

Gate 2 Strategic Edge

- 28 CFO Message
- 31 Performance Highlights
- 32 Progress of Medium-term Management Plan 2023
- 36 Portfolio Management and Financial Strategy
- 39 CHRO Message
- 41 Human Resources strategy
- 44 CDIO Message
- 46 Initiatives in Digital Fields

CFO Message



I'm determined to raise the market perception of Mitsui by communicating its value creation processes using our solid track record and specific examples of business success.

Tetsuya Shigeta

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

— What is the mission of the CFO?

My mission is to accurately communicate Mitsui's value creation processes and fulfill our accountability to earn the trust of stakeholders and raise their expectations for our growth.

The personal qualities that I bring to this task are my distinct views for business investment, which stem from my frontline experience, and a leadership style that is based on dialogue. Mitsui is building a track record of investments in line with its strategies while diligently working to improve profitability in each business area. I am determined to engage in repeated, in-depth dialogue with investors, and to communicate these developments through actual examples.

— How would you describe your own leadership style and philosophy, and how did you come to embrace them?

I was assigned to posts in Brazil three times, including two secondments to operating companies. During those days I flew back and forth between the Tokyo Head Office and operation sites overseas. In retrospect, the first defining moment that had significant impact on my current leadership style goes back to experience in my ninth year with Mitsui, when I was assigned to a coffee company as an executive officer in charge of finance. The company's main activities were domestic sales in Brazil and exports to Japan. Its employees working on the frontline were given a certain degree of discretion, and therefore needed to act independently. That approach can only work properly when ethical values and a corporate philosophy are firmly embraced and rooted in every

corner of the company, and I worked tirelessly to engage in genuine dialogue and discussions on a day-to-day basis with employees, to make sure that these concepts fully resonated with them. That was the origin of my leadership style, which is to support and encourage staff through dialogue.

My most recent secondment was to a grain origination company called Multigrain. We implemented a range of measures to turn the business around, but, despite our exhaustive efforts, we ended up withdrawing completely from the business. That was an extremely painful experience. When the decision to exit was made, I explained our thinking to each of the staff members who had struggled alongside us and had ongoing dialogue with them until they, albeit with dismay, understood and accepted the decision. The exit also resulted in substantial financial losses that have not been absorbed to date. Obviously, I cannot simply put it

to rest by saying “still, it was a valuable experience.” Because of this bitter experience, I became very insistent that business investments be well backed by solid downside precautions and exit strategies. As long as Mitsui is involved in a business, it must fulfill its social responsibilities during downturns in the business environment or in the final phase of exiting from that business. That is why I screen every business initiative and investment rigorously from the perspectives of both risk and degree of commitment.

— What changes have you seen at Mitsui during your many years in business management?

Two major changes I would highlight are the improvement in management transparency and evolution of portfolio management.

From an accounting standpoint, one of the factors that drove the enhancement of management transparency was the shift to international accounting standards in the fiscal year that ended March 2014. By applying uniform standards to each consolidated group company on a global basis, we became able to assess the affiliated company management and consolidated management using the same yardstick. Also, the accounting organizations and business divisions are now able to discuss the outlook for each business, such as the evaluation of fair value and impairment, using the same standards. This led to the accelerated information sharing between organizations, and to the betterment of management transparency. In risk management terms, we have fully adopted integrated risk management, which allows us to manage business-related risks from multiple angles, and this approach is thoroughly translated into frontline actions today. Further, as far as the governance is concerned, we have become more strongly conscious of the perspectives of investors with a variety of background as well as external directors and Audit & Supervisory Board members in recent years. I believe this has resulted in greater accountability and more transparent decision-making.

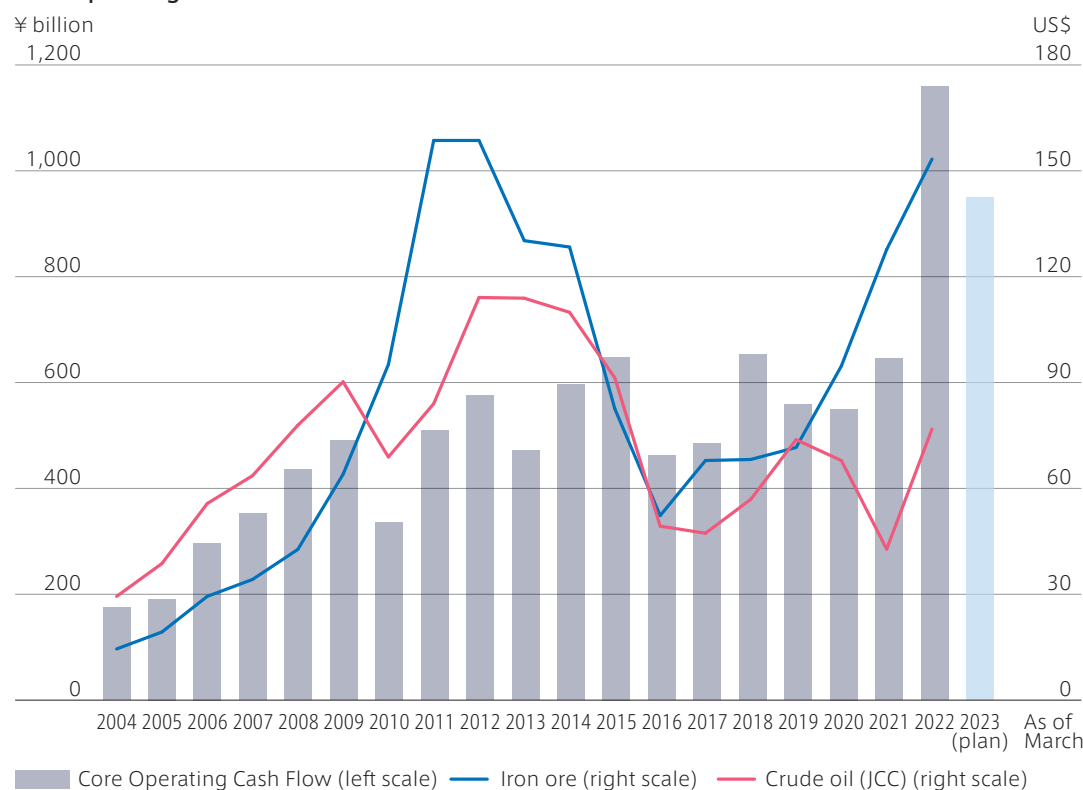
To elaborate on the evolution of Mitsui’s portfolio management, I am confident that the quality of our investment decision-making has improved through experience, which is clear from a marked sophistication in the quality of debate in meetings of the Council on Investment Proposals and other forums. In addition, we are actively executing bolt-on investments in projects on the periphery of our core business domains, and we have started to see effects of a virtuous cycle of business expansion backed by our well-grounded confidence in specific businesses. We have also started to use ROIC (return on invested capital) as an internal management method under the current Medium-term Management Plan. This is leading to improvements

in the profitability of existing businesses, and to strategic portfolio recycling.

We set a new profit record in the fiscal year ended March 2022. I see the overall elevation of our business management capabilities through these initiatives as one of the reasons for this remarkable achievement.

As shown in this graph, while Mitsui’s performance has been affected to a certain extent by market fluctuations, our Core Operating Cash Flow has remained solid and risen by one notch in the fiscal year ended March 2022. We will continue to work on the formation of a robust business portfolio that allows us to capture the upside during upticks in market trends while firmly maintaining downside resilience.

Core Operating Cash Flow*



* Cash flows from operating activities minus cash flows from changes in working capital. Core Operating Cash Flow from the fiscal year ended March 2020 is calculated by additionally deducting the repayments of lease liabilities.

— Can you give us the gist of Mitsui's cash flow allocation, and how would you describe Mitsui's track record in this area?

Our cash flow allocation framework pursues a balanced distribution of Core Operating Cash Flow from business activities and funds raised from asset recycling to growth investment and shareholder returns, while maintaining a robust financial base. Thankfully, our investors appreciate the transparency and reliability of Mitsui's allocation frameworks.

We move ahead with growth investments after meticulously selecting projects from our pipeline. Our target for total shareholder returns under the shareholder return policy is 33% of Core Operating Cash Flow for the cumulative three-year period of the current Medium-term Management Plan. We have allocated ¥340 billion for share buybacks and ¥500 billion for dividends, including ¥100 billion increase in dividends. We will maintain our flexible stance on shareholder returns, while carefully assessing factors such as the balance with growth investment, the level of interest-bearing debt, and ROE targets.

— What are your thoughts on value creation unique to Mitsui?

One of Mitsui's key strengths is the global scope and broad range of industries encompassed in a business portfolio built over many years. This business portfolio consists of our powerful global network of partners and customers, together with businesses that Mitsui has created, grown, and extended, leveraging its human-centric approach described as "Mitsui is People".

Mitsui's approach to value creation is characterized by the use of this strength to generate added value across multiple industries. We are addressing increasingly complex social issues, such as the energy transition, by cooperating with nations and governments, and by building international frameworks that transcend national borders as well. Also, we quickly respond to contemporary issues and opportunities and provide real solutions based on cross-industry approaches, which drives the flexible evolution of our portfolio. Companies that can successfully and sustainably manage this over time are extremely rare. This approach is a truly defining characteristic of Mitsui.

For example, take the issue of building a reliable food supply in the context of the changing business environment affected by greater focus on ESG. Our food-related projects incorporate various perspectives, including the mitigation of environmental impact throughout the food production and distribution processes. This is exemplary of how our response to ESG challenges is inherent in the diligent and established approaches to our business. What makes Mitsui unique is the fact that our efforts to solve these issues are organically leading to the creation of new businesses on the periphery of our core business domains.

Furthermore, I personally feel that Mitsui's current share price is rather undervalued by the market and does not reflect our underlying growth and profit potential. To that end, as CFO, I am determined to accurately communicate the appeal and value creation processes of the company using our solid track record and specific examples of business success in order to enhance Mitsui's corporate value.

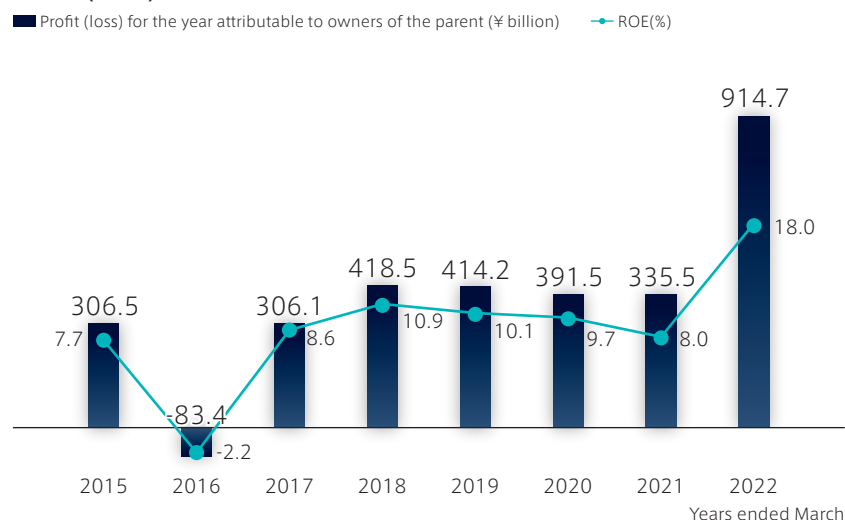
Update on cash flow allocation (FY March 2021 – FY March 2023)

		Forecast as of April 2021	Forecast as of May 2022	¥ billion
Cash-in	Core Operating Cash Flow	2,000	2,750	
	Asset Recycling	650 - 750	750	
Cash-out	Post-FID investment, maintenance CAPEX	1,500	1,500	
	Growth investments (Strategic Focus/new)	750 - 850 Management allocation	1,500	Growth investments Over 400
	Share buybacks + additional dividend		500	
	Dividend (minimum)	440		Share buybacks Over 340



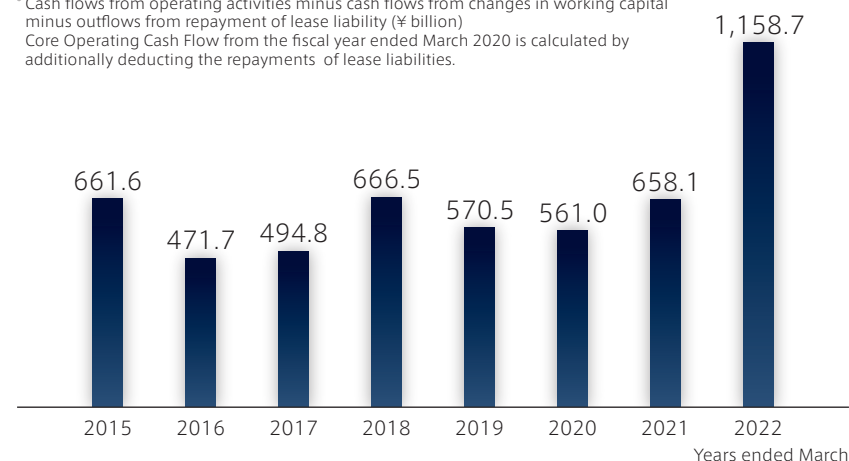
Performance Highlights

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

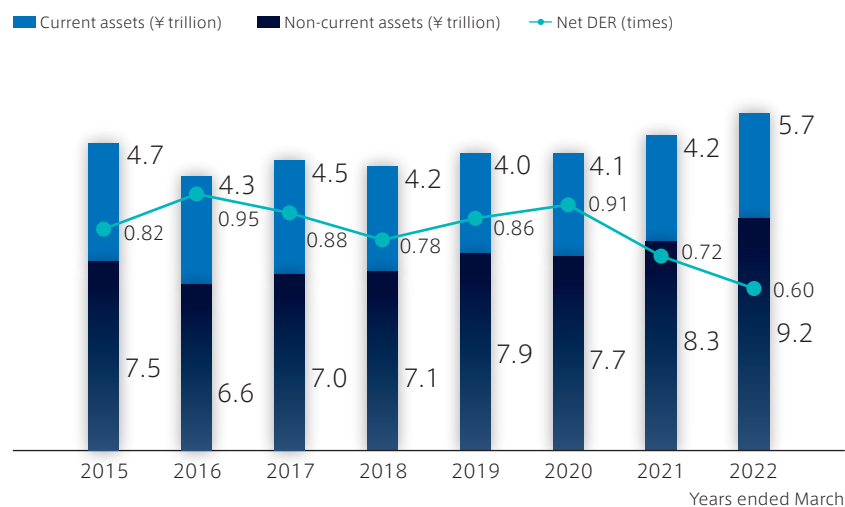


Core Operating Cash Flow*

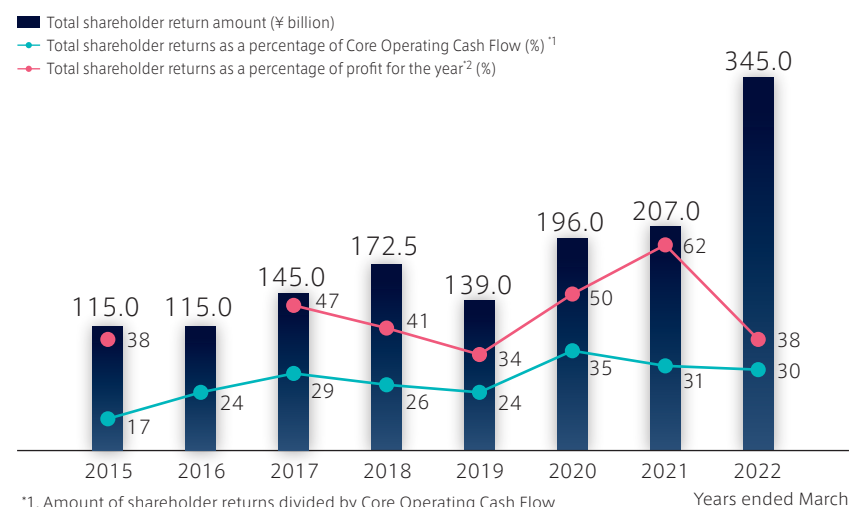
* Cash flows from operating activities minus cash flows from changes in working capital minus outflows from repayment of lease liability (¥ billion)
Core Operating Cash Flow from the fiscal year ended March 2020 is calculated by additionally deducting the repayments of lease liabilities.



Total Assets and Net DER



Total Shareholder Return Amount and Total Shareholder Returns as a Percentage



¹1. Amount of shareholder returns divided by Core Operating Cash Flow

²2. Amount of shareholder returns divided by profit for the year

³3. The total shareholder returns as a percentage of profit for the year for 2016 was omitted due to a loss.

Progress of Medium-term Management Plan 2023

Medium-term Management Plan 2023 —“Transform and Grow”—

In line with our Materiality updated in 2019 and our renewed corporate management philosophy (MVV) established in 2020, we will continue to keep up with the accelerating pace of change and social needs in order to contribute to the development of society through our growth as a company.

“Transform and Grow” is the theme of the Medium-term Management Plan 2023, demonstrating our approach to achieving medium- to long-term enhancement in corporate value in a rapidly changing business environment by revolutionizing existing mindsets and behavior patterns while consistently pursuing further development.

By promoting the six corporate strategies established in our Medium-term Management Plan 2023, we are working to strengthen our management foundation and our portfolio as a basis for sustainable growth.

Transform and Grow: Six Corporate Strategies

Transform

- 1 Strengthen business management capabilities**
- 2 Evolve financial strategy and portfolio management**
- 3 Human Resources strategy**
 - ▶ Raise profitability in line with invested capital and increase ROE
 - ▶ Transform the mindset, behavior patterns, and work style of each employee

Grow

- 4 Strategic Focus**
 - Energy Solutions • Healthcare / Nutrition • Market Asia
- 5 Strengthen profitability of core businesses and take on challenges in new businesses**
 - ▶ Strengthen growth areas where Mitsui’s comprehensive strength is effective
 - ▶ Engage with changing trends such as digitalization

6 Sustainability management / Evolution of ESG

- Continue to advance sustainability management
- ▶ Key themes of the 2023 Medium-term Management Plan: Climate Change, Circular Economy, and Business and Human Rights
 - ▶ Strengthen governance: Further improve effectiveness of the Board

Progress of Medium-term Management Plan 2023

Progress of Medium-term Management Plan 2023

In the fiscal year ended March 2022, the second year of the Medium-term Management Plan 2023, we have been making steady progress in terms of further strengthening our earnings base, ensuring stable supply of mineral and metal resources and energy, and implementing our growth strategy, despite major changes in the business environment resulting from factors such as the impact of COVID-19 and escalating geopolitical risk.

Strengthened earnings base

- Expansion of base profit
- Reorganization and restructuring of business portfolio

Stable supply of mineral & metal resources and energy

- Expansion of LNG supply capacity and its stable supply
- Expansion of reserves by developing post-exiting deposits and acquiring mining areas adjacent to our iron ore operations

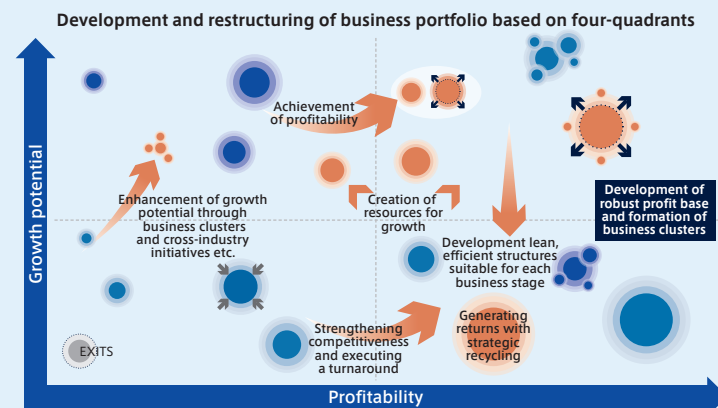
Steady implementation of measures for growth strategy

- Expansion of initiatives in Strategic Focus areas
- Expansion of initiatives aimed at the formation of business clusters leveraging strong core businesses

Strengthened earnings base	Initiatives
Expansion of base profit	<ul style="list-style-type: none"> ■ Expansion of opportunities to demonstrate trading function (LNG, chemicals, iron and steel products and food) <ul style="list-style-type: none"> • Maintaining and strengthening supply chains using logistics functions • Expansion of sales channels and diversification of supply sources ■ Strengthening of competitiveness through structural reform, etc. <ul style="list-style-type: none"> • Intensive costs reduction and improvement in operation for automotive and construction machinery businesses • Strengthening of management base of healthcare business • Expanding business cluster of agricultural materials • Group companies structural reform in Chemicals and Steel Products ■ Uplifting the level of earnings base through implementation of projects under construction
Reorganization and restructuring of business portfolio	<ul style="list-style-type: none"> ■ Reorganization of business portfolio <ul style="list-style-type: none"> • Shift from thermal power generation to renewable energy • Sale of interests in UK Alba oil field and Australian Bass Gas gas field • Sale of interest in Coral Bay Nickel, etc. ■ Business restructuring <ul style="list-style-type: none"> • Merger of Mitsui Bussan I-Fashion Ltd. with textiles business of NIPPON STEEL TRADING CORPORATION • 100% subsidiarization of Mitsui Oil Exploration Co., Ltd. • Subsidiarization of European agrochemical company, Belchim Crop Protection NV/SA, etc.

Introduction and Utilization of ROIC

During the period of the Medium-term Management Plan 2023, Return on Invested Capital (ROIC) was introduced as an internal management indicator. Through utilization of ROIC, along with visualizing current status of each portfolio companies and monitoring progress, we will pursue disciplined and well-prioritize resource allocation, strengthen the competitiveness of our various businesses, continue to restructure our business portfolios, and accelerate the formation of solid business clusters.



Progress of Medium-term Management Plan 2023

Strategic Focus

Energy Solutions

We have made progress for initiatives for halving GHG impact by 2030 and Net-zero emissions by 2050.

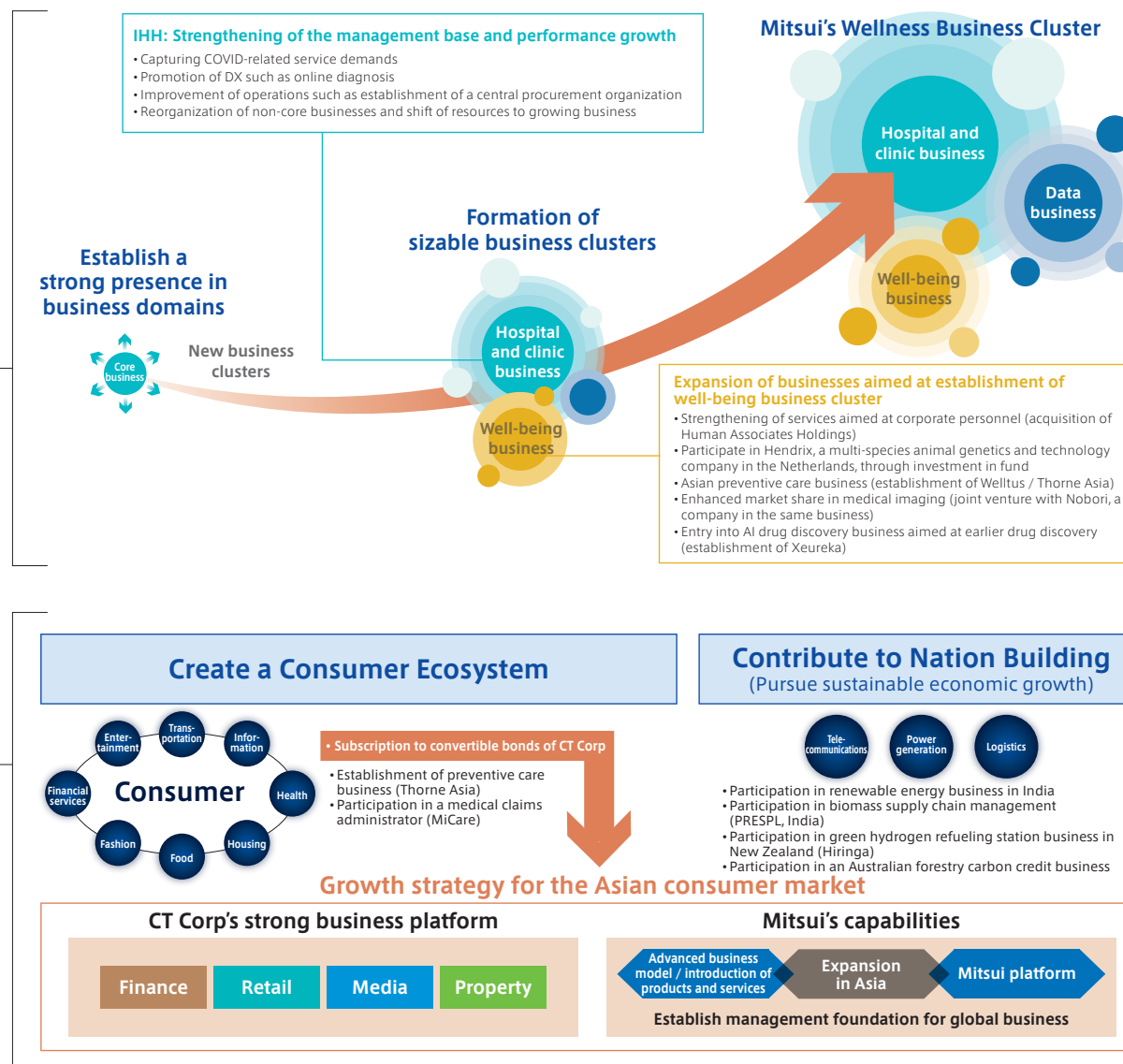
☐ P19 Energy Transition Initiatives

Healthcare/Nutrition

We seek to promote creation of wellness business cluster along with growth of IHH business, data business centered around IHH, and establishment of well-being business cluster that offers services for preventive care, testing and diagnosis etc.

Market Asia

We have subscribed to convertible bonds issued by the holding company of CT Corp, an Indonesia-based conglomerate operating in consumer-related businesses including financial services, retail, media and property. We will focus our initiatives with CT Corp on conceptualizing a “Consumer Platform” in Market Asia and will promote new initiatives to further engage in the growing and evolving consumer markets in Asia.



Progress of Medium-term Management Plan 2023

FY March 2023 Business Plan

For the fiscal year ending March 2023, the final year of our Medium-term Management Plan, we plan to generate Core Operating Cash Flow of ¥950 billion and profit for the year of ¥800 billion by demonstrating trading functions and continuing to improve the quality of our business portfolio.

Despite growing uncertainty in the business environment as a result of factors such as escalating geopolitical risks, supply chain disruption and surging inflation, we are aiming to reach new heights by enhancing risk management and preparation for multiple scenarios, reviewing our timeframes and priorities in an agile manner while considering various measures, and fulfilling supply responsibilities and capturing upsides in market conditions.

“D’s & “I’s

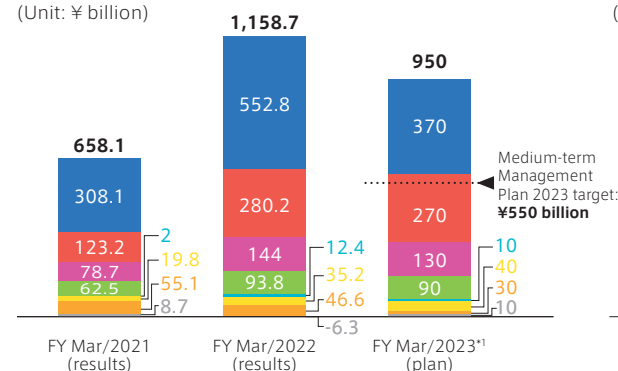
In the current highly uncertain business environment, we must develop initiatives in response to changes in the environment, identify and ride the next waves of opportunity.

The words starting with “D” and “I” have many important key messages, and these words have been lined up into a motto so that each and every one of us has a sense of emergency and thinks thoroughly about what we should be doing now.

These “D’s and “I’s are keywords that act as a means to review our mindsets and behaviors, leading to sustainable growth.

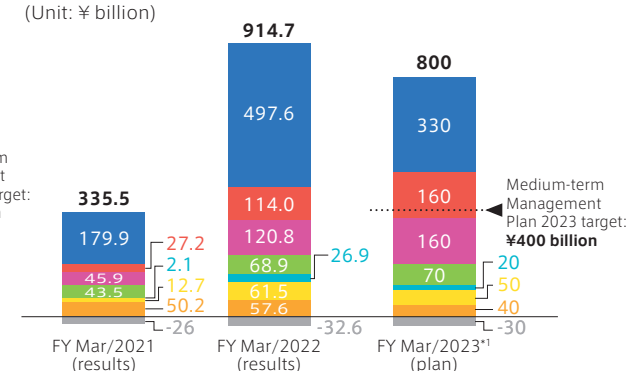
Core Operating Cash Flow

(Unit: ¥ billion)



Profit for the year

(Unit: ¥ billion)



* Figures announced in May 2022

Key Initiatives Fostering “D’s & “I’s for sustainable growth

- Initiatives to accelerate growth under geopolitical risks and uncertainty; Weather storms and ride on next waves
- “D’s & “I’s as pillars of mindsets

“D’s

- Diversity** Diversity of people and perspective
- DX** Digital transformation, everywhere
- Differentiation** Differentiated proprietary network, extended globally
- De-carbonization** Diversified and multi-faceted business clusters, transitioning toward De-carbonized society

“I’s

- Inclusion** Inclusion, in all we do
- Innovation** Innovation, all around
- Imagination** Imagination, at the edge of uncertainty
- Initiative** Initiatives, toward value-chain disruptions and new versions of globalization

Portfolio Management and Financial Strategy

Practicing disciplined portfolio management and maintaining a stable financial base

By practicing disciplined portfolio management, Mitsui has strategically allocated its limited capital to areas that are of importance to the Company, and we continuously transform 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.

Portfolio Management Committee's role and yearly cycle of portfolio management

Establishment of a strategy for the overall portfolio of Mitsui

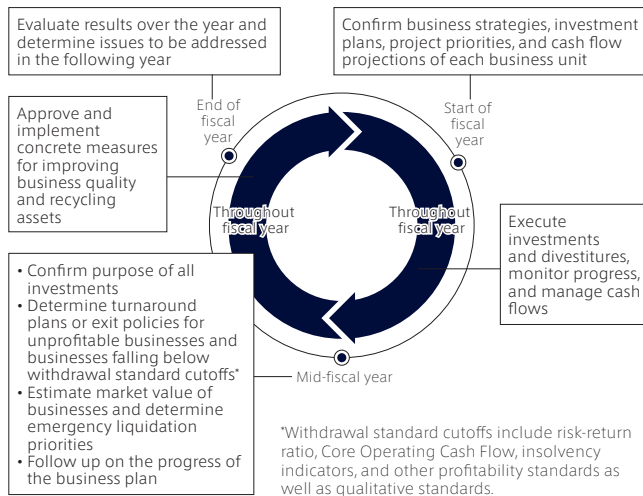
Specify priority areas and areas of focus, new target areas, and areas that need to be reviewed, in view of the overall strategy of Mitsui, the individual strategies of business units, market trends and macro analyses, and the allocation of our management resources

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



Basic approach to financial strategy

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

Balance sheet (as of March 31, 2022) (¥ trillion)

Current assets 5.7	Other liabilities 4.2
Non-current assets 9.2	Interest-bearing debt* ¹ 4.9 (3.3)
	Shareholders' equity* ² 5.6
	Non-controlling interests 0.2

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

Sustain adequate liquidity, mainly cash on hand, to cover approximately two years

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

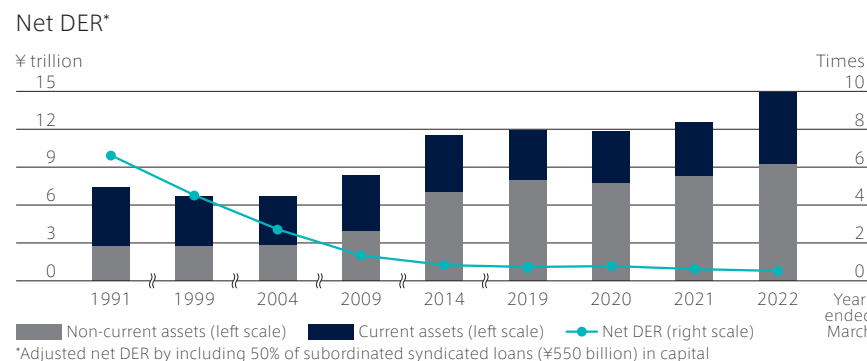
*1. Figures in parentheses are "net interest-bearing debt."

*2. In this report, "shareholders' equity" means total equity attributable to owners of the parent.

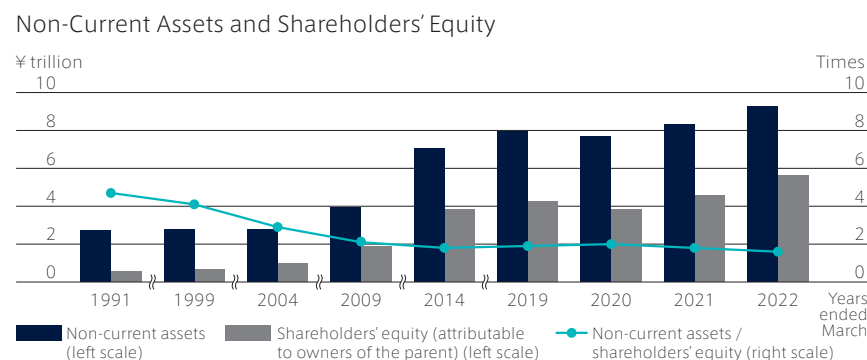
Portfolio Management and Financial Strategy

Indicators we focus on in our financial strategies

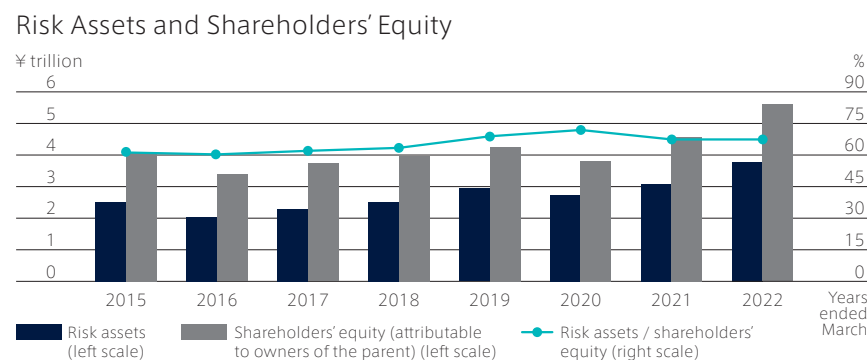
Mitsui allocates capital based on its cash flow allocation framework. The purpose of this framework is to drive the implementation of our growth strategy while maintaining and strengthening our financial foundation by making a balanced allocation of cash, gained from operating cash flow and asset recycling, 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.



Concomitant with the shift in business composition from trading to investment, our investment assets and fixed assets have been increasing. For business investments or 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.



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.



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.

Portfolio Management and Financial Strategy

Lifecycle Management of Business Investments

01

Project Incubation

We develop expansion of existing businesses and new projects, taking into consideration such factors as strategy, profitability, growth potential, competitive advantage, and sustainability, etc. by leveraging our network with partners and customers in various industries and regions and knowledge.

03

Final Investment Decision and Execution

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

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.*1 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 investment decisions are made after deliberations through relevant meeting structures.

Applicable projects and baseline amounts for each meeting structure

Meeting structure	Position	Amount
Council on Investment Proposals	Investment, loan, and guarantee proposals, projects entailing acquisition of business assets or other such projects	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 ¥60.0 billion*2

*1. Quantitative standards considered include the consolidated internal rate of return, ratio of consolidated investments and loans outstanding to guarantees, and risk-return ratio
 Risk-return ratio: 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: 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

*2. The applicable amount for deliberation at the Board of Directors has been changed from over ¥40.0 billion to over ¥60.0 billion in order to ensure adequate discussion of matters with a significant impact on the Company's management. However, applicable projects with a cumulative total or business characteristics that have a significant impact on the Company's management will continue to be discussed in the Board of Directors as necessary, even in cases where such matters do not meet the baseline amount.

04

04

Business 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.

05

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 their respective business areas, dispatching our diverse group of professionals, and pursuing close coordination between Mitsui and individual businesses. Furthermore, cross-business collaboration is promoted to help Mitsui explore new markets and business.

06

06

Business Review

Businesses we have invested in are continually evaluated based on growth potential, ability to increase value with Mitsui's functions, and strategic benefits. If it is deemed that a business's 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.

CHRO Message

By globally promoting our ethos of “Mitsui is people” and “Diversity & Inclusion,” we are building a team of unique professionals collectively committed to the sustainable development of society.

Yoshiaki Takemasu

Representative Director, Senior Executive Managing Officer
Chief Human Resources Officer (CHRO)
and Chief Compliance Officer (CCO)



— What is the mission of the CHRO?

One of my missions as CHRO is to disseminate Mitsui's aspirations and values widely across to the world, as expressed over many years through our ethos "Mitsui is people". While there are a number of interpretations of "Mitsui is people", this commitment has so far been talked about predominantly to express our workplace culture in Japan. My primary goal is to foster a global corporate culture as represented in our commitment to "Mitsui is people" in the same way that we have expanded our business in the global market today.

— What is the origin of "Mitsui is people?"

Mitsui has a pool of diverse talent with unique perspectives and abilities. While some have profound knowledge about specific industries and businesses, others have earned strong ties of mutual trust from our customers and partners by

working closely with them, and another subset are highly skilled in the areas of M&A, legal affairs, logistics or finance. This remarkable range of skills is foundational to our company.

Still, all team members understand that there is a limit to what can be achieved by a single person. That is why I am proud that they recognize the value of bringing along their individual strengths to demonstrate outstanding abilities as a cohesive team. This way, colleagues with high aspirations can enact impactful change to society while achieving their own professional development goals. I am proud that we have built this type of corporate culture here at Mitsui. This idea, which reminds me of the movie *The Seven Samurai*, embodies the meaning of "Mitsui is people".

Further, our corporate culture is grounded in the respect and admiration that colleagues have for one another. In fact, the English translation of the name

"Mitsui & Co." literally means Mitsui and its company (*in the sense of colleagues or friends*). This definition embodies the understanding that individuals can both play a leading role and supporting role. Part of the appeal of working for Mitsui is that we provide a unique platform for such individuals to thrive and practice these different skillsets.

— What initiatives are you implementing to foster employees' personal growth and set them up for success?

We leverage job rotation to build competencies for all Mitsui colleagues and provide unique opportunities for their professional development. We also assign them challenges to encourage outside-the-box thinking. And of course, the promotion of diversity and inclusion (D&I) is one of our most important HR initiatives.

We also have a broad set of training programs designed to promote the training and re-training for existing Mitsui colleagues. One program I would like to highlight is a two-year international trainee program for junior colleagues. This is a program unique to Mitsui designed to develop our next generation of leaders with deep regional knowledge and global expertise.

Also, in 1999, Mitsui introduced the HR bulletin board system to support our colleagues' professional career development. We have since expanded the scope of this system to global human resources. I believe that the combination of this system and our new software for global talent management, now in the final stages of Go-Live, will further accelerate the global deployment of the right people to the right positions.

— Can you tell us about your views on diversity and inclusion and elaborate on Mitsui's D&I initiatives?

I believe that Mitsui has always been a richly diverse company as we have long upheld "open-mindedness" as one of our important values. A free and open working environment is only possible with a culture that embraces diversity. Mitsui has worked to cultivate a culture that respects diversity and leverage it into a full advantage, but we have largely only done so at our headquarters in Japan. Moving forward, our challenge is to expand our D&I culture globally to further embed it into every facet of our organization.

On that note, I would like to share what I have reiterated as unchanging principles to my colleagues when I was based in Singapore, our regional headquarter of the Asia Pacific Business Unit.

The first is the importance of consistently applying the "Level Playing Field" (LPF) principle. By this, I mean that we should maintain the same

competitive standards within Mitsui on a global basis. Only when the LPF principle is solidly applied throughout the organization, including our day-to-day business activities, can we recruit, train, and promote people with diverse backgrounds. Currently, regionally hired colleagues hold about 25% of management posts in our overseas offices. I want to increase that ratio further by reinforcing the "right people to the right positions" approach globally.

The second principle is "Local depth for Global reach, Global reach for Local depth". This has two meanings: In order to develop our business globally, we must build a deep presence in regional markets around the world, while on the other hand, in order to lay down our solid roots in the markets of various countries, we need to leverage our global business activities and networks. To realize this goal, we will need to leverage D&I to the fullest extent.

— What are the challenges to promoting D&I in the workplace?

Mitsui defines D&I as follows: Incorporating a rich variety of ideas and values from diverse people in terms of age, gender, nationality, and other attributes, while respecting one another and creating value without being limited by conventional social and corporate norms. Our percentage of female managers provides one such example of this approach. While the ratio of female managers for Mitsui on a global level is 35%, only 8% of managerial positions are held by women in Japan. In order to realize the increased D&I as defined above, we have set a goal of raising this ratio for Japan to 10% by 2025, with steady increases also envisioned thereafter. The introduction of training programs designed to empower female colleagues and their careers, namely the Women's Leadership Initiative, and the Sponsorship Program that involves senior management executives, exemplify other

specific initiatives of our efforts on this front.

— Are there any challenges in relation to recruitment?

Mitsui was one of the first major companies to kick into gear hiring mid-career recruits in Japan. We already have a number of mid-career hires who have been promoted to management positions in operating companies, and some have also been appointed as divisional GMs in the headquarters. The percentage of management positions held by mid-career hires in Japan has quadrupled in less than 10 years to over 10% as of March 2022. This is just one quantitative indicator to demonstrate the diversity of Mitsui human resources and I am convinced that the initiative has contributed to real managerial improvement at our portfolio companies in recent years.

At the same time, we are experiencing intense global competition for the best talent. We need to strengthen Mitsui's attractiveness and to promote further initiatives to develop an appealing workplace so that we can sustainably recruit top talent with high aspirations who are driven to find solutions to various social issues through Mitsui's global platform.

— In your opinion, what are Mitsui's growth drivers?

Our most fundamental growth driver is people as it is expressed literally in phrase "Mitsui is people". Throughout the history of our company, many of our leaders have boldly stepped forward to assume the challenge of solving national and transnational issues. If our dedicated efforts to train and foster excellent talent contributes to greater social and economic progress, even if they do so outside the confines of Mitsui, ultimately that would be a wonderful achievement for Mitsui as well.

Human Resources Strategy Overview

People are Mitsui's greatest asset. By leveraging Mitsui's wide-ranging management capital and collaboration among our team comprising competent individuals with expertise in a wide range of business domains, products, fields and regions, we create, grow and extend businesses and generate new value on a global basis. To establish and empower this pool of professionals with strength, we are establishing environments that encourage further "Challenge and Innovation." Through these initiatives, we will create value that is unique to Mitsui.



1. Development of competent individuals for their professional growth

In order to realize the human resources strategy set out in Medium-term Management Plan 2023, we support the development of the talent capable of supporting global group management and competent individuals, and their medium- to long-term professional growth.

- Expand the pool of talent with business management capabilities and expertise for leading increasingly large and complex businesses
- Appropriate evaluation of efforts and results of employees in diverse businesses and stages

2. Diversity & Inclusion

At Mitsui, employees from a wide variety of backgrounds play active roles on a global basis. We implement diversity management from the following perspectives with the aim of enabling employees from diverse backgrounds to recognize, respect, and inspire each other to exert their capabilities to the fullest, and bring new value to the business.

- Building an organization that empowers everyone to "Thrive on diversity"
- Supporting active roles for professionals from diverse backgrounds, regardless of gender or where they are hired
- Positioning diversity as a source of sustainable competitiveness, leading to unwavering "Challenge and Innovation"

3. Talent management to support assigning the right people to the right positions

Independent professionals proactively create their own strengths, and we support employees in taking the initiative in autonomously devising their own careers.

- Appropriate allocation of human resources linked to the business portfolio strategy
- Position matching based on the skills and motivation of employees
- Talent management across the global group

Human Resources Strategy

Enhancement measures to support the development of competent individuals for their professional growth

1. Development of competent individuals for their professional growth

Human resource development programs to support the development of competent individuals

As a global company, we develop professionals in various regions and industries through our overseas dispatch programs centered on young employees. Mid-career to management-level employees are also dispatched to business schools in Japan and overseas with the aim of developing business leaders capable of taking responsibility for global group management. Mitsui began a collaboration with Harvard Business School in 2011, under which dedicated programs for the Company have been running. Participants are also recruited from overseas offices, affiliated companies and business partners, leading to the building of relationships with business partners in addition to cultivating the next generation of leaders. The Mitsui Management Review (MMR) was introduced in 2005 and provides a 360° evaluation of management-level employees. In addition to applications in self-development, this information is also utilized as reference when making appointments.

Number of employees participating

in overseas dispatch programs:

About 3,600 (cumulative total)

Taking on the Challenge of Career Diversification

A new Expert band has been introduced for employees that are expected to demonstrate a high degree of specialization in a specific area, enabling employees to demonstrate their capabilities as professionals with established individual strengths.

A Career Challenge System has been introduced for employees with ability, aptitude and strong motivation to take on challenges with opportunities to stretch themselves and develop their capabilities, thereby supporting the early development of the next generation of leaders.

2. Diversity & Inclusion

Mitsui Engagement Survey

The Mitsui Engagement Survey was launched in 2018 with the aim of visualizing employees' trust and engagement in the Company. More than 10,000 employees took part in the survey in 2021. The results are reported to the Corporate Management Committee and the Board of Directors, leading to enhanced employee motivation and a stronger organization.

Employee engagement: 71% (last year: 70%)

Change Leader Program

This global training opportunity was launched in 2018. In 2021, regionally hired employees from around the world were selected to join the program, holding direct dialogue with top management and taking part in intensive business discussions on themes including leadership. This mentorship supports medium- to long-term career development.

Number of line manager positions held by

regionally hired staff: 68

Sponsorship Program

Under this program led by the CEO, each member of the Corporate Management Committee acts as a mentor for a female manager, providing wide-ranging support and advice that leads to career development.

Proportion of female managers:

Non-consolidated: 8.0% /

Overseas offices: 35%

3. Talent management to support the right people to the right positions

Bulletin Board System

This system enables motivated employees to take on new challenges when demonstrating their own abilities, skills, and expertise. The platform matches Company needs and employee mindsets in a manner that transcends organizations, supporting agile and effective deployment of the right people to the right positions on a Company-wide basis while also enabling employees to autonomously build their own careers and take on new challenges. A new job posting system has also been introduced as a part of the Bulletin Board System, with the aim of the speedy deployment of the right people to the right positions in terms of both Corporate Strategy (Strategic Focus) and individual projects. This also serves to achieve operation that meets frontline human resource needs.

Number of employees using the system:

About 500 (cumulative total)

Introduction of the Global Talent Management System (Bloom)

The new Global Talent Management System scheduled for introduction is a data platform that utilizes human resource-related data such as each employee's unique experience, ability, knowledge and career orientation to foster fields where the right person can play an active role in the right position and support the autonomous career development of each employee. The introduction of this system is scheduled to begin with the Asia Pacific Business Unit, the East Asia Bloc and Mitsui & Co. Korea in October 2022 before expanding in stages to Japan, the Americas Business Unit, the Europe Bloc, the Middle East and Africa Bloc and the CIS Bloc.



Human Resource Development

<https://www.mitsui.com/jp/en/sustainability/social/rearing/index.html>

Note: All figures are as of March 31, 2022

Human Resources Strategy

Case studies supporting the development of competent individuals

I have been involved in technical work in the field of oil reservoir engineering for more than 30 years, including in my previous position. It is an important technology used in the pursuit of the optimum process for producing oil and gas from underground, and is directly linked to the success or failure of projects. Demand for this technology is also on the rise because it is an indispensable part of underground storage of CO₂, known as CCS, which is considered as one of the trump cards on the road to decarbonization. However, it is a field with no definitive textbook—experience is everything—and there are very few engineers in the world with advanced knowledge in this area. Mitsui is engaged in a wide range of oil and gas development projects in various regions, and the experience and knowledge gained through that and our internal and external networks are my greatest assets. Using this expertise, I have been able to contribute to increasing the value of projects, and helped to further the gathering and sharing of knowledge across boundaries throughout the Company, thereby leading to even greater success. I moved into the Expert band this year, and I want to further expand the expertise and experience I have built up, improving the value of projects and taking on the challenge of achieving the reduction and removal of carbon throughout the energy value chain.



Kazuhito Oseto

CCS/CCUS R&D CoE Dept.
Sustainable Energy
Development Division

I am working on DX promotion HOKENDOHJINSHA Inc., which became our subsidiary in 2020, on a secondment basis. With a stated vision of “Well-being for the home, the workplace, and society,” HOKENDOHJINSHA is known for the medical book *Katei no Igaku* (Home Medicine Encyclopedia) and promotes preventive care. Based on my experience of being seconded to hospitals, launching domestic and overseas healthcare-related businesses, and increasing corporate value, I have a desire to transform the healthcare field. I believe that preventive care can contribute to achieving this goal. Individual optimization and data driving are indispensable for solving problems in the field of prevention. I aim to achieve this together with colleagues possessing varied backgrounds as medical professionals, system engineers, business planners and sales professionals. My role is to create a similar culture to that at Mitsui, whereby we can engage in free and open discussions, and to enable colleagues with strong individuality to maximize their potential.

As our first step in this challenge, we released the healthcare app *Minna no Katei no Igaku* (Home Medicine Encyclopedia) in April 2022. I hope to enjoy working together with those around me as we embrace our unique spirit of “Challenge and Innovation” on the way to realizing our mission.



Rieko Terada

Director, Managing Officer,
COO, CDO, CCO,
HOKENDOHJINSHA, Inc.

About 30 years ago, I began my career in the investment and merger advisory business. Serving at diversified financial institutions such as UBS Warburg, Bank of America, and GE Capital, I originated corporate mergers and structured related investments across the capital structure in multiple industries. This experience and the relationships developed remain central to my work in broadening Mitsui’s investment portfolio, driving successful investments for the organization in innovative companies such as Change Healthcare, Inc. and Beyond Meat, Inc. These investments have not only generated growth for the organization, but have added value, strategically, to our existing portfolio across multiple industry divisions.

In order to recognize these innovative companies, an organization must embrace innovation itself. It is a central tenant in the activities within Mitsui and its Corporate Development Business Division, which is tasked to lead Mitsui into new business areas addressing strategic themes such as health & wellness, decarbonization/energy transition, and sustainability.

Innovation is predicated upon teamwork, patience, and conviction in one’s vision. All staff are encouraged to embrace calculated risk-taking and to never fear expressing a well-developed idea or investment thesis. It is our responsibility to imbue an entrepreneurial spirit in the organization, especially in our junior professionals. Organically developed, “grass-roots” opportunities are the key to Mitsui leading the world in the industries of tomorrow. More importantly, this entrepreneurial spirit represents the core of Mitsui’s corporate character, encouraging independent thought within a collaborative framework.



David Ekizian SVP

Financial & New Business
Division,
New York Headquarters (NYCZZ),
Mitsui & Co. (U.S.A.)

CDIO Message

Driven by an innovative mindset and digital power, we will continue to transform Mitsui & Co.

Yoshio Kometani

Representative Director, Executive Vice President
Chief Digital Information Officer (CDIO)



— What is the mission of the CDIO?

My mission is to use digital power to drive changes within and beyond Mitsui, and I aim to actualize this change by harnessing the power of data to enable management to make high-quality, informed decisions faster. "Challenge and Innovation" driven by digital power, (i.e., our digital transformation, or DX) requires a range of new technical skills, such as AI and deep learning. We are creating working environments that facilitate free and constructive discussions in the spirit of "open-mindedness" to allow our people to foster deeper relationships with one another.

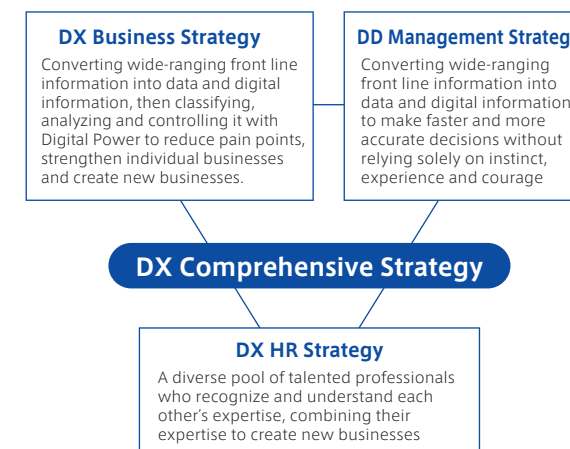
— Tell us about the DX-related initiatives you are pursuing.

First, we have created our DX Comprehensive Strategy, which consists of the DX Business Strategy, the Data Driven (DD) Management Strategy, and the DX HR Strategy.

Under the DX Business Strategy, we have identified six key strategic domains and conducted proof-of-concept trials for approximately 80 out of over 300 candidate projects in the last four years. Of those, about 25 have advanced to the stage of actual business operations. These projects span a wide range of business domains, including decarbonization, digital twinning, virtual currencies, and the utilization of health care data.

Initiatives under the DD Management Strategy have led to productivity improvements through data integration and cost reductions. However, more work is needed to advance the effective use of data in our management decision-making. While the use of data allows us to more accurately predict the future from past trends, there are still anomalous instances that require the intuition, experience, and insight of our leaders to make informed business decisions. Still, intuition and experience are affected by bias, so additional adjustment based on the

objective data remains essential. To foster a DD management mindset across the company, we are implementing various changes to fundamentally transform our business processes.



Mitsui's DX
https://www.mitsui.com/jp/en/company/outline/dx_comprehensive/index.html

— What are the challenges in relation to DX literacy?

There are two barriers that we must overcome. The first is a barrier related to DX professionals and business professionals. Business professionals make up the vast majority of Mitsui's work force, while DX professionals complement their decision making by leveraging their digital skills to drive business more effectively. To achieve integration success, it is essential that both business and DX professionals understand and respect the work of one another and deepen their collaboration. To that end, we have launched the Mitsui DX Academy as part of the DX HR Strategy. The DX Academy offers a wide range of programs, including e-learning courses designed for all officers and employees and opportunities to study at overseas universities. We are working to strengthen the DX knowledge of all our employees to deepen communication with the frontlines of business, with the ultimate goal of training "DX business-minded professionals" who are well-versed in both business and DX.

The other barrier is the time horizon. Naturally, it takes time to achieve tangible results through DX. Some projects are not yet fully established, and others remain in a precarious state that they could fade away if neglected. To make sure that such projects will be developed to their full potential, it is essential that we share outcomes across our organizations and achieve ongoing commitment from our top management. In this regard, I send out a monthly "CDIO Message" sharing the remarkable DX projects spearheaded by our employees. I believe that encouraging DX-minded employees through these approaches will help project managers and their colleagues become even more aware about the power of DX. I hope this will lead to an expansion of DX projects and a rise in DX momentum across our organization so that DX will become deeply rooted into our company culture.

— What is your background in relation to DX?

I spent many years working in the infrastructure business, so I am not originally a DX specialist. In fact, there are many "professional" CDOs who have assumed this specific position at many companies to catalyze disruptive change through DX. At Mitsui, we are well prepared to lead on this front: We already have a company-wide DX Comprehensive Strategy, we boast employees who understand the urgent need for DX, and we have retained a growing number of highly skilled DX professionals. Now, our goal is to put these resources into action. I believe that the most important element of my role as CDIO is to inspire transformation by linking business and DX on the basis of my thorough understanding of Mitsui's strengths, wide-ranging business activities, and corporate culture.

Further, DX requires continuous learning. Once or twice each month, I ask young employees to give me reverse mentoring so that I can learn about new technologies and ideas from these digital natives. I find these sessions very stimulating, and I am also able to put my experience to good use by providing business and management perspectives. By mutually expanding horizons like this, I hope to create a practical bridge between DX professionals and management.

— What do you see as the unique characteristics that enable Mitsui to create value?

Mitsui creates value by building businesses across multiple industries. A conglomerate like Mitsui has two benefits. First, we have diverse group of employees whom we can deploy flexibly. Second, we can respond quickly to innovations emerging from cross-industry initiatives. However, there is a flip side to these benefits. Because we are engaged in such a diverse range of businesses, our administrative processes and expenses tend to increase. I am encouraged that the permeation

of DD management will allow us to reduce these expenses. Already we have seen some results in this regard in a number of our initiatives.

By leveraging these strengths and by flexibly allocating management resources, including our employees, to enable rapid action on new businesses, we will realize a conglomerate premium.

— How do you expect Mitsui to evolve as a company in the medium- to long-term future?

The Long-Term Management Vision 2030 calls for a transition from "connecting" to "creating". In other words, our goal is to evolve into a company that creates businesses through its own efforts. Projects being developed at Moon Creative Lab, a dedicated entity to create new businesses from scratch, are part of this evolution. Several of these entrepreneurial projects are already on track for commercialization.

I believe Mitsui will further accelerate these endeavors and initiate new businesses by leveraging the advantages of being involved in multiple industries. I envision Mitsui becoming a platform where something new is always born. Actually, this idea is not entirely new, as Mitsui has been doing this since its founding. While Mitsui's business models may have changed over time, our philosophy and spirit—as expressed in the words "Challenge and Innovation", "Open-mindedness", and "Mitsui is people"—have been handed down through the generations of Mitsui people and will continue to remain the foundation for our business.

Although Mitsui's transformation is accelerating, other pioneering companies are also evolving in their own unique ways, and their lead over us may be growing rather than narrowing. I believe that healthy sense of crisis will continue to drive our ongoing efforts to reinvent Mitsui through digital power.

Initiatives in Digital Fields

Progress of DX HR Strategy

Three types of human resources are required to promote our DX Business Strategy and DD Management Strategy: Business Professionals, DX Business Professionals, and DX Technology Professionals. Mitsui's diverse employees possess professional expertise in a wide range of business domains, products, fields, and regions. However, many of our current employees are Business Professionals, so we provide basic Company-wide DX education to all officers and employees including overseas offices and affiliated companies to make digital a basic standard. DX Technology Professionals, who are top digital experts, are developed in-house, mainly at IT strategic subsidiaries, but a certain number will be developed in-house at Mitsui itself. Finally, DX Business Professionals, who understand both business and digital and can connect Business Professionals and DX Technology Professionals, are essential for promoting DX.

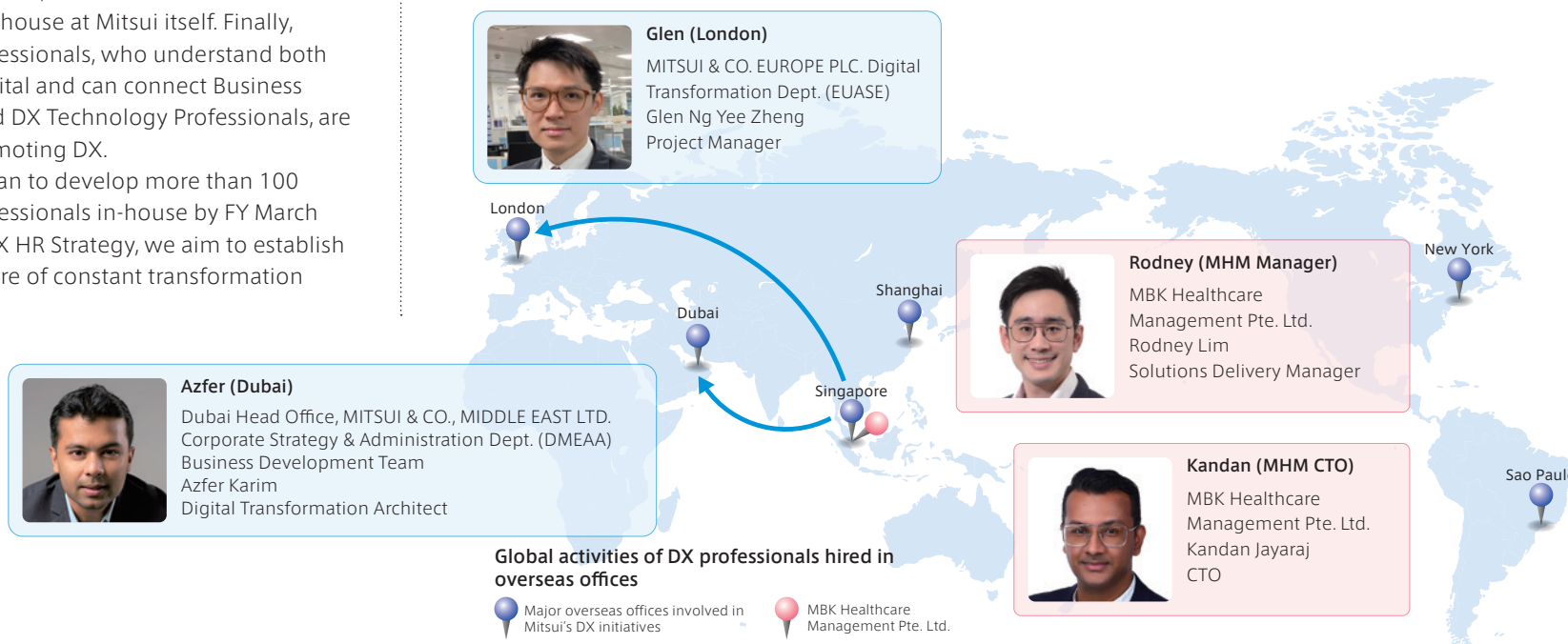
Globally, we plan to develop more than 100 DX Business Professionals in-house by FY March 2024. With the DX HR Strategy, we aim to establish a corporate culture of constant transformation through DX.

Progress in FY March 2022

- We launched the Mitsui DX Academy in May 2021, with training that comprises the following three elements.
 - 1. DX Skills Training:** DX skills training ranges from basic training for all employees and officers to applied training for advanced DX professionals and other employees who need to learn specialized skills. At the end of August, all Mitsui officers and employees completed the basic training. From October, this was expanded to at overseas offices and affiliated companies, and all employees at overseas offices in the Asian region have now completed the course.
 - 2. Boot Camp:** DX Business Professionals are trained through OJT at frontline sites and participation in practical DX projects.
 - 3. Executive Education:** Executive Education equips participants with cutting-edge DX skills and knowledge, and includes courses at overseas universities so that

participants can network with other advanced DX experts.

- The DX Talent Recognition System has commenced, and 23 DX Business Professionals have been recognized at Mitsui. Starting with the third edition, which is scheduled for October 2022, applications will be expanded to include overseas offices.
- In addition to our training, we are actively hiring DX talent and making the most of their capabilities on the front lines. Continuing on from FY March 2021, we held a DX business model competition for interns who will work for us after graduating, and are strengthening our hiring in other Asian countries and in Latin America. We are readying DX talent hired in Japan and around the world for projects in our Strategic Focus areas and are sending employees to Europe, North America and the Middle East to expand our global activities.



Initiatives in Digital Fields

Wide-ranging Use of DX for Decarbonization

Climate change is one of the priority agenda in Medium-term Management Plan 2023, and we have used digital technology to realize several initiatives.

1. Visualization

Mitsui introduced GreenGlobeX to centralized management of large amounts of environmental data efficiently from the global group and aim to future business management through linking with financial data in the consolidated accounting system.

We have also established businesses and are providing services related to CO₂ visualization. This includes e-dash, a service platform that provides comprehensive support from visualization of CO₂ emissions to energy procurement optimization and CO₂ emission reduction, and LCA Plus, Japan's first platform to perform GHG emission calculation and visualization on a per product basis based on ISO 14040/ISO 14044.



Automatic calculation and visualization of CO₂ emissions from electricity and gas invoices

2. Control

We established BEARING.ai together with AI Fund, which was established by Dr. Andrew Ng, an international authority on AI. BEARING.ai has developed a deep learning algorithm based on operation data, weather data, and maritime meteorology data for ships and has developed a service to analyze optimal ship operation performance. The algorithm is now being implemented at various shipping companies. Through efforts such as the development of optimization tools compatible with CII (Carbon Intensity Indicator) regulations, it is also contributing to significantly reducing GHG emissions at shipping companies. It was named on Forbes's 2021 AI 50 list of promising AI companies and listed as one of CB Insights' 100 most promising AI startups for 2022.



Optimization of ship operation based on ship operation data, etc.

3. Offsets

With regards to DX initiatives in forestry, we use aerial survey data to visualize the CO₂ absorption of our Company-owned forests, and have started to generate credits with the aim of contributing to Net-zero emissions by 2050. As of the end of June 2022, the J-Credit System Certification Committee has approved 85,000 tons of credit creation projects over a total of eight years covering some of Mitsui's forests.



Aerial surveys improve the accuracy and efficiency of CO₂ absorption measurement

☐ P24 Expanding into Carbon Credit Businesses

4. Internal information sharing

As a range of decarbonization efforts continue to progress on the front lines of various businesses, Mitsui has set up the Decarbonization Portal as an internal information sharing site in order to work on decarbonization on a Company-wide basis, and is promoting Company-wide efforts across business units.