

- 13 Track Record of Challenge & Innovation
- 15 Mitsui's Value Creation Process
- 16 Management Capital
- 18 Business Model
- 20 Business and Regional Axes
- 21 Collaborating with our Stakeholders
- 22 Materiality
- 24 Mitsui's Industrial Value Creation
- 28 Message From the Chairperson of the Sustainability Committee
- 29 Climate Change
- 32 Circular Economy
- 33 Business and Human Rights

Gate

# 1 Continuous Value Creation

## Track Record of Challenge & Innovation

1950

### Contributing to Japan's post-war reconstruction

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

- 1947** Established Daiichi Bussan Kaisha, Ltd.  
**1959** Daiichi Bussan Kaisha, Ltd. integrated with other trading companies (Mitsui & Co.'s great amalgamation). Changed name to Mitsui & Co., Ltd.

1960

### A driving force behind Japan's rapid economic growth

#### ■ 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 a stable supply to Japan

- 1963** Participated in the development of the Moura coal mine in Australia (currently the Dawson coal mine)  
**1967** Established an iron ore joint venture business with BHP in Australia  
**1969** Established Mitsui Oil Exploration Co., Ltd.  
**1970** Established MIOD in Australia (Robe River iron ore joint venture)  
**1971** Signed a basic contract for the development of an LNG facility on Das Island in Abu Dhabi

#### ■ Supported the overseas business development of Japanese products

- Promoted export sales of iron and steel products, machinery, and chemicals
- Invested in overseas production and sales operations (Thailand, Canada, Peru, U.K., etc.) of Japanese automotive and motorcycle manufactures (Toyota Motor Corporation, Hino Motors, Ltd., Yamaha Motor Co., Ltd., etc.)

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

- 1958** Established Nippon Remington Univac Kaisha, Ltd. (currently Nihon Unisys, Ltd.) and subsequently helped to lay the foundation for the computerization of Japan  
**1976** Established AIM SERVICES CO., LTD. with major U.S. contract food service company ARA (currently Aramark Corporation)

1980

### Taking on challenges in advanced fields and responding to rapid structural changes in society

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

- 1989** Japan Communications Satellite Company, Inc. (currently SKY Perfect JSAT Corporation), in which we invested, successfully launched communications satellite

- Provided supply management functions to Ito-Yokado Group (currently Seven & i Holdings Co., Ltd.)

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

- 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

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

- 1991** Acquired feed additive business (currently Novus International, Inc.) from Monsanto in the U.S.  
**1994** Established P.T. PAITON ENERGY, an independent power company in Indonesia

1990

## Track Record of Challenge & Innovation

2000

### Responding to the growth of emerging economies and changes in the industrial structure of advanced economies; Developing businesses with outstanding partners internationally

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

- 2003** Participated in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company  
**2010** Acquired working interest in shale gas in the U.S., and working interest in shale oil in the following year  
**2012** Sealed a strategic alliance with Codelco in Chile and jointly participated in Anglo American Sur S.A.  
**2013** Acquired interest in the Jimblebar iron ore mine in Australia  
**2013** Acquired interest in Tempa Rossa onshore oil field in Italy  
**2015** Completed second phase of expansion of Robe River JV mine and port in Australia  
**2016** 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  
**2018** Decided to develop South Flank iron ore mine in Australia as well as new iron ore deposits through Robe River JV  
**2021** Acquired interest in Western Ridge iron ore iron ore deposits in Australia

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

- 2004** Jointly acquired 13 power-generating assets with International Power (currently ENGIE)  
**2006** Acquired gas distribution business in Brazil  
**2006** Invested in Thai Tap Water Supply Public Company Limited, a water supply company in Thailand  
**2014** Invested in VLI S.A., a Brazilian integrated logistics company  
**2015** Expanded gas distribution business in Brazil  
**2018** · **2019** Moved forward with gas-fired power plant projects in Thailand

2005

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

- 2001** Launched 24-hour TV shopping channel in Japan with QVC  
**2001** Participated in Penske Automotive Group, a diversified international transportation service company in the U.S.  
**2008** Launched chemical tank terminal business at the Port of Antwerp in Europe  
**2015** Participated in Penske Truck Leasing, Co., L.P., one of the largest truck leasing firms in the U.S.  
**2015** Commenced commercial production of methanol at Fairway Methanol LLC in the U.S.  
**2016** Participated in Gestamp Automoción, S.A., a global leader in manufacturing automotive stamping components in Spain  
**2017** Participated in CIM Group, a major real estate asset management company in the U.S.

2015

### Expanding initiatives in response to climate change

- 2013** Established joint venture agreement for the Cameron LNG project in the U.S.  
**2017** Expanded distributed solar generation business (established Forefront Power LLC in the U.S.)  
**2018** Invested in offshore wind power plants in Taiwan  
**2019** Made final investment decision for the Mozambique and Russia LNG projects  
**2019** Participated in next-generation ethanol production project in China  
**2019** Collaborated with hydrogen station operators in U.S.  
**2021** Supplied carbon neutral LNG

### Enriching lifestyles through healthcare and wellness businesses

- 2011** Participated in Asia's largest private hospital group, IHH Healthcare\*  
**2016** Participated in DaVita Care Pte. Ltd., a dialysis clinic operator in Asia  
**2016** Participated in PHC Holdings Corporation, a medical equipment manufacturer  
**2018** Participated in Thorne Research, Inc., a manufacturer and supplier of high-quality supplements  
**2019** Acquired additional shares of IHH Healthcare, Asia's largest private hospital group, thereby becoming largest shareholder

### Realizing "Enhance quality of life" in Asia

- 2018** Participated in FKS Food & Agri Pte Ltd., an integrated food enterprise in Southeast Asia  
**2019** Participated in Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam  
**2019** The Jakarta Mass Rapid Transit – North-South Line of the underground transit system in Indonesia began operation.  
**2021** Subscribed to convertible bonds of PT CT Corpora, the holding company for CT Corp, a consumer-focused conglomerate in Indonesia

\*This is the current name, not the name when the investment was made

2020



Daiichi Bussan Kaisha, Ltd.



The Abu Dhabi LNG project (UAE) (the photo was taken in 1970s.)



Feed additive business, Novus International, Inc.



© Sakhalin Energy

Sakhalin II project (Russia)



Bussan Auto Finance (Indonesia)



Marcelo Coelho/Vale

Iron ore business, Vale



Penske Truck Leasing



Automotive components manufacturer, Gestamp Automoción



IHH Healthcare Gleneagles Chengdu hospital



© 2021 ForeFront Power. All rights reserved

Distributed solar power generation (ForeFront)



# Mitsui's Value Creation Process

Our pool of diverse professionals leverage the Mitsui Group's management capital, accrued over its long history, and its comprehensive strengths, while drawing on common goals together with a wide range of stakeholders including our clients, partners, and local communities, to create new businesses that help solve the issues identified by Mitsui as "Materiality", and 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. By continuously providing new solutions to help resolve issues faced by society through the continued evolution and growth of our business and portfolio, we aim to accrue further management capital for use as a source of future value creation.



# Management Capital

By leveraging internal capital (human, financial, and intellectual capital) as well as external capital (social and relationship capital being built with business partners, clients and local communities based on our global affiliates network and natural capital, the source of all our business activities), Mitsui continues to realize new forms of value creation unique to our company philosophy. We are working to enhance these types of capital through our business activities so as to create new value while ensuring the Company can continue to grow in a sustainable manner.

## Internal capital

### Human capital

By leveraging our pool of diverse talents that possesses professional expertise in a wide range of business domains, products, fields, and regions, as well as other forms of management capital, we create and develop businesses and generate new value on a global basis. By offering a broad range of career plans and opportunities for growth, we develop these professional human resources in an environment that encourages employees to realize value creation.

One of Mitsui's Values is "thrive on diversity" and we believe that diversity is one of the main drivers of innovation. Each of our employees with unique background demonstrates one's abilities and challenges to bring innovation.

□ See P47-50 for details on our human resources strategy.

**No. of employees (consolidated) 44,509**  
(as of March 31 2021)

#### Mitsui's pool of diverse professionals

- Mitsui Engagement Survey 2020  
**Employee engagement: 70%**  
(11% higher than the previous survey)
- **Proportion of female managers: 8.1%**  
(as of July 1, 2021)
- **Number of GM positions held by regionally hired staff: 61** (as of March 2021)

### Financial capital

Mitsui has a diverse portfolio cultivated over the course of its long history, along with a solid and sound financial base supported by a disciplined financial strategy and portfolio management. Despite the COVID-19 pandemic, we were able to successfully respond to demands from countries such as the U.S. and China that have quickly recovered from the pandemic, and thus we could show strong cash generation power and strengthen financial capital.

Looking forward, we will continue to implement steady growth strategies while simultaneously maintaining a stable financial base.

□ See P43-46 for details on portfolio management and financial strategies.

**Consolidated assets 12.5 trillion yen**  
(as of March 2021)

#### Cash generation from on-going business activities (for FYE March 2021)

- **COCF: 658.1 billion yen**
- **Profit for the year: 335.5 billion yen**
- **ROE: 8.0%**

### Intellectual capital

Mitsui has a broad range of intellectual capital cultivated as a general trading company pertaining to trading and risk management, as well as knowledge and expertise on business management and corporate governance as it relates to improving the corporate value of our investments.

In our Medium-term Management Plan 2023, we identified improvement of our business management capabilities as one of our key corporate strategies. We have been improving such capabilities within individual organizations and employees while simultaneously taking measures to develop company-wide business management knowledge.

With regard to DX, in order to realize transformation and growth through a move to digital technologies, we have been pursuing efforts to improve efficiency and competitiveness by shifting toward digital across our global businesses as we build up our knowledge and experience bases as a company.

To evolve into a company that is able to create its own business opportunities, we have been making efforts to improve our capabilities as a general trading company, moving to quickly prototype a wide range of ideas, and proposing concrete solutions to our customers.

## Management Capital

### External capital

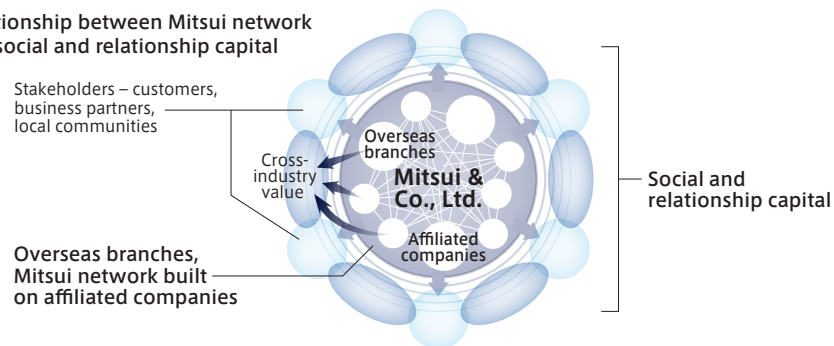
#### Social and relationship capital

The brand and reputation in industries that Mitsui has built up over the years, as well as our relationship with our partners, has led to the generation of future business opportunities for the Company.

In our Medium-term Management Plan 2023, we identified "business and human rights" as one of the critical issues in our sustainability management, and accordingly we have been working to build a sustainable supply chain in collaboration with our suppliers and customers. We have also been collaborating with local communities in business activities including resource development projects and social contribution activities.

The importance of sustainability in our business is becoming ever more important, climate change and other societal issues that we must contend with through our business are also becoming increasingly complex. We are looking to strengthen our relationships with not just our customers and business partners, but also with the local communities and other stakeholders involved in our global business activities, in order for us to function as a general trading company operating across industries.

#### Relationship between Mitsui network and social and relationship capital



#### Mitsui's network

Our global network comprising our overseas branches and affiliates is vital for building relationships with our customers and business partners (social and relationship capital) and maintaining our presence in the various regions and countries in which we operate. It is this that allows us to function as a general trading company operating across industries and to therefore create value.

We work to build value in our business by concentrating the functions and expertise of our overseas branches and affiliates on tackling increasingly complex societal issues. Moving forward, we will continue to maximize value through our unique matrix management system based on "Business and Regional axes."

**Number of offices: 131 offices in 63 countries/regions**  
(as of August 1, 2021)

**Number of affiliated companies for consolidation: 280/Equity accounted investees: 234**  
(as of March 31, 2021)

#### Natural capital

Mitsui's business activities are highly diverse, ranging from the development of resources and infrastructure through to the supply of foodstuffs and materials, and it is natural capital that forms the source for all of these activities. In order to meet our responsibilities as a company with businesses across the globe, we are working to reduce our environmental impact, including through initiatives to reduce greenhouse gas emissions and to recycle resources.

In our Medium-term Management Plan 2023, we identified climate change and a circular economy as critical issues in our sustainability management, and are pushing forward with initiatives to tackle these issues accordingly.

In addition to reducing our environmental impact, we also see climate change and a circular economy as opportunities to demonstrate our capabilities and to make a broad contribution to society by creating new businesses.

**Energy consumption: 42,078 TJ** (for FYE March 2021)\*1

**Water consumption (intake): 359 million m<sup>3</sup>**  
(for FYE March 2021)\*2

**Aiming to reduce environmental impact while using climate change as an opportunity to create business**

- **Greenhouse gas emissions: 39 million tonnes** (for FYE March 2021)
- **Greenhouse gas reduction contribution: 2 million tonnes** (for FYE March 2020)

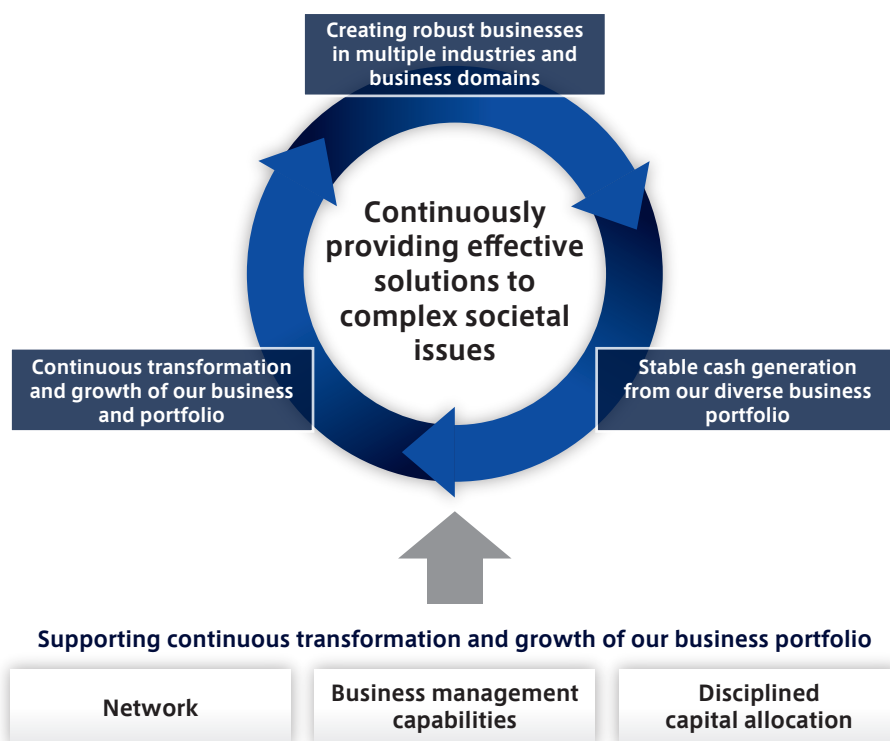
\*1 Non-consolidated (head office) / Consolidated (subsidiaries/mainly un-incorporated JV)

\*2 Non-consolidated (head office / Mitsui-owned buildings) / Consolidated (subsidiaries/un-incorporated JV)

## Business Model

### Transforming our business portfolio to match the current environment and provide effective solutions to the complex issues facing our society through cross-industry value creation

By leveraging the cash-generating capabilities of the strong businesses in our diverse portfolio, we strive to transform and grow our portfolio in response to societal requirements and the change of the times while simultaneously using our comprehensive strengths to provide solutions to increasingly complex societal issues through the creation of value across industries.



### Creating robust business clusters and driving collaboration among them to create value

We are further strengthening our robust business by strengthening our management capabilities and create new core businesses. By expanding the operations of these core businesses and rolling them out into surrounding domains, we will create business clusters of scale comprising multiple businesses. Next, by driving collaboration among these clusters across industries we will be able to create new value.

#### Case study

#### The challenge to build a sustainable agricultural system centered on crop protection and fertilizer

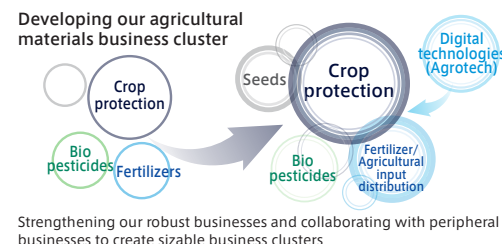
It is believed that the world population will be close to 10 billion by 2050, finding a way to increase food production a pressing issue facing the planet today. Furthermore, the demand for high value-added foodstuffs is increasing together with consumers' understanding of issues concerning health and environment. In order to help ensure a stable food supply and the realization of environmentally friendly agriculture, we are expanding an agriculture business around the world.

Our crop protection business has a long history and we have expanded our manufacturing and sales operations to Europe, U.S., Brazil, India, etc., focusing primarily on sales of products from Japanese manufacturers with advanced technology, and have also expanded the business through the acquisition of intellectual property. We are also involved in a business dealing in biopesticides derived from environmentally friendly microorganisms, and are expanding efforts aimed at the realization of environmentally harmonious agriculture. In recent years, we have also expanded into the seed business—an industry indispensable for increasing production of foodstuffs. Using this acquired overseas seed development business as a platform, we are also engaged in initiatives to expand the superior genetic resources of Japanese companies abroad. In the fertilizer industry, in order to provide more direct solutions to issues faced by farmers, we are expanding our agricultural input distribution business in South America with a particular focus on sales and resource development in the fertilizer raw materials business.

Furthermore, in recent years, we are challenging to build a sustainable agricultural system through our initiatives in the agritech industry such as precision agriculture, employing digital technologies for optimizing the use of fertilizers, pesticides, and water. By introducing and combining new technologies across adjacent industries and domains, including biopesticides and seeds in our long-standing pesticide and fertilizer businesses, we will demonstrate our comprehensive strength to create cross-industry value.



Agricultural input business in India



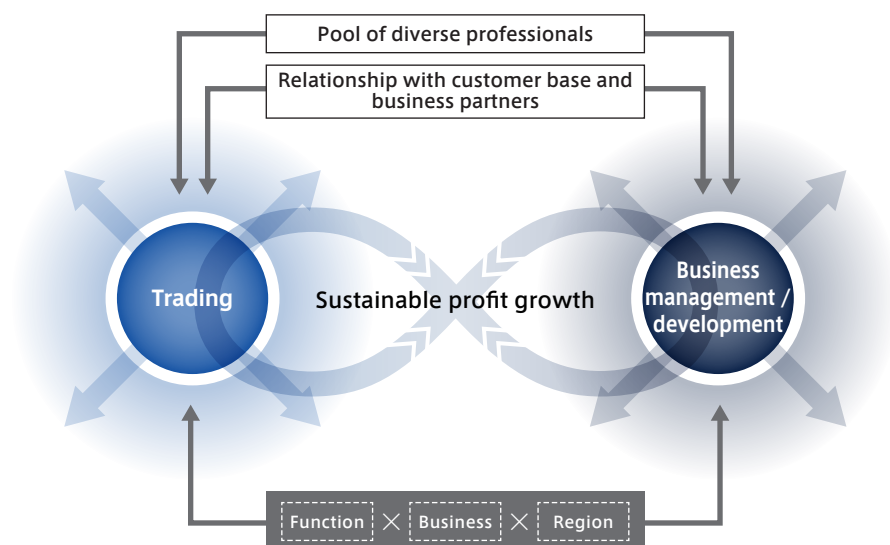
## Business Model

### Forging new business opportunities and robust business clusters based on a dual approach of 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. We participate in the management of the projects in which we have invested in an effort to enhance their value. In turn, these projects help Mitsui further promote its trading business and expand its networks. Through the repetition of this cycle, Mitsui has developed its current business structure.

Our pool of diverse professionals work to combine the individual business expertise of each business unit with our regional expertise, which is supported by the local employees active in regions around the world, and various functional expertise as a general trading company.

Mitsui & Co. business model



#### Comprehensive strength leveraged by functional, business, and regional expertise

At Mitsui, we use our unique operational organization built upon the two axes of business and regional expertise to develop and expand our business activities. We organically pursue collaboration between these two axes by leveraging their respective strengths.

Through sharing and applying not just our organizational framework but also our knowledge and expertise of businesses and regions accumulated and refined by our various business units, we are able to combine these various expertise as a general trading company to create new areas of value.

#### Mitsu'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 methods for 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

## Business and Regional Axes

Mitsui has built its own organizations with two axes, Business and Regional, and is engaged in business activities while leveraging the respective strengths and pursuing collaboration between these axes.

Our 16 Headquarter Business Units formulate comprehensive strategies, for each business and product it is responsible for, to integrate and develop our business activities around the world.

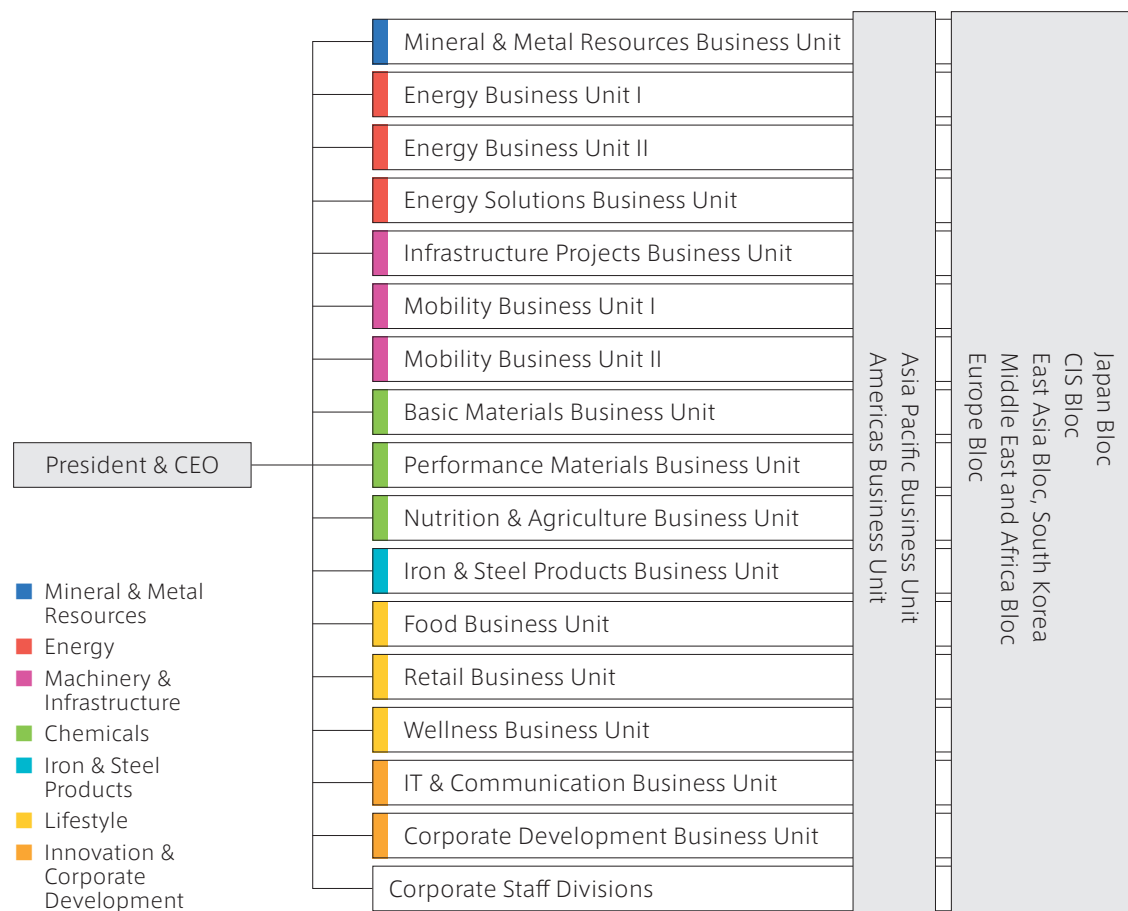
Furthermore, these units are working to deepen the horizontal connections between them to

demonstrate our comprehensive strengths and create value through cross-industry approaches.

The other organization is built upon regional axes.

The organization is comprised of Oversea Regional Business Units consisting of our Americas Business Unit and Asia Pacific Business Unit, and Regional Blocs of Europe, Middle East and Africa, East Asia, CIS, and Japan. Regional organizations function as experts who have thorough knowledge of needs and information pertaining to their respective area of responsibility, and strive to create businesses originating in that region while forming close relationships with prominent local companies. In this way, these organizations form the basis of our global strategies of our global strategies.

By integrating our business strategies and regional strategies, we are able to realize an organic global network.





## Collaborating with our Stakeholders

Our diverse pool of talent, who possess professional expertise in businesses, products and regions, work together with a wide range of stakeholders including customers, business partners and local communities, on a series of shared goals to find ways of using our business to tackle various issues faced by our society, thereby helping Mitsui & Co. to grow as a company.

Issues the world face today, such as climate change, are becoming increasingly complex. Accordingly, we believe that, in addition to improving our functional expertise as a general trading company and demonstrating our comprehensive strength, it is necessary for us to collaborate more with our stakeholders.

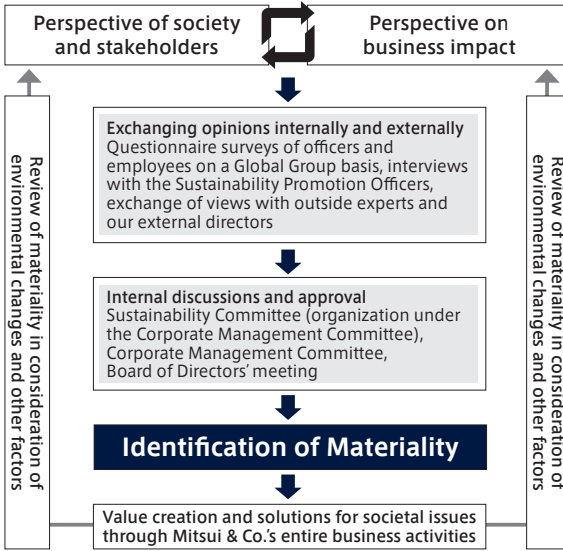
We strive to ensure all of our employees have a deep understanding of the expectations and demands from society and our stakeholders, to deliver a sustainable society through our business activities.

Stakeholder	Shared values	Primary engagement
<b>Clients / Business partners</b>	Our aim is to work together to ensure the safe and secure provision of products and services that meet the needs of our end users and demand from society as a whole. We are undertaking efforts to improve the quality of products and services along the entire supply chain so as to build a sustainable supply chain that supports human rights.	<ul style="list-style-type: none"> <li>· Engagement through business</li> <li>· Supplier survey, fact-finding survey</li> <li>· Responding to inquiries via telephone, email, etc.</li> <li>· Various publications (integrated reports, etc.)</li> </ul>
<b>Shareholders &amp; Investors</b>	We strive for continuous improvement of our corporate value and appropriate market recognition by realizing transparency and accountability in management with timely and accurate disclosure of information, and by engaging in two-way communication with shareholders and investors.	<ul style="list-style-type: none"> <li>· General meetings of shareholders, various types of IR meetings</li> <li>· Mitsui &amp; Co. website</li> <li>· Various publications (securities reports, integrated reports)</li> </ul>
<b>Employees</b>	It is our aim to create a workplace environment where employees are able to work with a passion and demonstrate their capabilities, where they are assigned to the right positions, and where they are able to improve their abilities. Furthermore, in order to be able to meet our aim of "thriving on diversity," we are engaged in a number of initiatives aimed at implementing diversity management.	<ul style="list-style-type: none"> <li>· Discussions with management</li> <li>· Engagement survey</li> <li>· Discussions with labor unions</li> <li>· In-house whistleblowing channels</li> </ul>
<b>Local communities</b>	Harmonious coexistence with local communities is vital for the sustainability of our businesses. Through business activities rooted in local communities, our aim is to develop these communities and local industries, create employment opportunities, build infrastructure, and enhance the quality of life of the residents. We are also looking to contribute to regions through social contribution activities.	<ul style="list-style-type: none"> <li>· Engagement through business</li> <li>· Various society-centric contribution activities</li> </ul>
<b>Government bodies</b>	We are committed to complying with related laws and regulations formulated by government agencies and local governments in the countries and regions where we engage in businesses. Furthermore, through cooperation with governmental agencies and local governments, we aim to become a core part of the local industrial structures so that we are better able to forge businesses that contribute to the development of these countries and regions.	<ul style="list-style-type: none"> <li>· Participation in policy councils</li> <li>· Personnel exchange (accepting trainees, etc.)</li> <li>· Activities through business and industry groups</li> </ul>
<b>NPOs/NGOs</b>	As part of efforts towards reducing our environmental impact and tackling environmental issues, we are building networks with various NPOs and NGOs in order to exchange ideas on environmental and societal issues, and working together to find solutions to these problems.	<ul style="list-style-type: none"> <li>· Participation in seminars hosted by NPOs and NGOs and local visits to these organizations</li> <li>· Participation in seminars on environment-related topics</li> <li>· Responses to surveys</li> <li>· Collaboration through the Mitsui &amp; Co. Environment Fund</li> </ul>

# Materiality

We have identified several issues that are important to society and our stakeholders and that simultaneously will have a major impact on our company management in relation to the SDGs, the United Nations Global Impact, and other international frameworks as issues of materiality, and are carrying out business activities in line with the United Nations' Sustainable Development Goals.

We have organized policies, goals, and initiatives for each of these materialities and organizations into a materiality action plan, and are managing its progress. The initiatives and policies described in this section are examples. Please refer to the Sustainability page of the Mitsui website for more details.



# Materiality

	Major issues to recognize	Risk	Opportunities	Case study: Mitsui's response to issues and goals	Applicable SDGs
 Secure sustainable supply of essential products	<ul style="list-style-type: none"><li>Population growth and expanding demand for resources, energy, raw materials, food, manufactured products, etc.</li><li>Improvement of production and supply capacity to respond to climate change</li><li>Safety and security of food and manufactured products</li></ul>	<ul style="list-style-type: none"><li>Supply failures of resources, energy, raw materials, food, manufactured products, etc., caused by climate change, COVID-19, etc.</li><li>Reputational damage resulting from safety and health problems affecting the end consumers of food and manufactured products</li></ul>	<ul style="list-style-type: none"><li>Improvement of production and supply capacity by responding to the effects of climate change, COVID-19, etc.</li><li>Enhancement of competitiveness through the establishment of traceability, responsible marketing leading to demand expansion</li></ul>	<ul style="list-style-type: none"><li>Help ensure the stable supply of the metal resources, key materials, sustainable forms of energy, and electricity that support our societies and industries</li><li>Respond to increasing demand for marine transportation, resource transportation, and passenger vehicles</li><li>Help ensure reliable and stable channels for procurement and supply of food</li></ul>	
 Enhance quality of life	<ul style="list-style-type: none"><li>Infrastructure development in developing and emerging countries</li><li>Aging infrastructure in developed countries</li><li>Health maintenance, provision of healthcare, nursing, and welfare services</li><li>Consideration for indigenous peoples in relation to resource development and other activities</li><li>Expanding responsibility and increasing importance of consideration for human rights in supply chains (e.g., labor practices and impact on local communities)</li></ul>	<ul style="list-style-type: none"><li>Reputational damage resulting from safety and health problems affecting infrastructure users</li><li>Decline in competitiveness due to the diversification of information dissemination methods and fund procurement means</li><li>Decline in service standards and other issues due to a shortage of healthcare personnel</li><li>Reputational damage resulting from human rights violations and environmental loads in supply chains</li></ul>	<ul style="list-style-type: none"><li>Development of sustainable infrastructure for improvement of living standards in developing and emerging countries</li><li>Changes in disease structure due to population growth/economic development and increase in healthcare needs due to aging</li><li>Creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities</li><li>Market expansion by meeting diversifying consumer needs</li><li>Improvement of value and reliability across entire value chains through consideration for the environment, human rights, labor, and local communities in the entire supply chain</li></ul>	<ul style="list-style-type: none"><li>Contribute towards sustainable development in a way that respects local communities, and maintain and improve the local economies</li><li>Initiatives through infrastructure aimed at helping resolve societal issues such as food supply, financial services, and health promotion</li><li>Provide high-quality and environmentally friendly yet competitive vessels and services responding to increasing demand for marine transportation</li><li>Contribute towards an improvement in people's quality of life through our consumer products business</li><li>Contribute towards extending service life of existing infrastructure and building environmentally friendly new infrastructure</li><li>Improve value and reliability for entire value chains through consideration for the environment and human rights</li><li>Contribute towards improving people's health and sustainably develop healthcare systems by improving access to healthcare</li><li>Contribute towards creating prosperous and safe lifestyles through ICT such as DX; respond to the problem of an aging society through ownership and operation of senior living properties</li></ul>	
 Create an eco-friendly society	<ul style="list-style-type: none"><li>Global warming, climate change</li><li>Water resource shortages</li><li>Circular economy</li><li>Environmental pollution</li><li>Loss of biodiversity</li></ul>	<ul style="list-style-type: none"><li>Impact of tighter policies and regulations as part of the transition to a low-carbon society</li><li>Impact of new technologies and the creation of new markets on supply and demand in existing business areas</li><li>Disruption of business operations due to the impact of cyclones, hurricanes, and other physical impacts linked to climate change</li><li>Impacts on the natural environment, such as the large-scale use of water in business operations</li><li>Impact of leakage of hazardous chemicals</li><li>Increase of environmental costs due to the destruction/deterioration of eco-systems</li></ul>	<ul style="list-style-type: none"><li>Acceleration of market changes in the mobility area resulting from rising environmental awareness and the tightening of regulations</li><li>Expansion of markets for environment-related business areas, such as renewable energy</li><li>Demand for high-efficiency power plants</li><li>Creation of new business models based on the circular economy</li><li>Handling of products and services that contribute to the creation of a low-carbon society by conserving energy and reducing greenhouse gas emissions</li></ul>	<ul style="list-style-type: none"><li>Supply of resources, transportation equipment, and materials that contribute towards the realization of a low-carbon society</li><li>Contribute towards the realization of a circular economy through our recycling business and the addition of high value to by-products</li><li>Reduce the environmental burden in our supply chains</li><li>Provide energy solutions that combine distributed renewable energy, energy storage, and next-generation fuels</li><li>Build, develop, and operate renewable energy systems that help reduce greenhouse gas emissions</li><li>Help to realize a low-carbon society through use of IoT and cloud technology</li></ul>	
 Develop talent leading to value creation	<ul style="list-style-type: none"><li>Innovation platforms</li><li>Diversity and inclusion</li><li>Improvement of creativity through work-style innovation and career development for diverse human resources</li></ul>	<ul style="list-style-type: none"><li>Decline in the quality and competitiveness of human resources due to market and environmental changes</li><li>Outflows of employees due to the loss of career development opportunities for diverse human resources</li></ul>	<ul style="list-style-type: none"><li>Find ways to create new value</li><li>Improvements to productivity, efficiency, and motivation as implementation of work-style reforms accelerates</li><li>Recruitment of competitive talent through selection processes centering on abilities and personal qualities, and fair and diverse recruitment activities</li><li>Fine-tuned human resources development with an increased emphasis on diversity</li><li>Appropriate appointment and deployment of personnel on a global consolidated basis</li><li>Improvement of corporate competitiveness by creating innovation through the promotion of diversity management</li></ul>	<ul style="list-style-type: none"><li>Create a system for creating new value through the advancement of work style innovation</li><li>Improve corporate value by creating innovation through the promotion of diversity management</li><li>Deploy diverse professional talent to the right positions, and develop and utilize business management talent on a global group basis</li><li>Develop safe and healthy workplace environment in which employees can work with safety and peace of mind</li><li>Goal - Ratio of female managers: 10% (by March 2025)</li></ul>	
 Build an organization with integrity	<ul style="list-style-type: none"><li>Raising integrity awareness, including ensuring compliance among all officers and employees</li><li>Reinforcement of corporate governance and internal control</li></ul>	<ul style="list-style-type: none"><li>Compliance violations, including anti-competitive actions, corruption, and bribery, resulting from a lack of integrity awareness on the part of officers and employees</li><li>Business stagnation, scandals, and other situations resulting from dysfunctional corporate governance and internal control, leading to a failure to take appropriate management decisions, and the loss of stakeholder confidence as a consequence of such situations</li><li>Information security problems</li><li>Loss of customers and damage to our corporate reputation resulting from the suspension of important business processes in the event of natural disasters, terrorist attacks, epidemics, or other contingencies</li></ul>	<ul style="list-style-type: none"><li>Organizational revitalization and improvement of reputation through initiatives to raise the integrity awareness of officers and employees, including measures to ensure compliance</li><li>Sustainable improvement of corporate value through achievement of highly effective corporate governance and continuous review</li></ul>	<ul style="list-style-type: none"><li>Raise integrity awareness including ensuring compliance among all officers and employees</li><li>Raise the transparency and fairness of management, enhance corporate governance, and establish and improve internal controls</li><li>Contribute to sustainable business activities through identification and management of various risks</li></ul>	

## Creating Industrial Value with Superior Quantity and Quality: Mineral & Metal Resources

# Pursuing stable supply of raw materials and creation of a circular society

### Opportunities and challenges in the mineral & metal resources business

Our mineral & metal resources business has been actively involved in the development of iron ore and metallurgical coal for more than fifty years—since the 1960s—and continuously maintaining a stable supply of metal resources in response to the needs of the times.

Our strong business base, earnings, and growth for underground resources have been driven by continuous expansion of the iron ore business, which we conduct in Australia along with the largest mining players such as Rio Tinto and BHP, and elsewhere through investment in the world's largest iron ore producer and supplier, Vale in Brazil, along with investments in copper, metallurgical coal, and nickel projects.

Although the earnings of the mineral & metal resources business are affected by commodity market cycles, we have built a strong business foundation with highly competitive businesses that provide resilience at the time of downward markets while being positioned to capture upside opportunities. Our cumulative core operating cash flow for the Mineral & Metal Resources Business Unit has reached 1.2 trillion yen over the past five years.

Demand for mineral and metal resources continues to expand, driven by growth of the global economy, particularly in China. As we expect to see further economic growth and development in other Asian countries and also in Africa, we anticipate that urbanization and infrastructure development will remain increasingly active.

At the same time, we see greater awareness for global environment rapidly increasing. It is influencing not only industrial behavior—through the electrification of vehicles, the adoption of renewable energy, and other such initiatives—but also consumer behavior amid a growing preference for recycled and low-carbon products. These trends are exerting a considerable influence on government policies, corporate direction, and individual lifestyles.

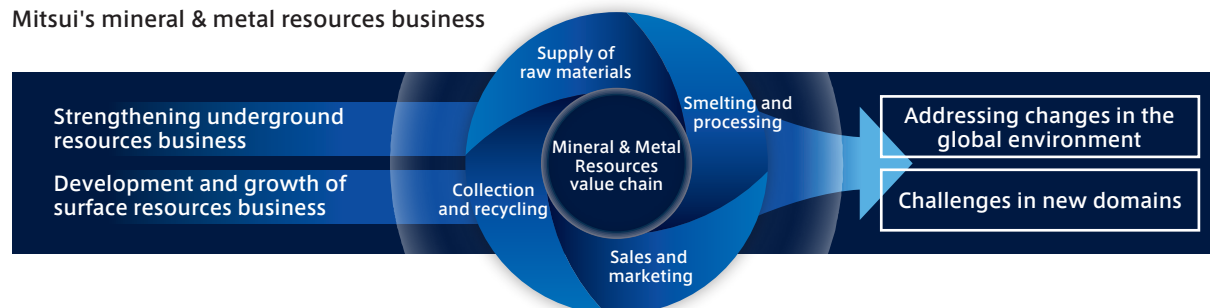
Amid these 'megatrend' changes in the business environment, we recognize three key societal issues to address: (1) developing and investing in stable supply chains of mineral and metal resources; (2) supplying clean, green resources and raw materials with low environmental impact; and (3) creating mechanisms to promote the efficient use of resources.

Given this high level of environmental awareness and our responsibility to address environmental issues, we will pursue the creation of a sustainable business structure by continuing to reduce the environmental impact of our activities throughout the value chain, from resource extraction to recycling. At the same time, we will stay closely attuned to emerging needs, aiming to develop new business opportunities in ways that enable us to both achieve sustainable business growth and contribute to deliver solutions for critical issues which society is facing.

### Enhancing our underground resource business portfolio

In our underground resource business, the iron ore and metallurgical coal used in blast furnaces are essential raw materials for the development of social infrastructure and production of durable consumer goods. With the economic development of emerging countries, particularly in Asia, demand is expected to remain stable for many years to come for these materials. Moreover, in pursuit of a low-carbon society, we can expect a significant increase in demand for materials such as copper that are essential for electrification. To ensure a

### Mitsui's mineral & metal resources business



#### Blast furnace raw materials

Iron ore, Metallurgical coal

Further reinforcement, new initiatives

- Increase equity production and expand ore reserves of iron ore
- Enhance asset portfolio and reinforce cost competitiveness of metallurgical coal business
- Low carbon iron

#### Copper, battery raw materials

Strengthen existing operations, Add quality assets

- Expansion and development in existing copper assets
- Enhancement/buildup of nickel and lithium resources

## Creating Industrial Value with Superior Quantity and Quality: Mineral & Metal Resources

stable supply of these materials, we will strive to expand production, increase ore reserves and resources, and optimize operations. Furthermore, we will focus on the initiative to supply low CO<sub>2</sub> metallics that can contribute to the reduction of CO<sub>2</sub> emissions, as well as tapping into the expected significant growth in demand for raw materials used within the battery value chain. In this way, we will take a multifaceted approach to strengthen our earnings foundation through encompassing comprehensive strengthening of existing businesses, improving the overall quality of our portfolio, and supporting the realization of a low-carbon society.

### Developing core surface resource businesses in metal and battery recycling

As the concept of Life Cycle Assessment (which refers to environmental impact assessments spanning the entire life cycle of a product) is becoming central to the shift to a recycling-oriented society, recycling and utilization of recycled raw materials will become even more crucial. In metal recycling, especially for iron and non-ferrous metals, scrap generation is expected to increase as emerging markets mature. Accordingly, we will work

to strengthen our recycling business, particularly in Asia. In the battery value chain, as EVs gradually replace vehicles using internal combustion engines worldwide, we will promote the reuse of batteries and the recycling of component raw materials.

### Developing multiple businesses through our core business activities

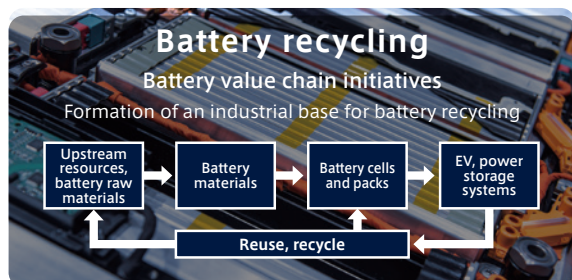
In our underground resource business, in addition to improving collaborative efforts alongside our business partners, we are working to improve the value of our mining-related businesses, such as heavy machinery and seawater desalination, through joint initiatives across multiple business units.

In the supply of recycled raw materials and low-carbon materials, we are supporting societal development by making effective use of resources and supporting societal development while incorporating recycled raw materials. We are working to add value to existing businesses and create new markets by undertaking initiatives that

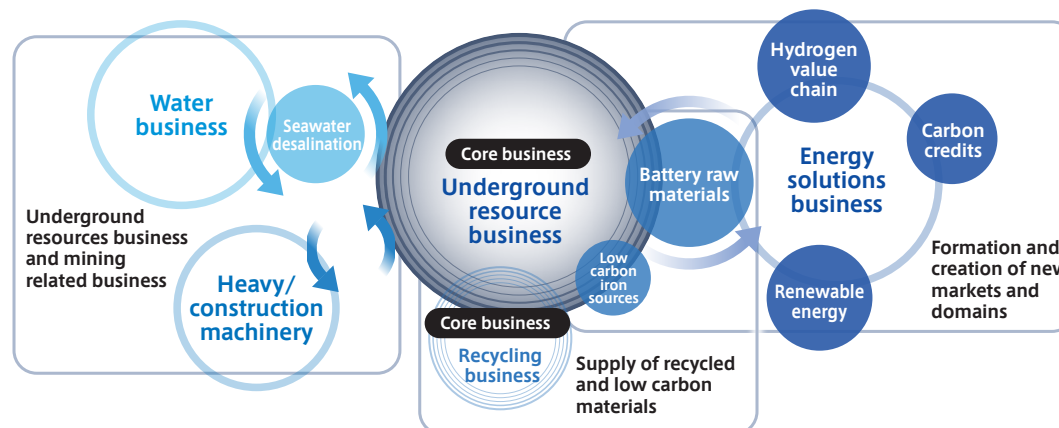
either overlap with our underground resource business or provide new development, not only in our battery-related business but also in areas such as using renewable energy in mining operations and constructing a hydrogen value chain. By leveraging our strengths and expanding the depth and breadth of collaboration with related businesses, we will pursue the dual aims of strengthening our existing business groups and developing new business opportunities.

### Materialities and overall aims

For both underground and surface resources, we will address heightened environmental awareness and our social responsibilities by continuing to improve and grow our business in ways that contribute to the realization of the stable supply of raw materials and the creation of a circular society. Mitsui identifies "secure sustainable supply of essential products" and "create an eco-friendly society" as two of its corporate materialities, and our challenge and inspiration are to achieve both of them.



### Develop multiple businesses, through our core business activities





Creating Industrial Value with Superior Quantity and Quality: Energy

## Meeting global demand for clean energy to realize a carbon-free society

While societal needs for clean energy and concerns regarding climate change issues continue to grow, demand for energy in the long term is expected to increase with global population and economic growth, thus balancing a stable supply of energy with carbon reduction and decarbonization efforts has become an extremely important issue. In recognition of this situation, Mitsui intends to create next-generation energy businesses that simultaneously seek to realize carbon reduction and decarbonization and contribute to a sustainable society while ensuring economic efficiency by leveraging the strengths of our existing businesses.

### Mitsui's Energy Transition

Mitsui's existing LNG business will be one of its strengths as we move forward with the energy transition to a decarbonized society. LNG is one of our core businesses and has been contributing to the stable supply of energy to Japan and the rest of the world for many years.

As the world moves toward a decarbonized society, we believe that LNG, with its comparatively low environmental impact, will continue to play an important role as a fuel that can contribute to reduced greenhouse gas emissions. We will continue to focus on maximizing the value of our existing LNG business and focus on the steady

launch of development projects in progress. In addition, we intend to proactively promote the supply of carbon-neutral LNG – the first delivery for Japan was achieved by Mitsui in March 2021 – and other initiatives to contribute to lowering carbon across the entire LNG supply chain.

Our exploration and production (E&P) and power generation businesses are two other strong global core businesses. We intend to accelerate initiatives in renewable energy centering on solar power. In the E&P business, in addition to strengthening the competitiveness of existing businesses, Mitsui will expand into the carbon capture and storage (CCS) and geothermal businesses, areas which have a high level of technological crossover with E&P. We will contribute to the realization of a low-carbon society by leveraging our technological expertise and industrial network.

In terms of business for the next generation, we are promoting a bioethanol production business in China and India with LanzaTech, an investee of Mitsui with unique proprietary technology to produce ethanol from waste gas. We have also invested in LanzaJet, a company with technology for refining ethanol to produce Sustainable Aviation Fuels (SAF), and are planning to develop this business in the United States and to expand in Japan.

In addition, in the United States, where the electricity trading market is being liberalized, we are working to create more value as an integrated energy management company by combining the functions of other companies in which we have invested, centered on solar power generation



Delivery of carbon-neutral LNG

## Creating Industrial Value with Superior Quantity and Quality: Energy

company ForeFront Power. This includes the sale of surplus electricity to the grid making full use of digital technology, and the optimal operation and charging management of electric vehicles, taking into account the disparity between daytime and nighttime electricity bills.

### Hydrogen and Ammonia Business Initiatives

In the hydrogen and ammonia business, we plan to work on three separate time frames: short, medium, and long term.

In the short term, we will focus on local generation/consumption businesses, mainly in environmentally advanced countries where systems to run such businesses are developed, aiming to acquire knowledge about hydrogen as well as to build a network. Our investment in FirstElement Fuel, which has the largest hydrogen station network in California, is an example.

In the medium term, we are considering a



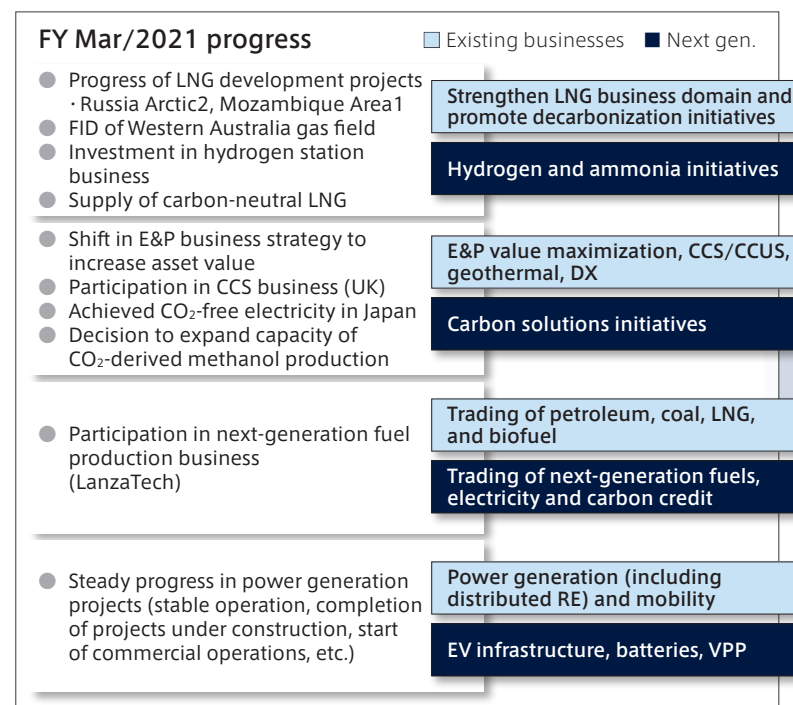
Distributed solar power generation operated in U.S.A.

hydrogen supply business for industrial use such as mining machineries.

In the long term, we aim to build a large-scale transportation value chain that supplies ammonia and hydrogen as fuel, and we believe that we can fully utilize the knowledge we have accumulated in the LNG and E&P businesses, our strong relationships with partners and governments, and the strength of our industrial ammonia business, which boasts a dominant share in the Japanese import market.

### Industrial solutions to the issue of climate change

Public interest in climate change issues is increasing day by day, and this trend is accelerating further due to the impact of the COVID-19 pandemic. We see a significant business opportunity in the demand for industrial solutions to this global social issue. We will create our own low-carbon and decarbonized solutions business by making full use of the knowledge, business infrastructure, and industry networks we have accumulated over many years through our existing businesses, and will continue to take a responsible role in leading the energy transition.



Transition we are pursuing

**Transition to a stable and secure supply of sustainable energy/ electricity**

## Message From the Chairperson of the Sustainability Committee

### We will contribute to sustainable economic and societal development by nurturing people and businesses that can adapt flexibly to change



Mitsui & Co. has identified our material issues ("Materiality") for the sustainable growth of both society and the company, with the aim of earning trust and meeting the expectations of stakeholders as well as pursuing our corporate mission, "Build brighter futures, everywhere." The 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," and they are the basis of all our business activities. This year, we aimed to further incorporate Materiality into each of our workplaces through the formulation of Materiality Action Plans, which includes the creation of policies and monitoring of progress by each organization for each material issue. We also link our Materiality with the United

Nations Sustainable Development Goals (SDGs) to advance initiatives and activities that work towards the 17 SDGs.

In our Medium-term Management Plan 2023 released in May 2020, we have identified climate change, business and human rights, and circular economy as three priority themes for our sustainability management, and we have continued to build initiatives that tackle these themes.

To address climate change, we have set the new goal of achieving net-zero emissions by 2050, and as a milestone for this goal, we aim to reduce GHG impact to half of 2020 levels by 2030. In addition to fulfilling the societal responsibilities expected of us as a company engaged in various activities globally, we are also working to contribute to the reduction of greenhouse gas emissions around the world through our business activities and to reduce our own emissions through various reduction measures and optimization of our business portfolio.

For business and human rights, we formulated our Human Rights Policy in August 2020 and have been fostering the spirit of this policy throughout the group through practical training at workplaces, on-site surveys, and a range of other initiatives. In July 2021, we also formulated and implemented specific procurement policies for natural rubber, palm oil, timber, and paper products, which are materials associated with a high risk of deforestation and human rights issues.

We also recognize a circular economy as a key global issue and are approaching this as a business opportunity in a similar manner to our efforts regarding climate change. In developing related initiatives, we are drawing on our extensive global networks and expertise.

Since the earliest days of our company, we have sought to resolve societal issues through our business activities. As a company that operates worldwide, we believe that businesses which contribute to the sustainability of society will also provide a sustainable future for Mitsui & Co. While we are facing constant change in the global business environment, the Mitsui & Co. Group has achieved growth by nurturing people and businesses that can adapt flexibly to this change. Looking ahead, we will maintain our strong commitment to shaping our business activities to address climate change and other global societal issues that are critical for sustainable economic and societal development.

August 2021

**Shinichiro Omachi**

Representative Director and  
Executive Vice President,  
Chief Strategy Officer (CSO),  
Chairperson of the Sustainability Committee



## Sustainability Management

# Climate Change



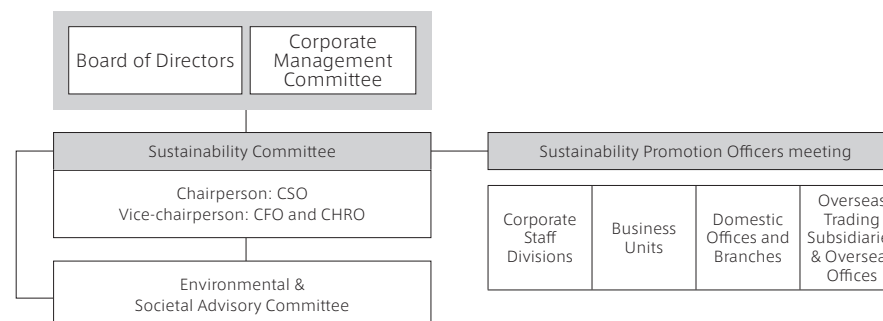
"Mitsui's forests" in Saru, Hokkaido

Our 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. In December 2018, the Company declared its support for the Task Force on Climate-related Financial Disclosures (TCFD). Pursuant to the TCFD recommendations, we are advancing relevant disclosure and are, as a responsible global company, responding to the issue of climate change accordingly.

### Management foundation

### Risk management and governance concerning climate change

The Sustainability Committee, an organization under the Corporate Management Committee, plans, formulates, and proposes basic management policy along with business activities and corporate policies pertaining to sustainability and ESG. With regard to climate change, basic policy and important matters are determined upon deliberation by the Sustainability Committee and after being presented/reported to the Corporate Management Committee and Board of Directors. At the Board of Directors Meeting for the fiscal year ended March 2021, 28 of the 88 issues deliberated and presented were related to management strategy, sustainability, and governance.





## Sustainability Management

### Climate Change

#### Major Climate Change-Related Discussions by the Sustainability Committee

FY2019	FY2020	FY2021
<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 an internal carbon pricing system</li> <li>• Discussion on establishment of GHG-related targets</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion on establishment of GHG-related targets</li> <li>• Discussion on climate change scenario analyses</li> <li>• Report on investigation into GHG emissions</li> <li>• Progress reports and discussions on the progress of initiatives such as the internal carbon pricing system and building of a GHG emission database</li> </ul>

#### Internal carbon pricing system and Environmental ("Green") Business Assessment Working Group

We have introduced an internal carbon pricing system in order to increase the resilience of businesses emitting large volumes of greenhouse gases and to push forward the development of projects aimed at reducing greenhouse gas emissions. Regarding new businesses, in projects with potential risks or opportunities as a result of greenhouse gas regulations, etc., we have added analysis of the potential impact of a 2°C scenario to the project screening factors, as well as the appropriateness of countermeasures in the event these risks are realized. From FYE March 2022, we established the Environmental ("Green") Business Assessment Working Group to conduct comprehensive evaluations, including for qualitative aspects, on the significance of initiatives from an ESG perspective in examining projects that are based around climate change.

Strategy	Pursue economic, social, and environmental value in a balanced manner
----------	---

#### Physical risk

Mitsui has carried out a survey and analysis of the impact of physical risks on investment assets over the past five years. The major physical risks facing Mitsui include the potential for localized storms, particularly strong tropical hurricanes and cyclones arising in the Atlantic and South Pacific, which could 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 roads and railways, there is a risk that production or shipments could be suspended for long periods until these facilities are restored. In cases where our suppliers suffer significant damage, there is a risk of the overall supply chain failing, including delays in supplies of raw materials. We implement measures such as taking out insurance coverage against these risks, establishing crisis management policies, and upgrading facilities as necessary. Please refer to the Mitsui website for more details.

#### Transition risks

We have identified business fields considered to possess significant financial and non-financial impacts related to transition risks and used multiple climate change scenarios to carry out impact assessments for each business. We have used the following scenarios taken from World Energy Outlook, published by the IEA: Stated Policies Scenario (STEPS, scenarios based on the policy goals stated by each country) and Sustainable Development Scenario (scenario needed to uphold the Paris Agreement). The major takeaways of these analyses are as follows. Please refer to the Mitsui website for the results of analyses carried out on other areas of business.

Oil and gas development businesses and LNG businesses	
Evaluation of the impact on existing businesses	We have reevaluated our projects including those that have reached the final investment decision. With reference to short-term market levels and the outlooks of multiple third-party organizations, Brent Crude is expected to trend between \$60 and \$70 per barrel* in the medium to long-term. Even under STEPS, which is a more conservative scenario than the SDS, the Company's highly cost-competitive assets are expected to maintain their advantages to a certain extent.
Countermeasures	While facing the dual challenges of the need to realize increased volume and improved quality, renewable energy is expanding steadily. Meanwhile, fossil fuels will remain an indispensable energy source for the time being. We will strengthen the cost-competitiveness of new projects taking the carbon costs into consideration. At the same time, we will take part in gas and LNG projects, which have relatively low environmental burdens.
Coal businesses	
Evaluation of the impact on existing businesses	In regions such as China and Europe, we are seeing a shift toward steel production using electric arc furnaces that can process ferrous scrap as a main material and away from blast furnaces. However, the volume of production using blast furnaces is growing in India and Southeast Asia, so we predict that demand for high-quality metallurgical coal will remain at current levels. The 2° C scenario is premised on the further spread of electric arc furnace production methods as well as the realization of new, innovative steelmaking technologies, so ongoing verification of these and of their impact is required.
Countermeasures	We will pay close attention to trends in new technologies and to progress in relation to the electrical arc furnace and the policies of respective countries. At the same time, over the medium-to-long term, steady demand for high-quality metallurgical coal centered on India and Southeast Asia is expected. We will strengthen our competitiveness while maintaining stable supplies to customers. We will also closely monitor impact on the Company's metallurgical coal business under the 2° C scenario and strengthen efforts to realize a low-carbon society together with our business partners. Additionally, we are no longer adding new thermal coal projects to our existing assets.
Thermal power generation businesses	
Evaluation of the impact on existing businesses	The impact on our existing businesses under the SDS will be limited, as most of our power asset portfolio is based on long-term power purchase agreements, in which consideration is paid for generation capacity rather than for generated volume. However, amid global movement toward decarbonization, ongoing verification of the value of businesses in this area is required.
Countermeasures	We intend to gradually reduce our coal-fired thermal power footprint from our power generation capacity, while increasing our capacity in renewable energy to 30% by 2030.

\* as of end of March 2021



Sustainability | Climate Change

[https://www.mitsui.com/jp/en/sustainability/environment/climate\\_change/index.html](https://www.mitsui.com/jp/en/sustainability/environment/climate_change/index.html)

## Sustainability Management

### Climate Change

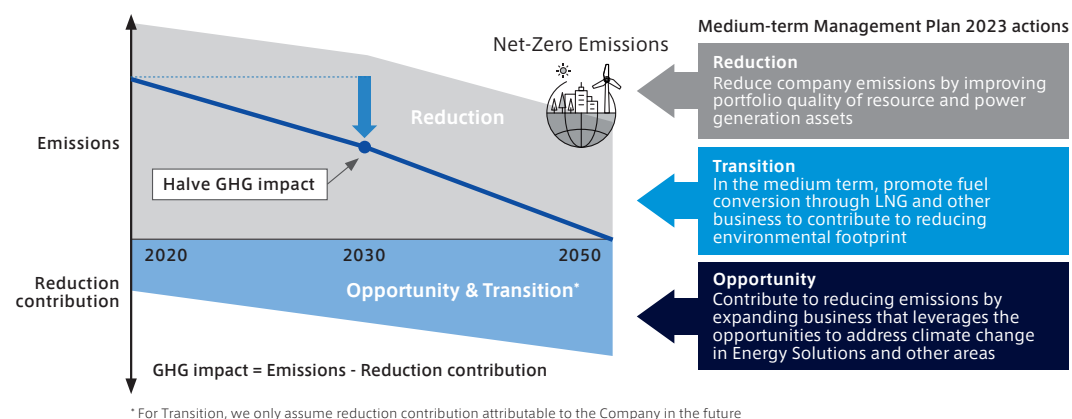


"Mitsui's forests" in Tashiro, Fukushima

#### Indicators and goals Initiatives aimed at Net-Zero Emissions in 2050

We have set a goal of achieving net-zero emissions as our vision for 2050 and we are aiming to halve the impact of our greenhouse gas emissions by 2030 compared to 2020 as a milestone towards realizing this vision.

In order to reach our goal of a reduction in the impact of our GHG emissions, we are aiming to build a business portfolio that is conscious of decarbonization and to contribute to global GHG reduction through our business activities. We will also reduce our own emissions while maintaining our economic efficiency.



#### 2021 GHG [Emissions] Unit: Thousand t-CO<sub>2</sub>e

	03/2019	03/2020	03/2021
Scope 1+2	3,776	3,868	4,336
Scope 3 (Investment)	—	32,000	35,000

Since the FY ended March 2021, we have increased disclosure to Scope 3, Category 15 to reflect our strategy of encouraging review of our portfolio and taking on new opportunities. Please see the pages on sustainability and environmental data on the Mitsui website for more details.

#### 2020 GHG [Impact]

	03/2020
Emissions	36 million tonnes
Reduction contribution	2 million tonnes
GHG impact	34 million tonnes

The reduction contribution amount is calculated based on figures from our existing renewable energy business, forests, Mitsui's forests and others.

## Sustainability Management

# Circular Economy

In our Medium-term Management Plan 2023, we identified circular economy as an important issue in the medium term, and have subsequently been pushing forward with initiatives aimed at limiting the volume of resources and energy spent in our businesses and the amount of waste produced, all as part of efforts to deliver economic growth through the creation of added value in resource circulation, and to reduce our environmental footprint. At every stage of the value chain, we seek to take advantage of opportunities for new business that arise on the path towards a circular economy, including the creation of proposals for ways to more effectively utilize alternative products and by-products/residual materials, and the creation of value through material design. Through these efforts and by expanding our existing businesses, we seek to strengthen our profit base and to improve corporate value.

### Risks and opportunities by business area

For each of our business areas, we have analyzed the internal and external environment, identified the risks and opportunities presented, and formulated individual strategies to tackle them.

	Risk	Opportunities	Strategy
<b>Mineral &amp; Metal Resources</b>	<ul style="list-style-type: none"> <li>Slower growth in demand for underground resources</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of metal recycling business</li> <li>Increased demand for battery raw materials due to electrification and the widespread use of EVs</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the competitiveness of our existing assets</li> <li>Expanding our metal recycling business</li> <li>Building a value chain for battery raw materials</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Decline in demand for fossil fuels, fall in prices</li> </ul>	<ul style="list-style-type: none"> <li>Growing demand for biofuels and other next-generation energy</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of next-generation fuel businesses (biofuels, hydrogen, fuel ammonia, etc.)</li> </ul>
<b>Machinery &amp; Infrastructure</b>	<ul style="list-style-type: none"> <li>Changes in the social environment regarding coal-fired thermal power business</li> <li>Changes in the supply and demand of existing businesses due to the creation of new technologies and new markets</li> <li>Declines in sales of automobiles, railway equipment, aircraft, and industrial machinery</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy power generation business</li> <li>Popularization and normalization of sharing businesses</li> </ul>	<ul style="list-style-type: none"> <li>Taking initiatives in upstream fields and automotive fleet management business, which are ongoing issues. Tackling next-generation mobility. Focusing on developing new fields and solution businesses through proof-of-concept experiments</li> </ul>
<b>Chemicals</b>	<ul style="list-style-type: none"> <li>Decrease in demand for chemicals derived from fossil fuels and accompanying changes in industrial structure</li> <li>Constrained supply and demand with raw materials of recycled materials due to increased demand (waste PET items, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Expanding demand for carbon management and climate change responses</li> <li>Further development in Oil-to-Chemicals</li> <li>Expanding plastic recycling business opportunities (recycled PET items, etc.)</li> <li>Growing opportunities to create businesses for environment-friendly materials</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to plastic recycling and other aspects of the circular economy</li> <li>Stepping up efforts toward the realization of a low-carbon society</li> </ul>
<b>Iron &amp; Steel &amp; Products</b>	<ul style="list-style-type: none"> <li>Industry restructuring and changes in distribution structure against the backdrop of a decrease in domestic production</li> <li>Impact of high geopolitical risk on product supply and demand</li> </ul>	<ul style="list-style-type: none"> <li>Structural changes in the supply chain due to decarbonization, acceleration of the circular economy, and high demand for longer-term infrastructure</li> <li>Expanding needs in the mobility field for lighter and stronger materials</li> <li>More efficient channels of distribution due to progress in DX</li> </ul>	<ul style="list-style-type: none"> <li>Working life prolongation of electric furnace business and infrastructure under the theme of a decarbonizing and recycling-oriented society</li> <li>Expanding domestic and overseas business bases in the electric furnace business, promotion of greening</li> <li>Promoting overseas infrastructure maintenance business through a joint venture with SHO-BOND Holdings Co., Ltd.</li> </ul>
<b>Lifestyle</b>	<ul style="list-style-type: none"> <li>Responding to a rapid increase in demand for environmentally friendly materials and recycled materials</li> <li>Rising waste costs</li> <li>Increased consumer awareness of product disposal</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in waste losses by optimization of production and distribution volume for each region / store, based on highly accurate forecasts of demand</li> <li>Growing needs for products having a low environmental impact</li> <li>Expanding demand for recycled materials for containers and packaging / products</li> <li>Change in consumer thinking from volume-oriented to outcome-oriented (expansion of X as a Service (XaaS))</li> </ul>	<ul style="list-style-type: none"> <li>Using digital functions such as AI and robotics to enhance and sharpen demand forecasting and logistics functions, and strengthen distribution infrastructure</li> <li>Collaborating with suppliers, manufacturers, and customers, to procure materials that have a small environmental impact, procuring packaging materials, and increasing the number of developments</li> <li>Verifying the effective use of by-products and proactively making proposals for the use of by-products to existing and new customers. Enhancing our ability to develop and procure materials and packaging materials that have a low environmental impact. Reducing waste generated in the value chain, reusing by-products, and developing sales channels for by-products</li> </ul>
<b>Innovation &amp; Corporate Development</b>	No particular risks	<ul style="list-style-type: none"> <li>Expanding business opportunities for sharing / service-providing businesses</li> <li>ICT solution businesses that contribute to greater energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Creating new businesses utilizing new technologies and business models</li> </ul>



## Sustainability Management

# Business and Human Rights

## Respect for human rights

Mitsui has always emphasized respect for human rights, and in recent years human rights initiatives have become increasingly important. In August 2020, we formulated a Human Rights Policy to clarify our approach to human rights. The policy was approved by the Corporate Management Committee and reported at the Board of Directors' meeting. This policy shall ensure a respect for human rights across the entire group, and we shall aim to promote, in collaboration with our business partners and other various stakeholders, respect for human rights of all stakeholders involved in our business activities.

### Human rights due diligence

In accordance with the United Nations Guiding Principles on Business and Human Rights, in FY ended March 2020, we began conducting due diligence with regard to human rights in the supply chains of products handled by Mitsui and the main business operations of its consolidated subsidiaries.

<b>Identification of human rights risks</b>	Establishment of screening standards with reference to indicators, tools, etc.
<b>Establishment of human rights risk items</b>	Establishment of risk items with reference to international norms, etc.
<b>Addition of priority risk management items</b>	Establishment of supply chain risk management items as additional indicators
<b>Definitions of risk severity</b>	Recognition of the four categories of core labor standards as priority risk items
<b>Implementation of human rights risk assessments</b>	Preparation of risk mapping, formulation of risk mitigation measures, and general understanding of risks

We plan to conduct a supplier survey of all major suppliers by FY March 2023 regarding areas identified as high risk as a result of our risk assessments.

### Respecting indigenous peoples

We strive to ensure respect is given to the human rights and culture of the indigenous peoples in the countries and regions in which we operate in accordance with local laws and international standards.

## Supply chain management

### Sustainable supply chain policy

As a responsible member of the global supply chain, we have formulated our Sustainable Supply Chain Policy in order to promote initiatives aimed at resolving issues surrounding the environment and human rights along our supply chains. Our policy is to share the Mitsui approach to human rights and environmental concerns with our suppliers and identify environmental and societal risks pertaining to the supply chain of raw materials as we strive to ensure a stable supply of sustainable raw materials and products.

### Procurement policies for specific commodities

We formulate individual procurement policies for specific commodities in consultation with our stakeholders and strive to procure sustainable raw materials and products. Currently, the specific commodities for which we have formulated procurement policies are natural rubber, palm oil, timber, and paper products.

### Engagement with suppliers

Dissemination of policies to raise awareness	We send our Sustainable Supply Chain Policy to all our suppliers when conducting business and request their understanding and implementation of this policy.
Training for suppliers	We invite external lecturers to the Company to give training sessions to our employees with the aim of raising awareness regarding Mitsui's supply chain management policies and initiatives.
Fact-finding surveys	We conduct regular supplier surveys so that we find new ways to make improvements together with our suppliers. Since FY ended March 2020, we have been conducting surveys targeted at suppliers of commodities in domains deemed as high risk. Furthermore, since the FY ended March 2015, we have also been conducting on-site surveys of our suppliers. The purpose of these surveys is to check that Mitsui initiatives and policies are being complied with. We also hire external third-party specialists to conduct interviews with the relevant persons in charge, to inspect the manufacturing sites, and to provide guidance and instruction as necessary.
Feedback to supplier	Depending on the results of any fact-finding surveys, we may ask the supplier to improve their understanding of international standards, and may make proposals regarding formulating policy, etc.