

Panel Discussion

[Date] 3rd December, 2021

[Panelist]

Kenichi Hori, Representative Director, President and Chief Executive Officer

Masako Egawa, External Director

Haruka Matsuyama, External Audit & Supervisory Board member

[Moderator]

Yoshiaki Takemasu, Representative Director, Executive Managing Officer and Chief Human Resources Officer

1. As for governance structure systems and activities of the Board of Directors and the advisory committees, what is unique in terms of their effectiveness?

<Egawa>

- The first point is that the Audit & Supervisory Board members can actively speak out, expressing their opinions including appropriateness, and are participating in the Nomination, Remuneration, and Governance Committees. The second point is that the information sharing is well developed and there are a lot of forums for us to discuss, for example, a briefing before board meetings, External Members Meetings, and Free Discussions. Therefore, External Members are able to have active discussions with each other, and free and vigorous discussions are held during meetings of the Board of Directors. The third point is that there are four women and two foreign nationals on the board, which ensures the diversity of the members in terms of expertise, experience and age.

<Matsuyama>

- It is the establishment of the Governance Committee. Recently, the Corporate Governance Code has called for a regular review of the governance structure, and before discussing this issue at the Board of Directors, we have an opportunity to have frank discussions at the Governance Committee. For example, the Governance Committee members actively exchange opinions with the execution side regarding agenda items to be proposed to the Board of Directors and institutional design.

2. As for the discussion of individual investment projects and business portfolios, Mitsui has many projects in a wide range of business fields. Do you think that these are sufficiently discussed and do you think we have been able to create a system and environment which ensures their equal and fair discussions?

<Matsuyama>

- In Mitsui, the items brought to the Board of Directors tend to require professional knowledge, so they give us detailed briefings before the meetings of the Board of Directors. As for the business portfolio, the Corporate Governance Code calls for a review of the business portfolio and policies for business portfolio, and we have been discussing the business portfolio at the Board of Directors from early on. For individual projects, as a result of the request made by the External Members, the position of the particular project within the overall Mitsui business is explained, and also discussions of the Portfolio Management Committee, a meeting of the execution side, are regularly reported to the Board of Directors.

<Egawa>

- In the review of the business portfolio, we discuss whether regional and business profile is balanced, whether growth and profitability is ensured, and also whether the portfolio includes activities toward decarbonization. We are able to deepen our understanding of each projects by discussing at the meetings of the Board of Directors and the External Members Meetings and by visiting these project sites. We also have Directors and Audit & Supervisory Board members who have a very diverse background, which has helped to deepen the discussions.

3. President Hori, do you feel that External Members speak openly at the Board of Directors and the advisory committees? Also, when do you feel that the opinions of External Members are particularly valuable?

<Hori>

- I believe our Board of Directors and advisory committees have active and deep discussions, and especially from a macroscopic viewpoint, they discuss the position of the company and the business portfolio. For the important projects that are brought to the Board of Directors, they give us their own views from a very wide range of knowledge and experience. For

example, there was a case when External Members made some material comments on certain projects that have led to the project being withdrawn. In addition, there was a case where lots of thorough discussions concerning a particular project were held at several Board of Directors meetings, and as a result, the policy for proceeding with the project and the quality of the backup plan were improved, and the project was finally able to proceed after reaching a consensus among the Directors. I believe that the process itself is quite effective, and the effectiveness of this process is critical for our company.

4. As for sustainability-related reporting and individual projects at the Board of Directors, please let us know if you have any comments about the role of the Board of Directors in relation to sustainability and medium to long term management issues. Also, what do you see as the role of External Members at the Board of Directors from a sustainability perspective?

<Matsuyama>

- Sustainability has become a great challenge for us, especially because Mitsui is recognized as a company that is strong in energy and resources. Since we are promoting our business worldwide, we need to develop our business while sensing the movements of not only Japan but also the entire world. We have been aware of the issues of climate change and sustainability before the Corporate Governance Code made mentions about the issue of sustainability. I believe that it is important to discuss the perspectives of climate change and sustainability by keeping our antenna up in countries where the discussion is more advanced than Japan.
- I believe that the role of External Members is to bring perspectives that cannot be seen from the eyes of the internal directors. The presence of External Members with diverse backgrounds is a major feature, and we are discussing sustainability and climate change issues sincerely from respective backgrounds and perspectives of External Members.

<Egawa>

- I believe that our company has made more progress in sustainability initiatives than other companies. We identified our materiality early in 2015 and announced our goal to decarbonize ahead of our competitors. We also hold Sustainability Committee meetings frequently. In the past,

discussions on individual projects at the Board of Directors were mostly based on economic aspects, such as profitability and growth potential, but recently we have begun to discuss the impact of GHG emissions as well.

- External Members are required to provide comments from a neutral perspective. Especially as sustainability issues vary from country to country and from region to region and change rapidly, we are required to be always sensitive to what is happening and collect information by keeping our antenna up, and we are hoping that we can make a contribution to this issue.

5. From the perspective of promoting sustainability, what kind of issues need to be addressed in the discussion about the medium to long term allocation of management resources and Mitsui's business portfolio? In addition, as External Members, what do you keep in mind in the discussions about the individual projects?

<Egawa>

- The first issue is the difficulty of making decisions that balance both addressing climate change for decarbonization and transforming the system to do so, while at the same time we have to enhance our corporate value. The investors' views will also change rapidly. There are some regions where we are required to make gradual transitions rather than moving to zero carbon immediately and at once, and we are required to make decisions on how exactly to replace our portfolio in order to solve the complex puzzle of addressing climate change issues worldwide.
- The second issue is the criteria for business portfolio discussions. We introduced ROIC last year and GHG emissions have been taken into account in discussing our portfolio, but the issue is how we build an optimal portfolio. In other words, how do we build a process that allow us to make appropriate decisions from the entry stage of each project that takes a long time.

<Matsuyama>

- The challenge in considering our business portfolio is that it has a long term horizon. The time frame for a project to reach fruition is longer than that of an investment in other companies. For example, the business environment may have changed drastically in five to ten years, so we have

to consider our business portfolio in three dimensions, which is challenging.

- Another challenge is that we are diversifying our business and need to develop new businesses in addition to our existing businesses. Especially, in AI and digital technologies areas, I feel the need to allocate resources and develop human resources from the perspective of nurturing new businesses in addition to existing businesses, as the world's systems and businesses are rapidly changing.

6. President Hori, when discussing medium to long term business challenges, what kind of advice from External Members are you hoping for?

<Hori>

- As for the timeline in how we create our business, we have to constantly understand what society and various economic entities identify values in relation to the timeline, as well as how global issues are now being characterized and perceived. Since these issues are changing over time, I think it is very important to gather the opinions and perspectives of people with a variety of views and perspectives and to create a unified position as a company. Our External Directors and External Audit & Supervisory Board members provide the Board of Directors with their unique perspectives based on their longstanding networks, so I believe the company as a whole can see a deep and three-dimensional view.
- I would like to continue to deepen the discussion. In the fall, we have a Free Discussion where participants can spend almost the entire day freely discussing the issues, which is both fun for the management team and a place of healthy tension. These discussions take place every year, and I would like to ask for your continued guidance through formal board meetings and the off-site discussions.