Disclosure Based on TCFD Recommendations

MITSUI & CO., LTD.

June 2022

Contents

Disclosure Policy

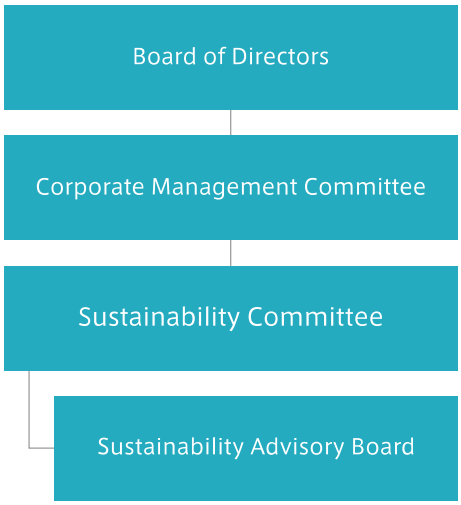
In December 2018, Mitsui declared its support for the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with the recommendations of the TCFD and as a responsible company operating globally, we actively promote information disclosure with an awareness of stakeholder demands.

Governance

Governance System for Climate Change Response

We have positioned addressing climate change as a key management issue. Basic management policy, business activities, and corporate policies and strategies that concern climate change are planned developed, and advised on by the Sustainability Committee, an organization under the Corporate Management Committee.

The Sustainability Committee is structured so that its activities are appropriately supervised by the Board of Directors, and matters discussed by the Sustainability Committee are regularly discussed and reported to the Corporate Management Committee and the Board of Directors.



Sustainability Committee

Officer in Charge	Makoto Sato (Representative Director, Executive Managing Officer, Chief Strategy Officer (CSO), Chairperson of the Sustainability Committee)
Administrative Office	Corporate Sustainability Div., Corporate Planning & Strategy Div.

Climate Change-Related Discussions

There were 13 major climate change-related discussions by the Sustainability Committee over the past three years.

FY Mar/2020

- Discussion on climate change scenario analyses
- Discussion on key priorities established in relation to sustainability
- Discussion on the introduction of internal carbon pricing system
- Discussion on establishment of GHG-related targets

FY Mar/2021

- Discussion on establishment of GHG-related targets
- Discussion on climate change scenario analyses
- Report on investigations into GHG emissions
- Progress reports and discussions on the progress of initiatives such as the internal carbon pricing system and building of a GHG emissions database

FY Mar/2022

- Free discussion and report on roadmap for achieving long-term GHG targets
- Report on development of GHG reduction contribution calculation tools
- Free discussion on introduction of ESG assessment in executive remuneration
- Report on climate change/review of internal systems and policies, and deliberations on future response policy

Sustainability Advisory Board

We have established the Sustainability Advisory Board (formerly the Environmental and Societal Advisory Committee), a group comprising external experts in societal and environmental topics such as climate change. The Sustainability Committee uses information and advice from Sustainability Advisory Board members in their deliberations. In fiscal year ended March 2022, the Committee held a total of four meetings to discuss climate change initiatives.

Please refer to the links below for more information on Mitsui's Sustainability Management Framework and the activities of the Sustainability Committee.

Our Approach to Sustainability: Sustainability Governance and Oversight
Our Approach to Sustainability: Sustainability Committee
Our Approach to Sustainability: Sustainability Advisory Board

Reflecting Climate Change Responses in the Executive Remuneration Plan

The company decided to introduce a new performance-linked restricted stock remuneration plan from the fiscal year ended March 2023, which was approved at the Ordinary General Meeting of Shareholders on June 22, 2022. The renumeration plan has been introduced to incentivize the company to fulfill our social responsibilities and to continuously improve our medium-to long-term performance and corporate value. As one of the management evaluation indicators, ESG elements, including our response to climate change are included. For more information, please see "4. Corporate Information, 4. Corporate Governance, (4) Remuneration of Directors and Audit & Supervisory Board Members" in the Annual Securities Report for the fiscal year ended March 31, 2022.

Annual Securities Report for the fiscal year ended March 31, 2022

Strategy

Scenario Analysis Policy and Process

Since declaring our support for the TCFD recommendations in December 2018, we have been engaged in a step-by-step scenario analysis process to enhance the resilience of our strategy by responding flexibly to changes in the global business environment. Traditionally, business units have analyzed risks, countermeasures, quantitative impact, etc. for their selected businesses and discussed them at the Sustainability Committee; however, in response to its growing importance, we have integrated scenario analysis into the formulation process for the business plan starting the fiscal year ending March 31, 2023. By incorporating scenario analysis into the business planning process, which is approved by the Board of Directors after reporting and deliberation by the Corporate Management Committee, the results of scenario analysis are confirmed and deliberated by management and reflected in the business plan and business portfolio strategy.

Selected Scenarios

We are conducting scenario analysis in short- (0-1 year), medium- (1-10 years), and long-term (10-30 years) timeframes up to the year 2050. We conduct scenario analysis of transition risks*1 and opportunities with reference to the scenarios set out in the World Energy Outlook (WEO) published by the (International Energy Agency) IEA. In addition, with reference to the RCP (Representative Concentration Pathway) used by the IPCC (Intergovernmental Panel on Climate Change), Mitsui has conducted analysis of investment assets above a certain value by surveying the impact of physical risks*2 based on natural disasters that have occurred over the last five years.

*1 "Transition risks" refer to risks caused by changes in policy/legal regulations, technology development, market trends, market evaluation, etc.

*2 "Physical risks" refer to the risk of physical damage caused by increases in natural disasters and abnormal weather arising from climate change.

- IEA Stated Policies Scenario (STEPS): Scenario that reflect the current policy targets of each country
- IEA Sustainable Development Scenario (SDS): Scenarios needed to uphold the Paris Agreement, which seeks to keep global warming within 2.0°C (and further pursue efforts to limit the temperature increase to 1.5°C) of the pre-Industrial Revolution level
- IPCC RCP 8.5 scenario: Scenario in which the world's average temperature rises by around 4.0°C by 2100

We are considering expanding our analysis and disclosure to the 1.5°C scenario, in addition to the 2.0°C scenario outlined above.

Major Risks and Opportunities Associated with Climate Change

Mitsui is engaged in a wide range of business in countries and regions around the world, and we view the diverse risks and opportunities presented by climate change as important factors that we must consider when formulating our business strategies. We are identifying the short-, mid-, and long-term risks and opportunities that accompany climate change, and we review them periodically. We also review each segment in response to changes in the macroenvironment and trends, and adjustments in our business portfolio, along with other changes in the internal and external environment, and reflect them in our business strategy in a timely manner.

Transition Risks	Policy and Legal Risks	• Shift to the use of low-carbon-emission or decarbonized energy due to various national and regional policies (changes in energy and power mix) • Government-imposed restrictions on greenhouse gas emissions, with carbon taxes and cap-and-trade emissions-credit schemes
	Technology Risks	• Changes in supply and demand in markets for existing commodities and services or the obsolescence of existing production equipment and facilities accompanying the introduction of new technologies geared toward climate change or the development and dissemination of alternative products
	Market Risks	• Changes in demand for fossil fuel-related products and services and deterioration in value of Mitsui's ownership interests • Fund procurement risks due to the adoption of low-carbon/decarbonization policies by financial institutions and insurance companies
Physical Risks	Acute Risks	• Interruption of the operations of project companies in Australia and the United States, etc., due to cyclones and hurricanes
	Chronic Risks	• Impact of global warming on agricultural and marine products or impediments to operations accompanying rising sea levels

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

Segment	Risks	Opportunities
Mineral & Metal Resources	• Decrease in demand for raw materials (iron ore, metallurgical coal) due to increase in Electrical Arc Furnace usage in anticipation of efforts to reduce GHG • Increase in the cost of environmental measures and carbon taxes • Increase in the difficulty for obtaining environmental permits	• Expansion of recycling businesses in response to circular economy • Increase in demand for raw materials for secondary batteries, copper, and aluminum accompanying the spread of vehicle electrification
Energy	• Decrease in demand for fossil fuel • Increase in the cost of environmental measures	• Expansion of market for LNG and gas businesses that have a relatively low environmental impact • Expansion of CCS/CCUS* business • Expansion of market for biofuel, hydrogen/ ammonia fuel, and other next-generation energy • Expansion of business for Energy Solutions Business, including emissions credits and energy management businesses

Segment	Risks	Opportunities
Machinery & Infrastructure	• Change in the social conditions surrounding coal-fired thermal power businesses • Change in the supply and demand of existing businesses accompanying the creation of new technologies and new markets • Impact of extreme weather on cargo transportation volumes	• Development of renewable energy generation businesses • Increase in demand for storage batteries that help address increased volatility in power grids • Circular economy and sharing • Expansion of business related to the shipping business using next-generation fuels
Chemicals	• Change in demand for fossil fuel-derived chemicals • Change in industrial structures due to strengthening of environmental restrictions	• Expansion of recycling business in anticipation of a recycling-based society • Increase in demand for biochemicals and energy-saving materials • Increase in demand for forests as a source of absorption and emission credit businesses
Iron & Steel Products	• Decrease in demand for materials and drilling equipment for the energy sector	• Reform of steel production, processing and supply chains responding to low-carbon/ decarbonized society • Increase in demand for maintenance businesses to contribute to extending life of infrastructure • Increase in demand for lighter vehicles and highly efficient motors accompanying spread of electric vehicles
Lifestyle	• Change in food-producing regions accompanying global warming, etc. • Impact on supply chains of extreme weather	• Rising need for securing food resources and securing stable food supplies
Innovation & Corporate Development	• Increase in insurance claims accompanying a rise in physical risks	• Increase in demand for insurance accompanying a rise in physical risks • Increase in business opportunities in relation to environmental derivatives

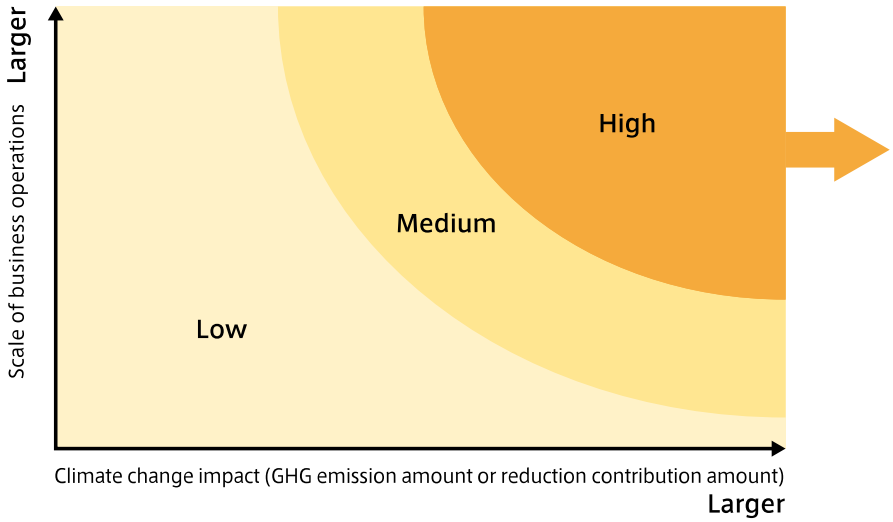
* CCS = Carbon Capture and Storage
CCUS = Carbon Capture, Utilization and Storage

Transition Risk Assessments

We use multiple climate change scenarios for the selected business to assess the impact of transition risks on financial planning and business strategies, and use the results to investigate necessary countermeasures.

Selection of Business for Scenario Analyses

In consideration of scale of business operations and climate change impact, upon categorizing business as “high”, “medium” or “low” priority, we have selected “high” priority business as targets for scenario analyses.



- Upstream oil and gas business and LNG business
- Metallurgical coal business
- Thermal power generation business
- Iron ore business
- Offshore oil and gas production facilities business
- Gas distribution business
- LNG Shipping business
- Renewable energy business
- Next-generation energy business
- Forest resources business

Results of Scenario Analysis

The results of scenario analysis for the ten businesses selected for this study are shown below. The scenarios referred to in the scenario analysis are organized into Current Policy and Transition Scenarios as follows.

- Current Policy Scenario:
  A scenario in which current climate related initiatives of each country are maintained, demand (mainly in emerging countries) for fossil fuels and other resources that emit GHGs remains to a certain extent, and business practices which could impact climate change continue, resulting in higher risk of severe disasters and the need to respond to such risk (STEPS, etc.).
- Transition Scenario:
  A scenario in which there is a slowdown in demand for fossil fuels and other resources that emit GHGs, and growth in demand for corporate activities that contribute to building a sustainable society, such as an increase in demand for renewable energy and other resources, as a result of the international development of advanced initiatives and systems to address climate change. The risk of severe disasters remains to a certain extent (SDS, etc.).

The impact of the Current Policy Scenario and the Transition Scenario on the business between now and 2050 is shown in the following three levels.

↗ Positive impact on business

→ No change or slight impact on business

↘ Negative impact on business

Upstream Oil and Gas Business and LNG Business

<table>
<tr><th>Awareness of Business Environment Under Each Scenario</th><th colspan="2">Impact on Businesses</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Current Policy Scenario:
Growth in oil demand is expected to gradually slow, with demand peaking in the mid-2030s and then leveling off toward 2050. Demand for natural gas is expected to grow steadily for the power and industrial sectors in emerging Asian countries, centered on China and India.

Transition Scenario:
Oil demand is expected to decline by half through to 2050 amid progress towards a low-carbon society, mainly through electrification of the transportation sector in developed countries, and natural gas demand is expected to remain firm in the medium term for the next 5 to 10 years as a substitute for coal-fired power generation. By 2050, however, demand is expected to decline to about two-thirds, centered on the power generation sector, due to the spread of renewable energies. Meanwhile, new demand for hydrogen feedstock and other applications is expected to grow over the long term.</td><td>Current Policy Scenario
  </td><td>Transition Scenario
  </td><td rowspan="2">We will continue to work on improving asset value, including strengthening the competitiveness of existing business assets, reducing GHG emissions, and low carbon/decarbonization initiatives. For new projects, we will carefully select highly competitive projects, taking into account potential future carbon costs, and build a well-balanced portfolio of business assets, including implementing timely asset recycling. While contributing to the low-carbon and decarbonization of the entire value chain, we will continue to work on upstream development of natural gas, which is a transition energy and can be used as a feedstock for next-generation fuels, and to increase our liquefaction capacity. We aim to realize the earliest commercialization of our CCS/CCUS business utilizing our upstream business know how, our geothermal business, and our hydrogen and ammonia business leveraging our gas upstream assets and our existing customer network.</td></tr>
<tr><td colspan="2">While faced with the dual challenge of needing to expand quantity and improve quality, renewable energy will steadily expand, and fossil fuels will remain indispensable as a primary energy source for the time being. With oil demand peaking and expected to remain flat or decline in both scenarios, there is a risk that the value of upstream assets will decline. Natural gas is an important transition energy source with relatively low environmental impact and a realistic solution to meet growing demand while addressing climate change challenges, and demand is expected to remain strong in the near term under the Transition Scenario. New business opportunities are expected for geothermal power generation, low carbon/decarbonization initiatives such as CCS/CCUS and CO2-EOR* technologies, and next-generation fuel initiatives such as biofuels, hydrogen, and ammonia.
*CO2-EOR: Enhanced Oil Recovery using CO2</td></tr>
</table>

Metallurgical Coal Business

<table>
<tr><th>Awareness of Business Environment Under Each Scenario</th><th colspan="2">Impact on Businesses</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Current Policy Scenario:
In developed countries, demand is expected to gradually decline from the 2030s against a backdrop of declining crude steel production and lower blast furnace ratios due to utilization of ferrous scrap, while demand in India and Southeast Asia is expected to grow from the late 2020s onward due to addition of blast furnaces in the region. Global demand for metallurgical coal is</td><td>Current Policy Scenario
  </td><td>Transition Scenario
  </td><td rowspan="2">As demand for metallurgical coal is expected to remain strong over the medium to long term, we will strive to strengthen the competitiveness of our assets while maintaining stable supplies to customers. We will closely monitor changes in the external environment, and strengthen our efforts such as utilizing the methane gas produced and shifting to alternative fuels and raw materials, with a view to realize a low-</td></tr>
<tr><td colspan="2">Under both the current policy and transition scenarios, demand for metallurgical coal is expected to remain flat or increase slightly, and the cost competitiveness of our assets will be maintained, and therefore business profitability is expected to remain</td></tr>
</table>

expected to increase moderately from current levels through to 2050. Transition Scenario: Demand for metallurgical coal is expected to remain flat over the medium to long term and remain at current levels in 2050, due to further acceleration in the use of ferrous scrap and alternative raw materials in developed countries, as also expected in the Current Policy Scenario.	strong. Continuous close attention must be paid to the business impact of policies and policy trends of respective countries. Additionally, we are no longer adding new thermal coal projects to our existing assets.	carbon/decarbonized society together with our business partners.

Thermal Power Generation Business

Awareness of Business Environment Under Each Scenario	Impact on Businesses		Countermeasures
Current Policy Scenario: Fossil fuel-based power generation will gradually decline over the long term. Meanwhile, demand for new power plants is expected to continue in the medium term in some emerging countries where electricity demand will continue to grow and where renewable energy alone is not sufficient to meet supply needs. Transition Scenario: Fossil fuel-based power generation is expected to decline at a faster rate in the medium to long term than under the Current Policy Scenario.	Current Policy Scenario →	Transition Scenario ↘	Amid the global trend towards low carbon and decarbonization, we will work to transform our portfolio and improve quality in accordance with changes in the environment. Specifically, we intend to reduce our coal-fired thermal power footprint from our power generation capacity over the medium to long term, while increasing the ratio of renewable energy in our power generation portfolio, including hydroelectric power, to over 30% by 2030. In addition, as a responsible power producer, we will continue to examine ways to improve the efficiency of our existing thermal power assets, including utilizing CCUS, ammonia co-firing, and other low-carbon and decarbonizing technologies. We will consider new gas-fired power projects, taking into account the need for gas-fired power as a transition energy source and potential future carbon costs, as well as the power supply mix and electricity demand outlook for each region.
	The impact of changes in the external environment on our existing business is limited, as most of our power asset portfolio is based on long-term power purchase agreements—in which consideration is paid for the generation capacity rather than for generated volume. However, under the Transition Scenario, the global trend towards low carbon and decarbonization will rapidly accelerate, which may affect the business viability of some assets after power purchase agreements expire, and therefore ongoing verification and monitoring is required.		

Iron Ore Business

Awareness of Business Environment Under Each Scenario	Impact on Businesses		Countermeasures
Current Policy Scenario: Although crude steel production in China, the world's largest producer, is expected to decline going forward, this is expected to be offset by increased production in India and Southeast Asia. We predict that global crude steel production will remain steady over the medium to long term. Transition Scenario: With higher rates of use of electric furnaces, and an increase in production of direct-reduced iron, which mainly uses high-grade ore, we expect an increase in demand for high-grade ore, and a corresponding increase in premiums/discounts for high-grade iron ore/low-grade iron ore.	Current Policy Scenario →	Transition Scenario →	For the foreseeable future, we will work to strengthen the competitiveness of our assets while providing stable iron ore supplies to customers, and continue to closely monitor the rate at which electric furnace production methods spread as a means of low-carbon and decarbonization in the steel industry, and the speed of change regarding new steelmaking technologies. In addition, we will strengthen efforts towards realizing a low-carbon society together with our business partners, while closely monitoring changes in the external environment.
	Although crude steel production is expected to be affected by a peak-out in China in the mid-2020s, India and Southeast Asia are expected to offset the decline in China. Crude steel production and iron ore demand are expected to remain steady over the medium to long term under both the Current Policy and Transition Scenarios. The transition scenario incorporates an increase in premiums and discounts for high-grade and low-grade ore, but the impact on overall earnings will be limited. The business impact of policies and policy trends in each country will need to be continuously examined.		

Offshore Oil and Gas Production Facilities Business

Awareness of Business Environment Under Each Scenario	Impact on Businesses		Countermeasures
Current Policy Scenario: Demand will decline over the medium to long term in line with a slowdown in oil demand growth; however, the timeline of this will differ by region. Transition Scenario: Demand for oil infrastructure will decline earlier than under the Current Policy Scenario due to the promotion of electrification in developed countries.	Current Policy Scenario →	Transition Scenario →	Considering the scenario of declining demand in the medium to long term, we will work to transform our businesses into a field where we can utilize the expertise we have accumulated from our existing business (e.g., floating offshore wind power).
	Most of the recent projects related to offshore oil and gas production facilities, such as FPSO facilities and drillships, are based on committed long-term use by customers under long-term contracts. Therefore, the impact of the Current Policy and Transition Scenarios on existing businesses is expected to be limited.		

Gas Distribution Business

Awareness of Business Environment Under Each Scenario	Impact on Businesses		Countermeasures
Current Policy Scenario: Demand is expected to increase steadily in line with rising gas demand in emerging countries. Transition Scenario: Demand is expected to grow at a slower pace than under the Current Policy Scenario due to the spread of renewable energy.	Current Policy Scenario →	Transition Scenario →	We will continue to work on improving asset value, including GHG emissions reduction and decarbonization. For new projects, we are working in consideration of potential future carbon costs.
	Our gas distribution businesses are granted exclusive long term concession rights in each of the concession areas. Therefore, the impact of the Current Policy and Transition Scenarios on existing businesses is expected to be limited.		

LNG Shipping Business

Awareness of Business Environment Under Each Scenario	Impact on Businesses		Countermeasures
Current Policy Scenario: Demand for natural gas is expected to grow steadily over the long term for use in the power and industrial sectors in emerging Asian countries, and therefore, demand for operation of ships for natural gas is expected to increase. Transition Scenario: Demand for natural gas is expected to continue in the medium to long term as a substitute for coal-fired thermal power generation, and new demand is expected in the long term for hydrogen feedstock and other applications. Therefore, demand for operation of ships is expected to increase.	Current Policy Scenario →	Transition Scenario →	With consideration for medium- and long-term supply and demand and price trends, we will strive to maintain and improve the profitability of individual businesses, as well as working to ensure stable and streamlined operations, and at the same time identify new businesses including the establishment of a hydrogen supply chain and next-generation fuel tankers.
	In the LNG shipping business, most of the recent projects have secured earnings based on long-term contracts. Therefore, the impact on the Company's earnings under the Transition Scenario will be limited.		

Renewable Energy Business

<table>
<tr><th>Awareness of Business Environment Under Each Scenario</th><th colspan="2">Impact on Businesses</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Current Policy Scenario:
Demand is expected to increase substantially over the medium to long term in response to global low carbon and decarbonization trends and energy security.

Transition Scenario:
Demand is expected to increase substantially at a faster rate than in the Current Policy Scenario.</td><td>Current Policy Scenario
  </td><td>Transition Scenario
  </td><td rowspan="2">In line with the global trend towards low carbon and decarbonization, we will work to transform and improve the quality of our asset portfolio in response to the changing environment. Specifically, in order to raise the ratio of renewable energy in our power generation portfolio to over 30% by 2030, we will engage in large-scale renewable energy projects including solar power, onshore wind power, and offshore wind power, as well as local production for local consumption type distributed renewable energy projects, to meet local demand.

In addition, in view of the potential for intensified competition among operators, we will aim to capture added value by establishing a renewable energy business cluster, leveraging our comprehensive strengths to engage in peripheral fields including the production and sale of green hydrogen, ammonia, and methanol using renewable energy, clean energy sales, EV infrastructure, and offshore wind power infrastructure.</td></tr>
<tr><td colspan="2">While the renewable energy industry is expected to experience significant growth in demand, competition is likely to intensify as the number of operators in the segment grows.

Meanwhile, supply-demand balance adjustment needs are expected to expand in some regions in order to cope with grid instability caused by the rapid increase in the rate of renewable energy sources. In addition, the energy solution business utilizing digital technology is also expected to expand.

The Electric Vehicle (EV) market is also expected to grow with the support of government policy in various countries, and demand for clean power is expected to grow.</td></tr>
</table>

Next-Generation Energy Business

<table>
<tr><th>Awareness of Business Environment Under Each Scenario</th><th colspan="2">Impact on Businesses</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Current Policy Scenario:
Demand for biofuels and other next-generation energy is expected to continue to grow strongly over the medium to long term, mainly as a replacement for liquid fossil fuels.

Transition Scenario:
Demand for biofuels is expected to grow rapidly in the medium term, and while the growth rate will slow over the long term, demand for biofuels for aviation and marine transportation is expected to continue to expand. Under this scenario, hydrogen and fuel ammonia are expected to grow rapidly, replacing natural gas in the medium to long term.</td><td>Current Policy Scenario
  </td><td>Transition Scenario
  </td><td rowspan="2">We are working to expand our biofuel business leveraging the technology and expertise of our existing investees. In addition, we are moving forward with initiatives in hydrogen and fuel ammonia, geothermal power generation projects, and other areas, as we view them as realistic solutions for realizing a low-carbon or decarbonized society. While these areas are expected to become next-generation alternative energy sources, further technological innovation is necessary for full-scale expansion. Accordingly, we have formed a specialized in-house team and are accelerating these efforts.</td></tr>
<tr><td colspan="2">There is a significant expectation that demand for next-generation energy will grow, and promising next-generation energy technologies are in the process of being developed. Along with the development of new government programs, etc. in each country, we expect further accelerated investment in the development of new technologies and lower costs of producing low-carbon and decarbonized energy, stimulating further growth in demand and creating new business opportunities.</td></tr>
</table>

Forest Resources Business

<table>
<tr><th>Awareness of Business Environment Under Each Scenario</th><th colspan="2">Impact on Businesses</th><th>Countermeasures</th></tr>
<tr><td rowspan="2">Current Policy Scenario:
Demand for forest resources is expected to grow in line with expansion in paper and housing markets in emerging nations.

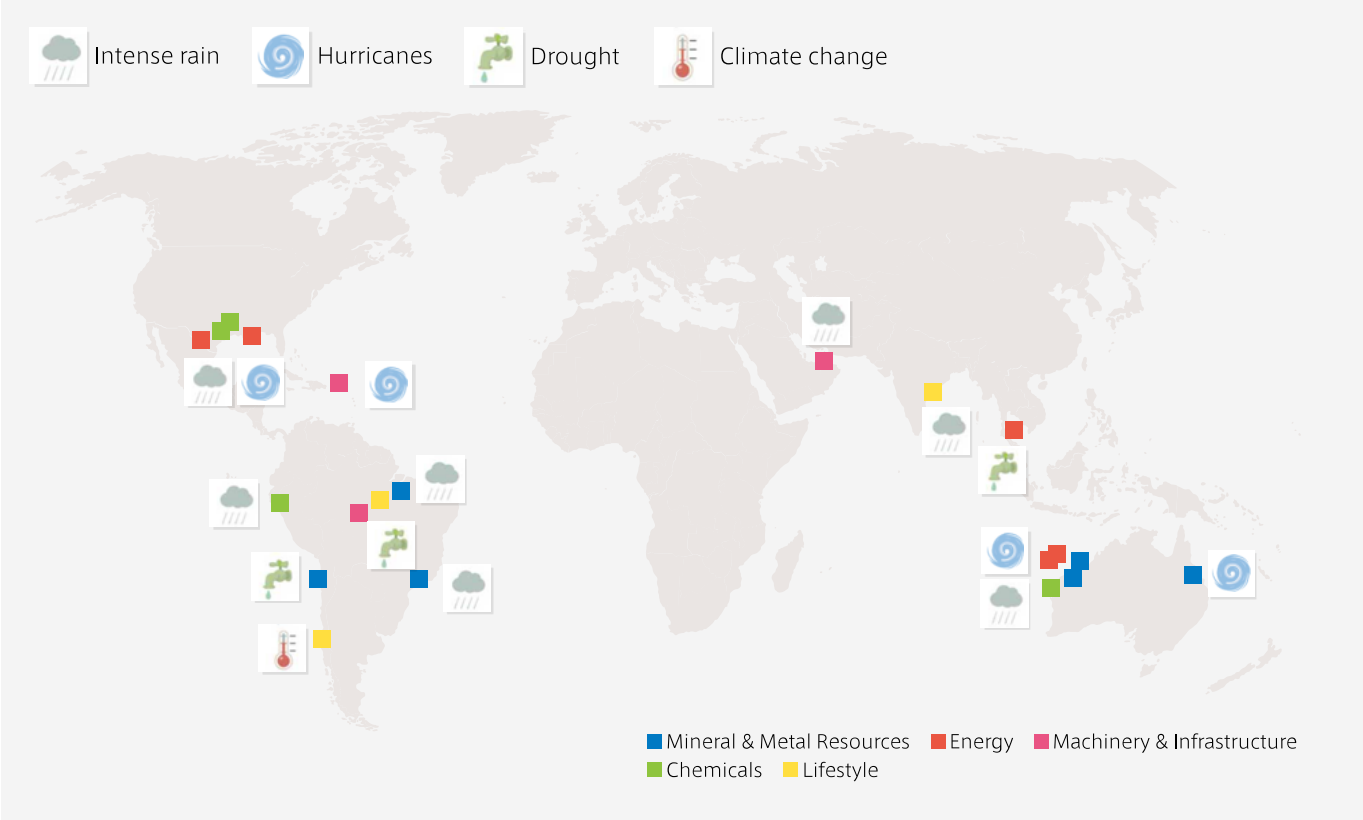
Transition Scenario:
Growth in demand is expected for timber, a renewable natural material that absorbs CO2 emissions, and is also a source for generating emission credits.</td><td>Current Policy Scenario
  </td><td>Transition Scenario
  </td><td rowspan="2">We will expand our forest resources business by accumulating assets based on profitability/risk to serve as a foundation for the creation of environmental value and industrial solutions to social issues. We will aim to maximize the value of forest resources not only by expanding paper and housing applications and emission credit creation, but also by developing new needs for timber materials.</td></tr>
<tr><td colspan="2">Under the Current Policy Scenario, an increase in demand is expected for renewable and natural materials that contribute to climate change response, especially timber. Under the Transition Scenario, demand for emissions trading is expected to increase and the price of emission credits is expected to rise, which we expect to boost profitability.</td></tr>
</table>

Physical Risk Assessments

We operate a wide range of businesses in various countries and regions, which may be affected by the manifestation of physical risks if climate change causes an increase in extreme weather events. In order to clarify the impact of physical risks on our business, we conducted analyses that refer to the RCP8.5 scenario and others, and for businesses with investable assets above a certain amount, we conducted research and impact analysis based on climate disasters that have occurred in the past five years. The major physical risks facing assets owned by Mitsui include the potential for localized storms, particularly strong tropical hurricanes and cyclones arising in the Atlantic and South Pacific, which could cause negative impacts on operations in our mineral and metal resources projects. Furthermore, in cases of severe damage to production plants, facilities or infrastructure, such as the roads, railways, and ports used for shipments, there is a risk that production or shipments could be suspended for long periods until these facilities are restored. On top of Mitsui's own investments, in cases where Mitsui suppliers suffer significant damage, there is a possibility of the risk of the overall supply chain failing, including failures to receive supplies of raw materials.

We place the highest priority on protecting human lives in the event of a disaster. In addition, we have established crisis management policies for business continuity that also takes into consideration coexistence with local communities. We have also taken measures to mitigate and adapt to risks, such as securing multiple suppliers, enhancing our facilities, and obtaining insurance coverage as necessary. We will continue to assess the adequacy of our risk management measures on a regular basis.

The major physical risks in our assets are as follows.



Risk Management

We identify company-wide material risks across organizational boundaries and implement a wide range of initiatives to hedge and control risks. For this purpose, Mitsui has established an integrated risk management system that centrally manages company-wide risks, through the Portfolio Management Committee under the Corporate Management Committee. Under the integrated risk management system, the Corporate Staff Divisions, which act as the secretariat, manage risks from a company-wide perspective. Material risks we assume include those related to the environment, society and governance, such as risks from climate change, compliance, and infectious disease, disasters, terrorism, etc. We position risks regarding climate change(physical and transition) in particular as second in importance only to business investment and country risks and are taking corresponding measures.

For details of our risk management structure, please refer to the following page.

Governance: Risk Management

For Mitsui & Co., which operates in countries and regions around the world, the policies of each country and region related to climate change have a significant impact on the profitability and sustainability of each of our businesses. We use the climate-change scenarios published by the IEA and other organizations when we analyze scenarios involving businesses that have significant impacts. In this way, we are gaining an understanding of business impacts both in terms of risk and opportunity. When considering investment projects, M&A, and other business decisions, we take these scenarios into account.

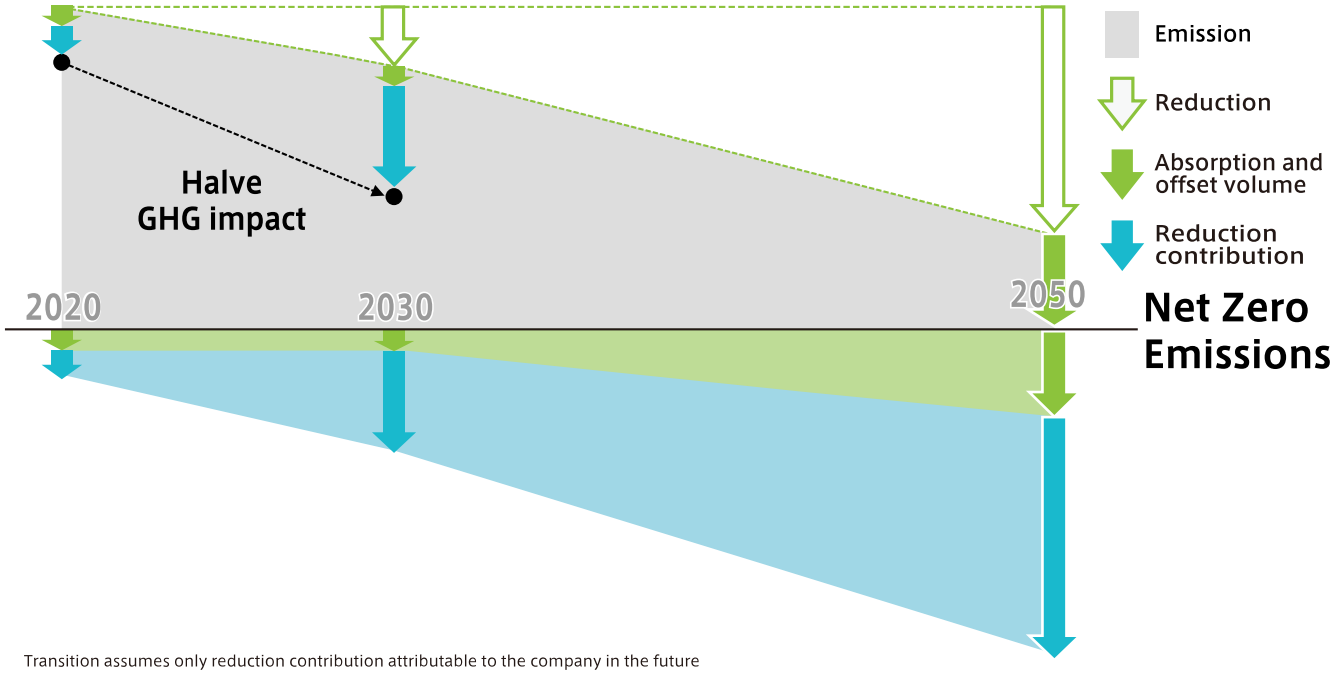
In conducting business, we have put in place a system to ensure that utmost consideration is given to the environment and society in projects at all stages, including at the launch of a new business, during operations, and even at the time of withdrawal from the business. Our Sustainability Committee discusses response policies and measures regarding environmental and social risks (including climate-change risk), then reports to the Corporate Management Committee and the Board of Directors, which then applies them following approval.

Metrics & Targets

GHG Reduction Targets

- Scope 1 and 2, and Scope 3 Category 15 (Investments) of the Company and its consolidated subsidiaries (including un-incorporated joint ventures):
  Formulating Mitsui's goal to achieve net-zero emissions as our Vision for 2050, and aiming to reduce GHG impact by 2030 to half of what it was in the fiscal year ended March 2020, as the path to achieve the above goal.

- Scope 1 and 2 of the Company and its consolidated subsidiaries:
  Halving GHG emissions by 2030 compared to the fiscal year ended March 2020.
- The ratio of renewable energy in our power generation portfolio:
  Raising the ratio of renewable energy to over 30% by 2030, to achieve our goal of halving our GHG impact by 2030.

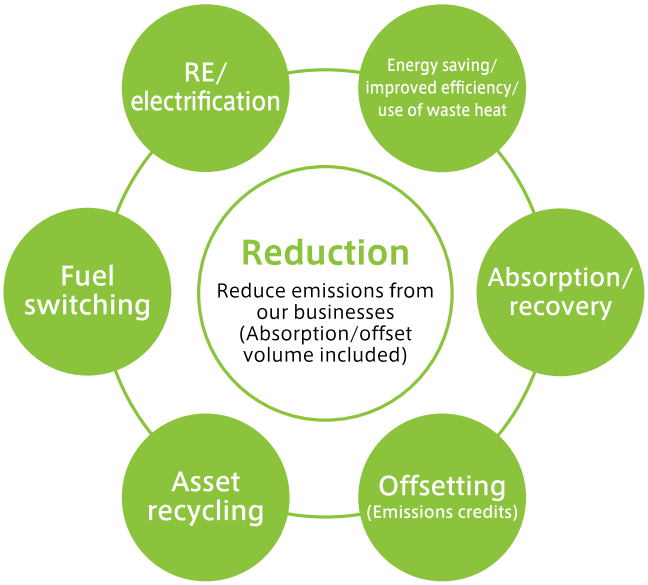


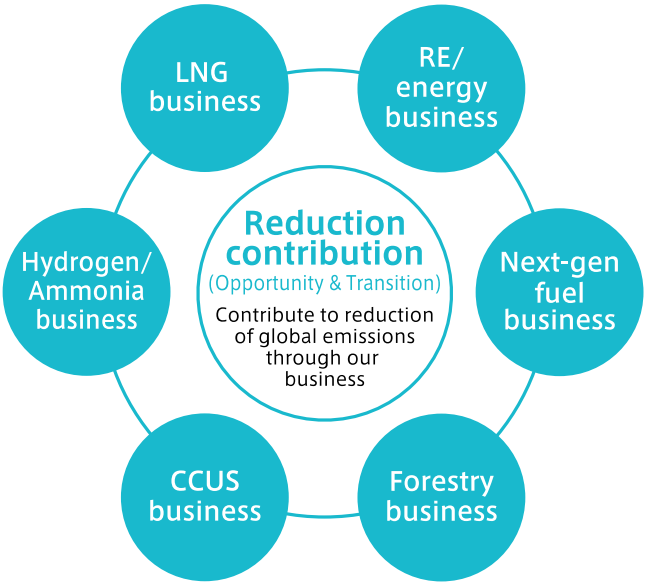
Transition assumes only reduction contribution attributable to the company in the future

GHG impact refers to the amount of our emissions minus the GHG emission reduction contribution amount we achieved through our business activities. We not only focus on reducing our own emissions, but also on contributing to the transition to a low-carbon/decarbonized society through our business activities. Going forward, we will accelerate our company-wide initiatives by setting specific goals, including our reduction contribution amount.

Net zero emissions in 2050 means to reduce our emissions to effectively zero by subtracting only the amount of absorption and offset from our emissions. The reduction contribution amount is not included in the 2050 target figures, though we will continue to actively contribute to GHG emissions reductions for society as a whole through our business.

We promote emission reduction (Reduction) and reduction contribution (Opportunity & Transition) in a variety of ways, taking advantage of the cross-industrial business structure that only a sogo shosha can offer.

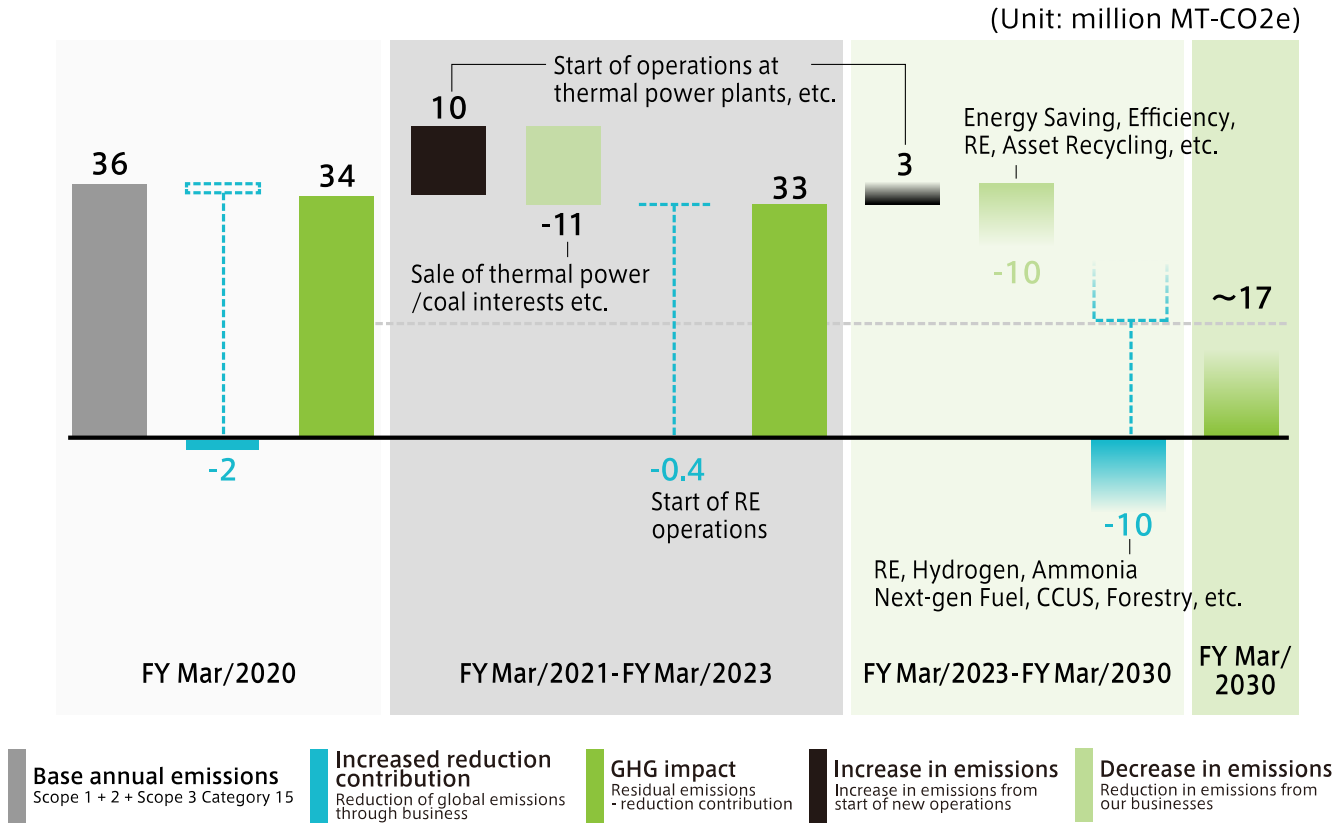




Roadmap to Halving GHG Impact by 2030

We aim to halve our GHG impact from 34 million tons in the FY Mar/2020 to 17 million tons in FY Mar/2030.

For the three-year period from FY Mar/2021 to FY Mar/2023, the GHG impact is expected to be approximately 33 million tons. Although emissions are expected to increase slightly from FY Mar/2024 to FY Mar/2030 due to the start of operations of thermal power generation projects and other factors, we will aim to achieve our goal of halving of the GHG impact in 2030 through a robust combination of emission reduction and reduction contribution projects.



Breakdown of Target Base Year GHG Emissions (FY Mar/2020)

FY Mar/2020		(Unit: million MT-CO2e)		2030 target
Scope1+2	4	Mitsui & Co. and Consolidated Subsidiaries	1	50% reduction
		Un-inco JV	3	
Scope3 Category 15 (investments)	32	Power Generation Business	19	
		Mineral & Metal Resources	8	
		Energy	3	
		Others	2	
Total	36			
		Reduction contribution and absorption volume	▲2	
		GHG Impact	34	50% reduction

※Un-inco JV : Un-incorporated Joint Venture

Internal Carbon Pricing System

At Mitsui, we introduced the internal carbon pricing system in April 2020 for the purpose of improving the medium to long-term resilience of businesses emitting large volumes of GHG, and to encourage the development of projects that are effective at reducing our, and society's, GHG emissions. Regarding new business projects, in projects with potential risks or opportunities from GHG regulations, etc., we have added analysis of the potential impact of a 2°C scenario to the project screening factors, as well as the adequacy of countermeasures in the event these risks are realized. We are also using the internal carbon pricing system to assess risks in existing projects. The pricing is based on definitions and prices published by the IEA and other external organizations, taking into account the location and time horizon of the assets, and over the period through 2050 we have applied prices generally in the $10 to $200 range for developed countries and $0 to $160 for the rest of the world.

Environmental ("Green") Business Assessment Working Group

As the transition towards a low-carbon or decarbonized society accelerates, we are working to reduce the GHG emissions from our operations while simultaneously engaging in business that contributes to reducing GHG for society. We aim to realize sustainable growth while helping to solve the challenges faced by society. For these reasons, we decided to establish the Environmental ("Green") Business Assessment Working Group, which launched on April 1, 2021. Its role is to carry out comprehensive evaluations as part of the screening process for new projects with the potential to turn climate change responses, such as the development of renewable energy, into opportunities. The evaluations include qualitative factors, such as the strategic significance of initiatives from ESG perspectives.

Other Environmental Indicators/Targets

Aside from our GHG reduction targets, the following environmental indicators and targets have been established and are being monitored on an ongoing basis.

Energy consumption:

- Reduce energy consumption intensity by 1% or higher on average per year at Mitsui & Co., Ltd. and its domestic consolidated subsidiaries.

Water Resources:

- Reduce water consumption at the Head Office and our buildings year on year and improve water use efficiency.

Pollution Prevention:

- Increase the waste recycling rate at the Head Office and our buildings to over 90% by 2030.
- Reduce paper consumption at Mitsui & Co., Ltd. by 50% or more compared to the fiscal year ended March 2020 by 2030.

For specific performance data, please refer to the following.

Environmental performance data