



Initiatives toward Strategic Shareholdings

Representative Director, Executive Vice President
Chief Financial Officer

Takakazu Uchida

The Portfolio Management Committee's role and yearly cycle

The Portfolio Management Committee's role

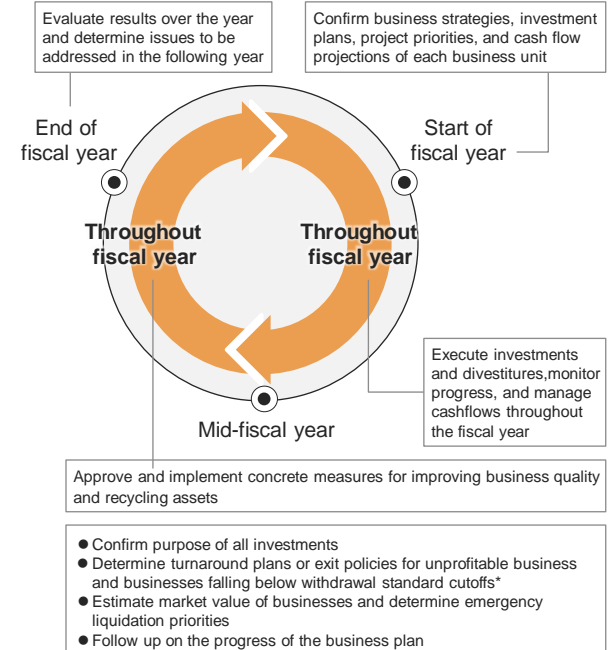
- Establishment of a strategy for the overall portfolio
- Establishment of investment and finance policies
- Regular monitoring of overall portfolio

Result of portfolio review to be conducted this year

- Conducted review process of investment in subsidiary, associate and general companies consisting 1,752 stocks in total with book value of ¥7.4 trillion (*).
- Confirmed positioning of these stocks within our business strategy and purpose of holding in terms of profitability, capital efficiency and action plan(Hold, Watch or Exit) regarding all investments.
- Feedback for approval process of each business's action plan and to strategy meeting of related business domain.
- Result of portfolio review is reviewed by Portfolio Management Committee and then approved by Corporate Management Committee and the Board of Directors.

*Including 486 sub-consolidated affiliated companies at the end of FY21/3.

Yearly cycle

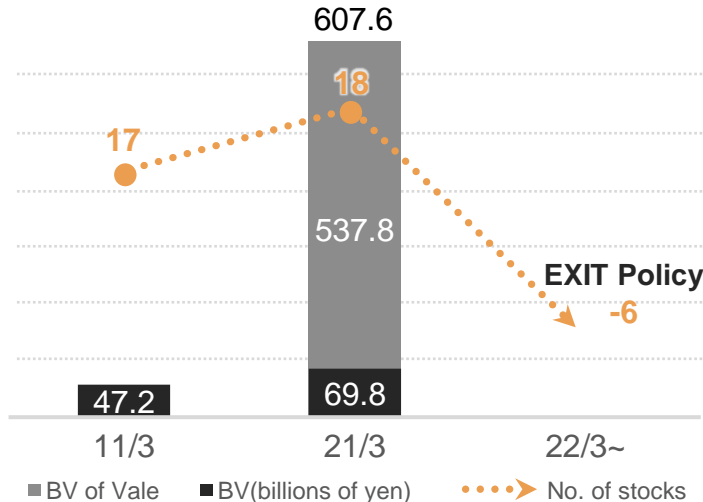


*Withdrawal standard cutoffs include risk-return ratio, core operating cash flow, insolvency indicators, and other profit-ability standard as qualitative standards.

Status of listed stock held (General Investment: changes over last 10 years)

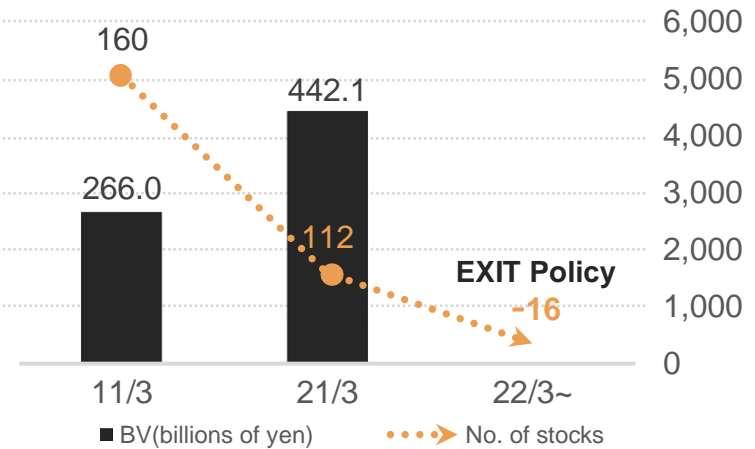
Listed stocks in overseas

No. of stocks : Increase **+13** Decrease **-12**
22/3 onward EXIT policy **-6**



Listed stocks in Japan

No. of stocks : Increase **+14** Decrease **-62**
22/3 onward EXIT policy **-16**



- The number have been significantly decreased for listed stocks in Japan as a result of yearly review of the purpose of holding.
- On the other hand, number of stocks and book value have increased due to recategorization of Vale into general investment, and as a result of corporate restructuring, IPOs of investment both in Japan and overseas, etc. There exists some stocks that do not fall under the so-called "strategic shareholdings" category.

Annual Securities Report : Concept of classification of stocks for investment held for pure investment purposes in “Equity securities held” section

- Revisited the concept of classification of “stocks for investment held for pure investment purposes”

FY21/3

Pure fund management stocks (No possession)

FY22/3 onward

Investment held for the purposes of realizing gains solely arising from changes in the value of shares or dividends thereon

- Due to this revisit, out of a total 389 listed and unlisted stocks in Japan and overseas at the end of March, 2021, amounting ¥1,158.3 billion, **the following 11 stocks amounting ¥724 billion** is to be reclassified to pure investment purposes.

- **4** overseas listed stocks including VALE, amounting **¥588.2 billion**
- **2** Japanese listed stocks including Recruit Holdings, amounting **¥68.7 billion**
- **5** overseas unlisted stock including LNG projects, amounting **¥67.1 billion**

- Due to this reclassification, total investment book values for other than pure investment purposes will become **¥434.3 billion**, and the ratio to consolidated net asset is expected to be approximately **9%**.
- The above contents will be disclosed in the Corporate Governance Report scheduled to be filed to the Tokyo stock exchange in December after discussions at the Board of Directors.

Exercise of voting rights of listed stocks held by Mitsui

- Exercise of voting rights, “For” or “Against”, will be conducted on a case-by-case basis while comprehensively considering the following matters, based on investee’s management policy and business plan.
 - ① Enhancement of enterprise value of investee
 - ② Enhancement of mutual benefit for shareholders
 - ③ Enhancement of enterprise value of Mitsui in terms of creation of business opportunities, and building, maintaining, and strengthening of businesses and collaborative relationship between the investee and Mitsui
- Confirm each year the status of exercise of voting rights, and report to the Governance Committee.

Mitsui’s shareholder composition and engagement

- Shareholder consists of business corporations with about 4%, which is lower than the market average, while the ratio of individuals and financial institutions / foreigners (including a large portion of institutional investors) are relatively high.
- Actively engaging with our shareholders and institutional investors.
- Feeding back engagement contents to management and concerned divisions in order to strengthen business strategy and improve our portfolio.