C of the pre-Industrial Revolution level

**(3) Analysis Results**

	Evaluation of the impact on existing businesses	Countermeasures
Oil and gas development businesses and LNG businesses	With reference to short-term market levels and the outlooks of multiple third-party organizations, Brent Crude is expected to trend between \$30 and \$80 per barrel in the medium to long term. Even under the SDS, which is a more conservative scenario than the NPS, the Company's highly cost-competitive assets are expected to maintain their advantages to a certain extent.	While the energy industry faces the dual challenges of the need to realize increased volume and improved quality, renewable energy is expanding steadily. Meanwhile, fossil fuel will remain an indispensable energy source for the time being. We will strengthen the cost competitiveness of new business projects while considering the carbon costs. At the same time, we will focus our efforts on gas and LNG projects, which have comparatively low environmental burdens.
Coal businesses	The SDS is premised on further spread of the Electrical Arc Furnace method and on substitutes for coking coal being realized through innovative steel technologies, which have yet to be established. Ongoing verification of the possibility of realizing new steel technologies and of their impact is required.	We will pay close attention to trends in new technologies and to progress in relation to the Electrical Arc Furnace method and the policies of respective countries. At the same time, over the medium to long term a steady increase in demand for high-quality coking coal centered on India and Southeast Asia is expected. While providing stable supplies to customers, we will strengthen our competitiveness.
Thermal power generation businesses	Even based on the SDS, the impact on existing businesses will be limited as businesses contracted under long-term power purchase agreements—in which a consideration is paid for generation capacity rather than for generation volume—account for the majority (96% as of March 31, 2020) of the Company's power generation business portfolio.	In stages, we intend to lower coal-fired thermal power as a percentage of our equity share of power generation capacity and increase the percentage of renewable energy, including hydropower, to 30% by 2030.

### **CASE** Major Physical Risks and Countermeasures

Under the NPS scenario, the physical risks would be relatively higher because the target agreed under the Paris Agreement to keep global warming within 2.0°C of the pre-Industrial Revolution level would not be met. Mitsui has carried out a survey of the impact of physical risks over the past five years on important investment assets, as well as an analysis based on the RCP (Representative Concentration Pathway) used by the IPCC (Intergovernmental Panel on Climate Change).

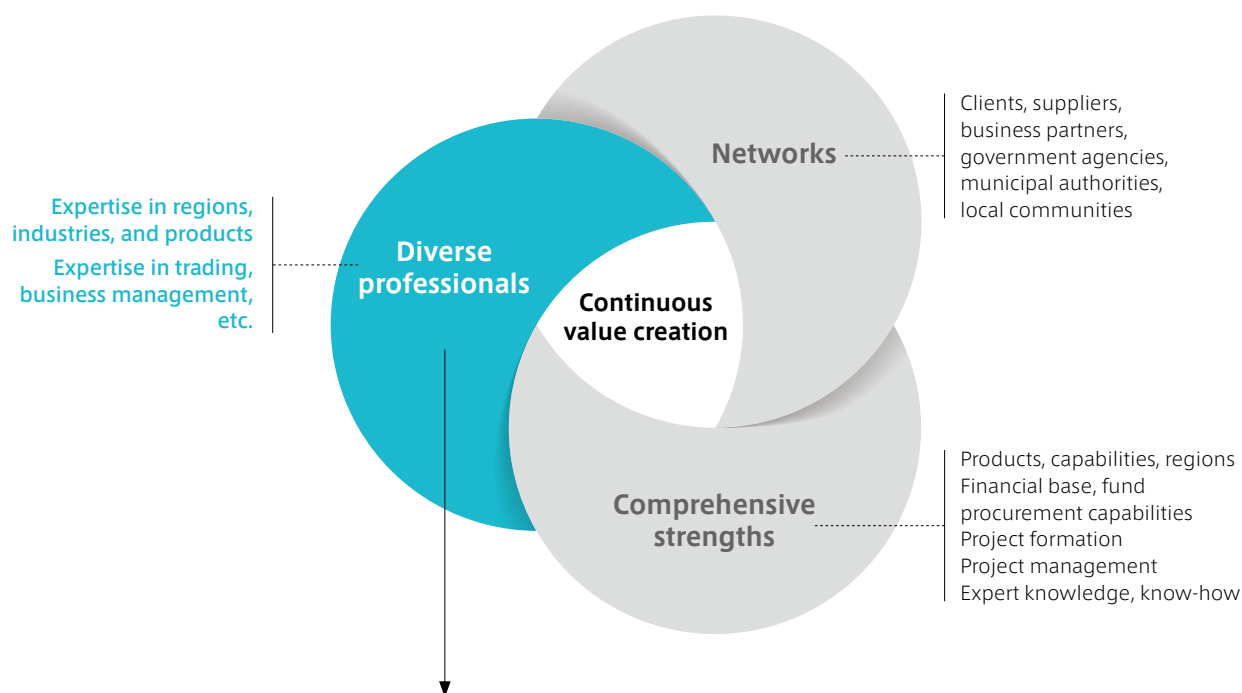


The major physical risks facing assets owned by Mitsui include the potential for localized storms, particularly strong tropical hurricanes and cyclones arising in the Atlantic and South Pacific, to cause negative impacts on operations in our mineral and metal resources projects. Furthermore, in cases of severe damage to production plants or facilities or infrastructure, such as the roads, railways and ports used for shipments, there is a risk that production or shipments could be suspended for long periods until these facilities are restored. On top of Mitsui's own investments, in cases when Mitsui suppliers suffered significant damage, there is the risk of the overall supply chain failing, including failures to receive supplies of raw materials. Mitsui implements measures such as taking out insurance coverage, establishing crisis management policies, and upgrading facilities as necessary. Furthermore, we are also considering the establishment of a system to assess whether each of these measures is being appropriately arranged.



## Human Resources Strategy for a Pool of Diverse Professionals

People is Mitsui's greatest asset. By leveraging Mitsui's various management capital and collaboration among our diverse talent who possess professional expertise in a wide range of business domains, products, fields and regions, we create and develop businesses and generate new value on a global basis. To develop this pool of diverse professionals further and to promote their active roles, we formulate human resource management frameworks. Moreover, we are establishing environments that encourage further "Challenge & Innovation." Through such initiatives, we will realize unmatched value creation.



### Frameworks developing diverse professionals and supporting their activities

#### 1 An extensive range of career options

We are offering each employee more options in terms of opportunities to demonstrate their abilities and to choose their career paths, thereby enhancing management personnel, business management personnel, and highly specialized personnel.

#### 2 A variety of growth opportunities

We are supporting the further growth of employees by enabling them to work and tackle ambitious initiatives in a wider range of fields through provision of various opportunities based on each individual's particular stage of development.

#### 4 A focus on results

To help employees maintain a healthy sense of tension and continue growing, pursuing self-reform, taking on challenges, and working hard, we provide understandable appraisal and compensation that reflect employees' contributions and realization of capabilities.

#### 3 Autonomous career planning

The growth of individuals and their contribution to the Company are maximized by providing motivated employees with greater opportunities to choose a career and take on the accompanying challenges and by matching the needs of individuals with those of the Company.

### Introduction of Share-Based Compensation Plan for Employees

With the aims of realizing Medium-term Management Plan 2023 with the theme of "Transform and Grow" and sustaining growth going forward, Mitsui has introduced a share-based compensation plan for employees. Under the new plan, every fiscal year employees are granted points that reflect personnel appraisals. Upon retirement, employees fulfilling certain conditions can exchange accumulated points for shares of the Company. This plan will establish an even stronger focus on merit and results and motivate employees to change their mindset and behavior with respect to medium- to long-term enhancement of corporate value. As a result, we will realize new value creation that contributes to the sustainable development of society. Further, in relation to the enhancement of corporate value, the plan will foster a sense of unity between the management and employees and heighten employee engagement.

## Diverse Talent

In the Mitsui & Co. Group, employees who come from a wide variety of backgrounds in terms of nationality, gender, values, and other attributes play active roles globally. We implement “diversity management,” under which each and every member of our diverse human resources recognizes and respects each other, inspires 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.

### The Development of Global Talent

As we conduct businesses that are deeply rooted in countries and regions, we are concentrating efforts on empowering global talent, including regionally hired staff. As part of these efforts, we are not only providing such personnel with opportunities to work at our head office in Japan, we are also actively encouraging transfers among overseas operating bases, including those of affiliated companies. As a result, we are appointing an increasing number of regionally hired staff to general manager positions. Further, with a view to fostering leaders capable of forging ahead decisively with reform, we are conducting the Change Leader Program. This program selects regionally hired staff and supports their development by providing opportunities to converse directly with members of the senior management team.

### Empowerment of Women

Mitsui has numerous female employees, who work in a wide variety of business domains. Aiming to “Thrive on Diversity” and accelerate business creation, we want women to account for 10% of our managers by the fiscal year ending March 31, 2025. As of July 2020, 7.4%\* of Mitsui’s managers are women. With the aforementioned target in mind, we have established Women Leadership Initiatives, which are steadily fostering the next generation of female leaders and creating a range of various role models for female leaders. Also, through this initiative, we provide female employees with organizational development instruction and support to enhance self-awareness, which are required of leaders. In addition, the initiative includes opportunities to engage in dialogue with external directors to help promote the further empowerment of female employees.

\* For the number of female personnel in managerial positions, please see □□ page 124 of the “ESG Data Book.”

### Faisal Ashraf, Managing Director, Mitsui & Co. India Pvt. Ltd.



Since joining Mitsui & Co. India Pvt. Ltd. as a local hire, Mr. Ashraf has primarily been engaged in the Mineral & Metal Resources Segment working and accumulating experience in Tokyo, Kuala Lumpur, and Dubai. Having become Mitsui & Co. India’s first locally hired managing director in April 2020, he continues tirelessly pursuing “Challenge & Innovation.”

### Mitsui Engagement Survey 2018

#### Results

Response percentage worldwide<sup>\*1</sup>: **89%**

Employee engagement<sup>\*2</sup>: **59%**

Respected as an individual: **80%**

<sup>\*1</sup>. Workers at Mitsui’s operating bases in Japan and overseas, including regionally hired staff

<sup>\*2</sup>. Employees’ enthusiasm for work, including a self-motivated approach to tackling work or a sense of attachment to the Company

## Environments That Encourage “Challenge & Innovation”

During Mitsui’s long history, an organizational culture characterized by “Challenge & Innovation” and open-mindedness has been passed down from generation to generation as part of the Company’s DNA. To leverage this organizational culture and accelerate efforts to “Transform and Grow,” we have designated our new Head Office—to which we relocated in May 2020—as a venue where diverse individuals and professionals from inside and outside the Company spark “intellectual chemical reactions” to create new value. By strengthening cooperation that spans divisional boundaries and collaborations with external partners, Mitsui will step up the pace of its growth even further.



### Features of the new office floors

- Collaboration spaces (“camps”) where people readily gather, chat, and come up with ideas
- Each organization’s introduction of systems that enable employees to choose where to sit and work and which realize flexible teaming as needed for operations and projects
- Ability to reflect management strategies and flexibly change the layout of departments’ office floors with the aim of creating business synergies

## Business Impact from COVID-19 and Our Response

The COVID-19 pandemic has led to lockdowns in major cities around the world and restricted the movement across cities and countries. Mitsui's businesses have been greatly affected as a result. We are working toward an early return to a growth trajectory by accelerating efforts to improve resilience to downward pressure in our ongoing operations.

Specific Impacts		
Affected business area		
Energy	▶▶▶	<div>Decline in commodity prices Weaker demand</div> <p>Restrictions on the movement of people and cargo have led to a sharp drop in demand for jet fuel, gasoline and other transportation fuels. Crude oil prices fell on the uncertain economic outlook, and profitability worsened in petroleum-related businesses.</p>
Mobility	▶▶▶	<div>Decline in operation rate Weaker demand</div> <p>Mobility-related demand has decreased. Demand and the operating rate for automobile-related businesses (production, sales, and financing), railways and aircraft leasing has dropped.</p>
Healthcare	▶▶▶	<div>Decline in operation rate Weaker demand</div> <p>Healthcare demand is down from patients with mild afflictions and medical tourism has slumped, leading to lower operating rates in the hospital business.</p>
Iron & Steel Products, Chemicals	▶▶▶	<div>Weaker demand Decline in commodity prices</div> <p>Demand weakened for durable consumer goods such as automobiles. Profitability has worsened in businesses related to iron &amp; steel products and chemicals, for which the Company supplies materials.</p>
Overall	▶▶▶	<div>Delays in asset recycling and IPOs</div> <p>Decreased activity in financial markets has caused delays in planned IPOs and the divestiture of assets.</p>



### Action Plan for the Fiscal Year Ending March 31, 2021

While prioritizing the health and safety of all employees and stakeholders, Mitsui is focusing efforts on minimizing damage as well as maintaining the competitiveness of existing businesses and relationships with customers that have been built up over many years.

#### ▶ Maintaining existing businesses and relationships with customers and partners

Using digital tools, we aim to maintain our network and expand businesses with customers and partners.

#### ▶ Minimizing damage

With demand falling in various domains, the business environment has worsened, but we are working hard to minimize the damage with thorough risk management.

#### ▶ Sharply reducing costs and reviewing investment plans

While thoroughly reviewing new investments and expenditures for already approved investments, we are keenly moving to reduce costs with the cooperation of our joint venture partners and operators, in a bid to improve resilience to downward pressures in operations.

## Mitsui's Response

We introduce below some of the measures that Mitsui took in response to the state of emergency being declared in Japan.

### ▶ Encouraging working from home

Based on COVID-19 outbreaks in each country, we encouraged employees to work from home in crisis situations, placing their safety and health as our foremost priority. During the state of emergency, all employees were forbidden to come into work, in principle, and the approval of the head of Emergency Management Headquarters (Chief Human Resources Officer) was required before any employee could report for on-premises work.

### ▶ Promoting work with digital tools

We increased the use of digital tools. In addition to internal meetings, we used online meeting software for meetings with suppliers, our entrance ceremony for new hires, employee training sessions, and also meetings of the Board of Directors. The number of employees using Microsoft Teams collaboration software increased from roughly 600 people in January 2020 to almost 13,000 by May. In addition, the number of digital signature software users grew over 10 times compared with pre-pandemic levels.

\* For internal controls related to information systems and information security, please refer to page 113.

### ▶ Launching Work-X initiative for a new work style

Mitsui launched the Workplace Experience (Work-X) project in August 2019 to coincide with the move to a new Head Office. To realize new work styles, we not only introduced new equipment and functions but also strived to change employee awareness and behavior with this initiative, which is also in line with "Transform and Grow," the theme of Medium-term Management Plan 2023. For example, we have proactively introduced digital technologies and done away with assigned seating and desk telephones in workspaces in order to facilitate collaboration among employees and be more flexible in teaming up. The Work-X project aims to make new work styles a reality, and we have seen success in efforts to go paperless and to use Microsoft 365 and smartphones instead of desk telephones, allowing a smooth transition for employees to work from home while restricting access to company offices.

## A New Work Style in a "New Normal"

We will continue to examine an optimal balance between working in the office and working from home, assuming uncertainties persist as conditions change.

In order to leverage Mitsui's comprehensive capabilities, a company strength, it is important for "intellectual chemical reactions" to take place among the diverse professionals at Mitsui, who have know-how in a variety of industries and areas. While taking advantage of both communication through digital tools and face-to-face communication, we aim to create new businesses.

### Impact on Mitsui's Strategies

Society has changed at an unprecedented speed during the COVID-19 pandemic, increasing the importance of taking initiatives with a long-term view. Mitsui's direction has not changed significantly under the current medium-term management plan.

#### Strategic Focus

Energy Solutions  
Healthcare / Nutrition  
Market Asia

We are focused on the Environment and Health sectors in continuation from the previous management plan. Under the current medium-term management plan, we are confident in Mitsui's ability to leverage its comprehensive strengths and have identified energy solutions, healthcare/nutrition, and Market Asia, which we believe are growth fields, as our strategic focus. Social needs related to the environment and healthcare domains have not changed due to COVID-19, in our opinion, and we intend to push harder on this strategy.

#### Initiatives for DX

IT tools that enable telework and online work have become more inevitable. We will accelerate efforts to create new businesses for which digital technology is utilized and enable new work styles with digital tools. □□ [P.74](#)