

# Business Activities and Corporate Social Responsibility

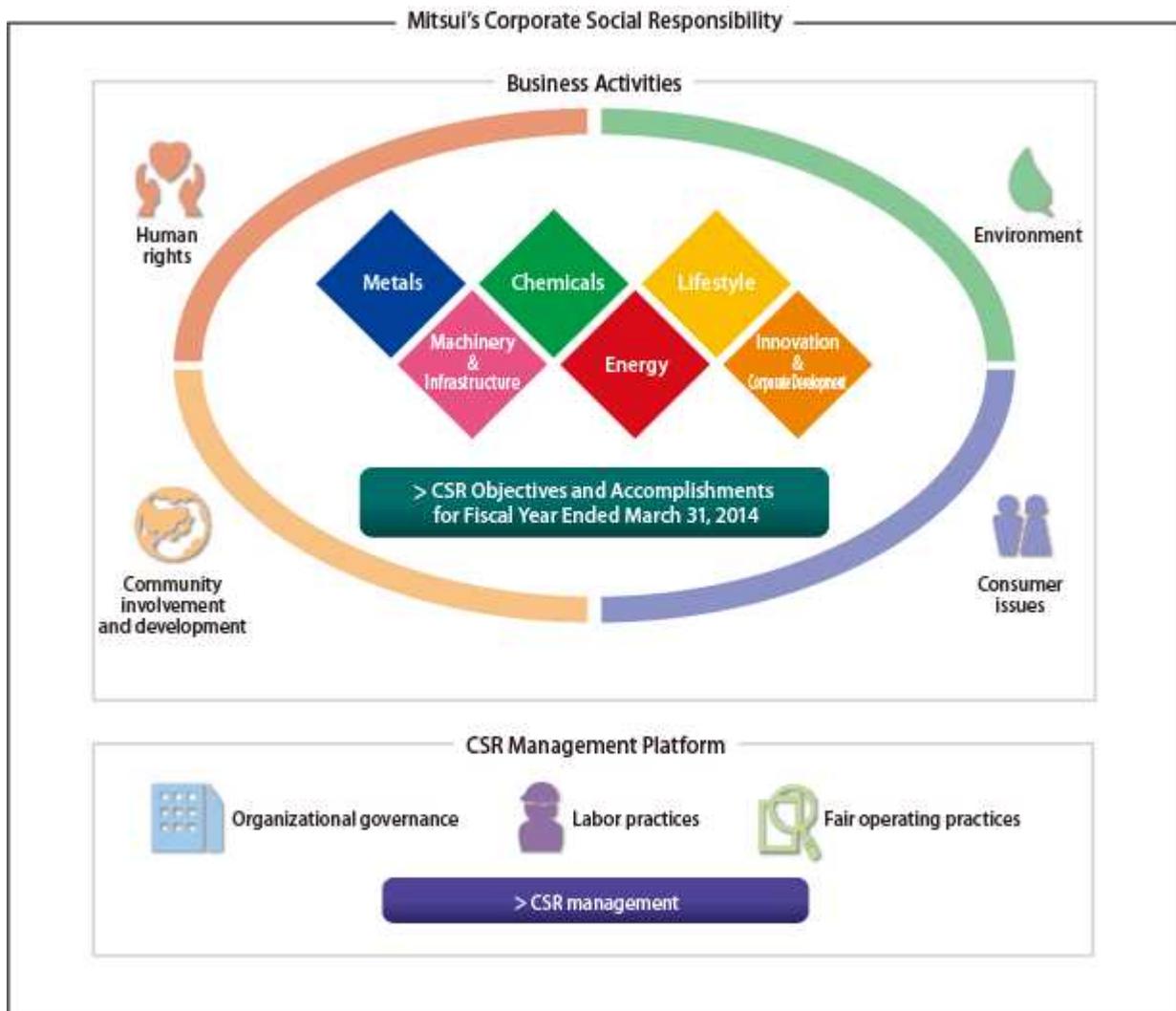


Mitsui's business activities include the following six areas: Metals, Machinery & Infrastructure, Chemicals, Energy, Lifestyle, and Innovation & Corporate Development.

To fulfill our corporate social responsibility through our business activities, we are particularly focusing on four areas (human rights, the environment, consumer issues, and community involvement and development) out of the core subjects specified in ISO 26000\*.

\*ISO 26000: An international standard related to social responsibility, established by the International Organization for Standardization, to encourage organizations in helping to achieve sustainable development. It consists of the following seven core subjects: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

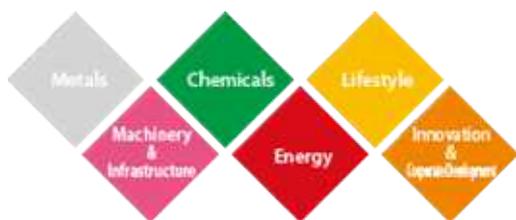
Business Activities and Corporate Social Responsibility



## Business Activities and Corporate Social Responsibility

We present specific examples of CSR initiatives through our respective operations in each of Mitsui's business fields, especially in the four subject areas: human rights, the environment, consumer issues, and community involvement and development.

### Mitsui's Business Activities 1



#### The Challenge of Building a City Where 3 Million People Can Live with Peace of Mind

- Creating a Metropolis that Focuses on CO<sub>2</sub> Emissions 10 Years in the Future
- Building a Smart City that is also Economically Efficient
- Evolution of Environmentally-Friendly Cities in Line with Population Growth
- Building a City Where Everyone Can Feel Safe
- Regional Development that Enhances Appeal and Value
- Aiming to Be an International City that Respects Diverse Values

### Mitsui's Business Activities 2



#### Providing High-Quality Products with Accurate Profiles to the Customers

- Procuring Safe and High-Quality Materials by Partnering with Excellent Tea Producers
- Establishing a Value Chain to Achieve "High-Quality Products with Accurate Profiles"
- Providing Delicious Flavor Maintained by Tea Tasters
- Research on Food Function Expands the Potentialities of Tea from Food to Pharmaceuticals
- Food Production Systems in Harmony with the Environment
- Active Promotion of Tea Leaf Residue Recycling
- Supporting Japan's Tea Culture

### Mitsui's Business Activities 3



#### Providing Greater Convenience in Emerging Markets through New Payment and Money Remittance Services

- Suvidhaa's Services Available to All People
- Offering the Unbanked the Opportunity for Money Remittance
- Offering Services by Using Mobile Phones in Regions Where Electric Power is Unstable
- Constantly Improving Services in Response to Customer Needs and Voices
- Facilitating and Developing the Regional Economy
- Providing the Benefits of Electronic Payment to Consumers in other Emerging Countries
- Suvidhaa's Service Model Reduces Environmental Burden

# The Challenge of Building a City Where 3 Million People Can Live with Peace of Mind

## Society's Expectations

When Will Smart Cities Become a Reality?

## Mitsui's Ability to Get Things Done

Mitsui is participating in a Malaysian project to develop a sustainable and environmentally-conscious city (a smart city) that will be home to 3 million people in 2025.



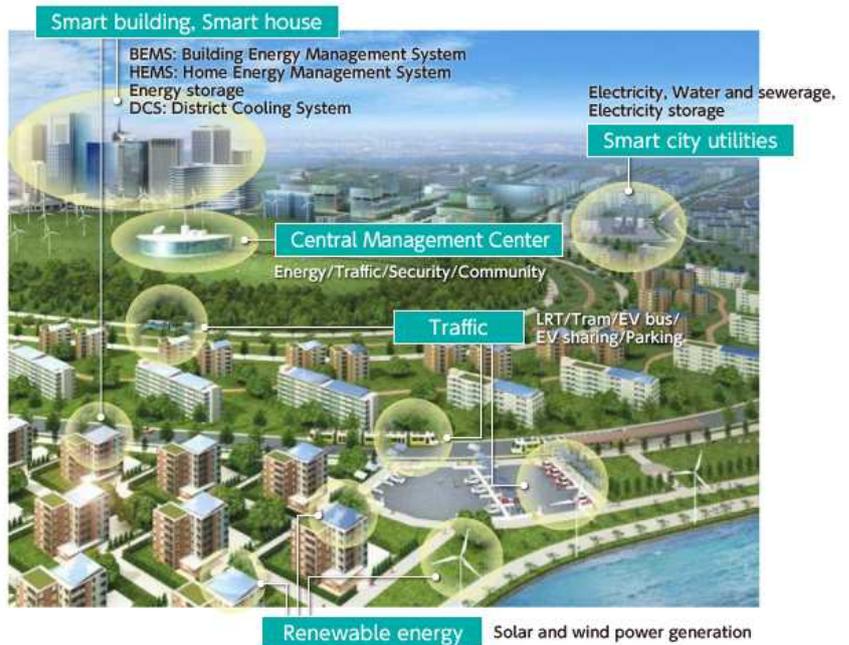
Business Activities and Corporate Social Responsibility

## Environmental Initiatives

### Creating a Metropolis that Focuses on CO<sub>2</sub> Emissions 10 Years in the Future

The Iskandar region is located at the southern tip of the Malay Peninsula and occupies the same amount of land area as Tokyo. It is the site of a comprehensive regional development project designed by the Malaysian government to achieve growth as an economic zone representative of Southeast Asia, and to enhance Malaysia's national prestige.

The project is seeking not just economic growth, but also environmentally-conscious urban development that can serve as a model for a low-carbon society. If current economic development continues on its present course, it is projected that carbon dioxide emissions in the region will grow to about 31.3 million tons by 2025 (approximately three times more than 2005). As a result, the Malaysian government is undertaking development with the high goal of cutting greenhouse gas emissions by approximately 40% compared to a business as usual (BaU) basis.



Elements of the smart city to be created in the Medini district (artist's impression)

In response to a request from Khazanah Nasional Berhad, the Malaysian government's strategic investment company, Mitsui joined the Iskandar Development Project in 2013. We are working in collaboration with the Malaysian government to undertake the challenges of sustainable urban development as the master developer\* for the Medini district, which is known as the Heart of Iskandar. The urban development plan is almost complete and we plan to create a comfortable urban environment that is also friendly to the global environment through comprehensive measures encompassing all urban functions. These include (1) Information and communications technologies (ICT) based highly convenient lifestyle-support services that provide security and comfort to residents, (2) introduction of efficient energy management systems (EMS) employing smart grids and other technology, and (3) development of environmentally-friendly transport systems.

\* Mitsui is participating in the management through an investment in Medini Iskandar Malaysia Sdn Berhad (MIM), the master developer for the Medini district, which is undertaking the overall provision of urban functions, including infrastructure.

## Building a Smart City that is also Economically Efficient

Mitsui has participated in a variety of smart city demonstration projects including construction of an energy management system that equalizes electricity consumption, and supporting autonomous community development by the use of solar power. Through these projects, we have accumulated considerable knowledge and expertise.

For example, as a smart grid demonstration project, we made it possible for each household to identify wasteful energy consumption (energy consumption visualization) and raised awareness of energy saving by residents, resulting in clear reductions in electricity consumption. In addition, we reduced power consumption by introducing demand response,\*\* leading to substantial capital investment cost savings by eliminating the need for operation or ownership of reserve power plants that are used only during peak electricity demand times (a few hours of the total 8,760 hours in a year).

Creating a smart city does not mean simply gathering state-of-the-art technology without regard to cost. It is essential to build a city that is also economically efficient and supports continuity as a business enterprise and offers prices for service that will be accepted by consumers. Numerous smart city demonstration projects have been conducted around the world, but there have been very few undertakings as commercial projects that incorporate economic efficiency. We plan to make this project into a model for sustainable smart city development and provide our knowledge and expertise to the world.

\*\* A mechanism for setting electricity charges at high levels during peak times to curtail power consumption and maintain the balance between electricity supply and demand.

## Evolution of Environmentally-Friendly Cities in Line with Population Growth

One of the most serious problems that Malaysian cities currently face is traffic congestion. For this reason, as a part of the Iskandar Development Project, the Malaysian government is implementing measures in collaboration with the government of Singapore, which lies immediately across the channel from the development region, to enhance economic accessibility between the two countries, including the construction of a high-speed railway link and simplifying immigration procedures.

In tandem with these national projects, environmentally-conscious transport systems will be developed in the Medini district.

Construction of highly convenient public transport systems such as electric buses, trams, and monorails, and the introduction of electric vehicle sharing and other mechanisms, are being investigated with the aim of reducing the use of private cars to alleviate traffic congestion.

Even if all of these services are introduced from the start, if there is no demand for them, they will not be economically sustainable. For that reason, phased evolution of public transport systems in line with the city's population growth is planned. Thus, electric buses will be introduced at the initial stage. If the population grows and the buses are unable to accommodate demand, trams will be introduced, and if the population grows further, monorails will be introduced.

### Initiatives for Consumer Issues

## Building a City Where Everyone Can Feel Safe

In terms of lifestyle-support services, there will be development in all areas of life, including security, healthcare, shopping, and education to create a comfortable city where people can live with peace of mind.

It is expected that the Iskandar region will develop into an economic zone that is integrated with nearby Singapore. Supporting the infrastructure of such a city will require the creation of advanced security systems with an awareness not only of the city's residents, but also travelers from other countries.

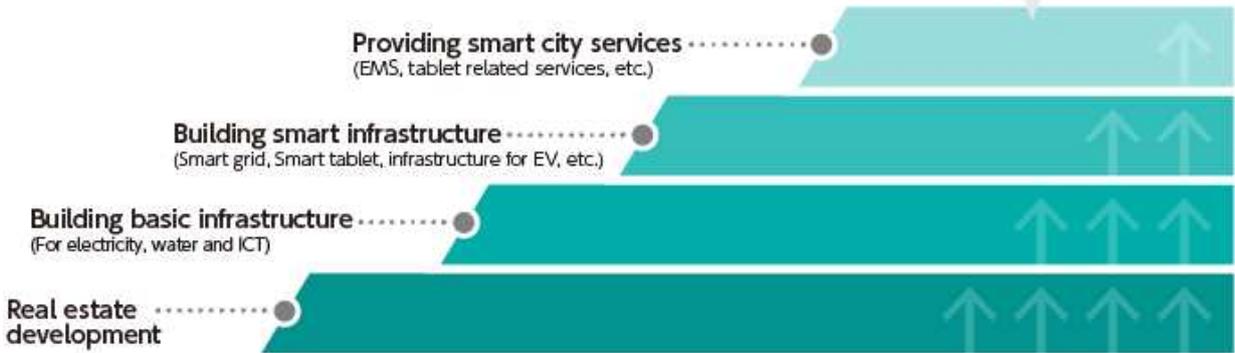
It is planned to provide advanced lifestyle-support services that integrate ICT networks and energy management systems with security. For example, security cameras will be installed throughout the city and a system will be created to respond to emergency situations while conducting integrated security management at a central management center. Another system will use the power consumption status of electric products to quickly detect if a senior citizen has collapsed in their home, and emergency services can be then be quickly dispatched.

## Mitsui's approach to building up safety and security as an "business innovation project" .\*

\* Mitsui created the "business innovation project" system to screen projects from perspectives that differ from those adopted for conventional business investment projects as a means of creating next-generation business. The objective is to have a long-term perspective for creating business that will lead to the creation of next-generation value. The Iskandar Project is the second such project.

Developing new applications and services

Residents, workers, and tourists gather



Business  
Activities and  
Corporate  
Social  
Responsibility

## Initiatives for Community Relations and Development

### Regional Development that Enhances Appeal and Value

For the Medini district to remain an appealing city long into the future, it will be necessary to collaborate with the municipal government and implement forward-looking city management. In the United States, there have been cases reported of new public services initiatives leading to higher urban value. For example, improving the quality of public services through privatization of garbage collection and disposal to foster the image of a clean city has resulted in inflows of residents from neighboring regions and rising land prices.

In the Medini district too, the municipal government and private businesses will work together to create new public services that can efficiently provide services adapted to the needs of residents. This will stimulate the regional economy and lead to the creation of new jobs.

## Human Rights Initiatives

### Aiming to Be an International City that Respects Diverse Values

As the aim is for the Medini district to become a city that is open to the world, entry of foreign capital has been eased. The urban development will allow all companies and people of all nationalities to freely and comfortably conduct business and live. This is the premise that sets Medini aside from other areas within Malaysia. In addition, MIM has decided to donate funds for a mosque within Medini. An international city accommodating diverse values will be created while respecting the cultural rights of the Malaysian people, whose national religion is Islam.

## Providing High-Quality Products with Accurate Profiles to the Customers

### Society's Expectations

Mitsui's Meticulous Attention to Food Safety

### Mitsui's Ability to Get Things Done

Mitsui Norin Co., Ltd., which engages in the tea material and product manufacturing business within Mitsui's food business, seeks "quality with accurate profiles" in order to build solid trust in its food products.



## Human Rights Initiatives



### Procuring Safe and High-Quality Materials by Partnering with Excellent Tea Producers

Mitsui Norin markets "Nittoh Black Tea," a brand very familiar in Japan. The company procures tea leaves, the main material for tea, from approximately 450 tea producers in nine countries including India, Sri Lanka, Kenya, and Indonesia. It gives preference to and purchases tea leaves from tea producers that take the environment into consideration such as through acquiring Rain Forest Alliance certification or engaging in fair trade, HACCP, or organic cultivation and that take measures to improve quality and safety.

In the Darjeeling district of India, for example, one producer makes various efforts to improve the working environment of employees and profitability such as introducing a small hydroelectric generator on the farm and entrusting its management and operation to the workers, growing and selling organic ginger, oranges, and honey, raising cows on the farm to provide milk to children and use the manure as fertilizer for organic cultivation. Mitsui Norin values suppliers that take measures such as these to maintain an appropriate work environment and purchases raw materials from them.



Staff involved in Mitsui, Mitsui Norin and the factory of tea producer

## Initiatives for Consumer Issues



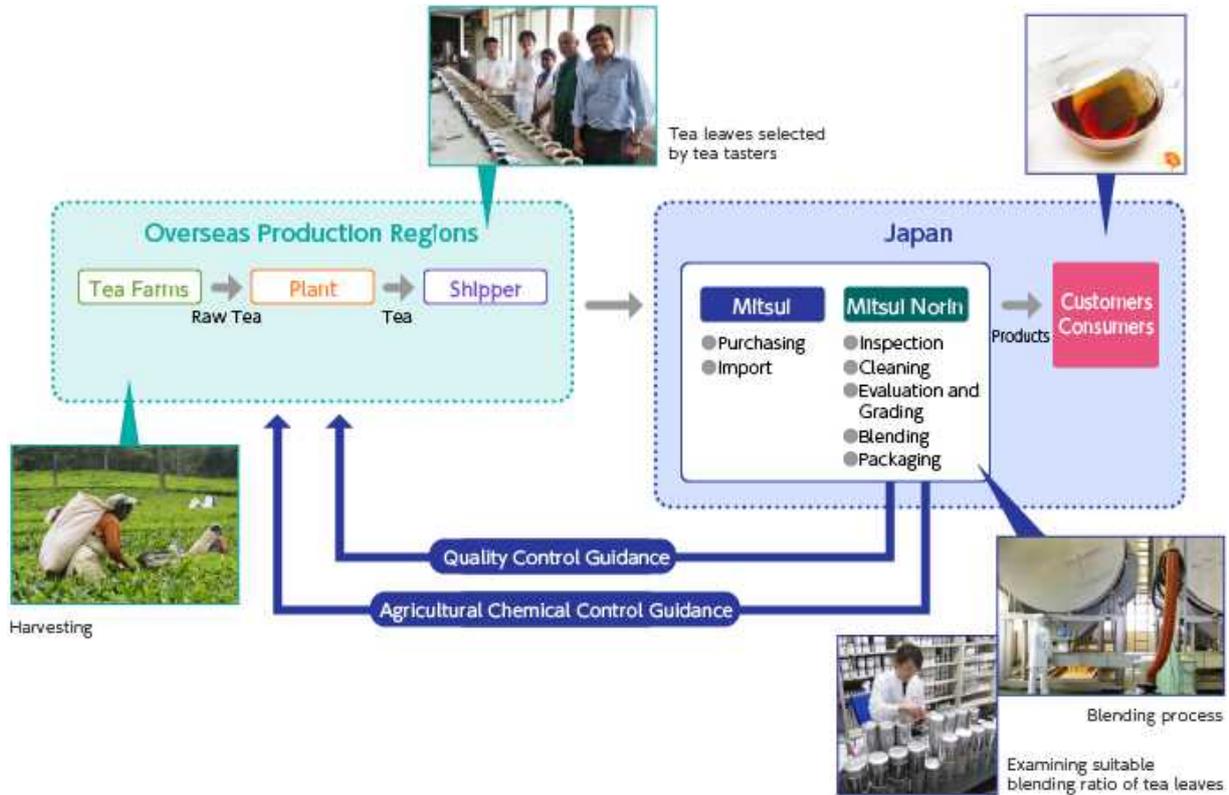
### Establishing a Value Chain to Achieve "High-Quality Products with Accurate Profiles"

To maintain confidence in its food products, Mitsui and Mitsui Norin undertake comprehensive quality control in all phases of the value chain. To ensure complete traceability in all product stages from procurement of raw materials to manufacturing, inspection, shipment, and delivery, Mitsui Norin created an original traceability system. In tea producing regions, visits are made to tea farms to confirm production conditions, and periodic checks are made of growing environments, quality control, and agricultural chemical controls. State-of-the-art facilities and advanced quality control technologies have been introduced to production processes, and various product formats that respond to changing lifestyles and diversifying customer needs,



The Fujieda Plant and Food Research Laboratories

such as loose leaf teas, tea bags, powdered teas, liquid teas, and concentrated extracts, are produced on lines that integrate all processes from blending raw tea leaves to shipment. In addition, international standards have been adopted, including the acquisition by the head office and plants of ISO 9001 quality management system certification, and the acquisition by the Fujieda Plant (for manufacture of tea for commercial use) and Sutama Plant of FSSC 22000 food safety management system certification, ensuring the provision of quality and services that meet customer expectations. In this way, not only can tea leaves be traced to a particular country and farm and the time of harvest be determined, but also purchasing, import, blending, packaging, and shipment are all traced, providing safe and reliable products with accurate profiles.



Tea Manufacturing and Sales Business Value Chain

Business  
Activities and  
Corporate  
Social  
Responsibility

## Providing Delicious Flavor Maintained by Tea Tasters

At Mitsui Norin, tea tasters with high-level skills appraise tea leaves sent from tea producing countries around the world and select only the finest leaves that meet certain standards for purchase. Even after shipment to plants, the tea leaves are strictly selected, and 10 to 20 different types of tea leaves are carefully blended to produce balanced teas with rich flavor, pleasing infusion color, and abundant aroma.

The tea tasters ensure stable supplies of reliably high-quality tea products, playing an important role within Mitsui Norin. Consequently, the company is taking active measures to ensure human resource development and the handing down of their experience and expertise to future generations.

Mitsui Norin also developed the world's first "Black Tea Character Wheel," a product development tool that classifies and systematizes the characteristics of black teas. The characteristics of tea can vary greatly depending on factors such as the origin, grade, and processing method, and more complex flavors and aromas can be produced through blending. As a result, flavor blending is in not a simple matter. To address this challenge, Mitsui Norin developed a communications tool that categorizes and systematizes aroma, flavor, and infusion color to accurately express in words the various elements of a complex tea that anyone can understand. The character wheel is used to accurately identify customer needs and support rapid and precise development of new products.



## Research on Food Function Expands the Potentialities of Tea from Food to Pharmaceuticals

The Mitsui Norin Food Research Laboratories develops new products, conducts research on the effects of tea, and disseminates the results of its research to society. Tea catechin, known to have bioactive functions, was discovered during fundamental research conducted at Food Research Laboratories in collaboration with research institutes throughout the world. Tea catechin has various health benefits including superior antioxidant and antibacterial effects, and opening doors for applications in the development of products in various fields. For example, Polyphenon E, a super high-purity catechin extract developed by Mitsui Norin, is the active ingredient in medicated ointments received approval from the United States Food and Drug Administration (FDA) in October 2006. Clinical trials of Polyphenon E for prevention and treatment of cancer, including cancers of the colon and prostate, are underway overseas, and investigations concerning the development of new pharmaceuticals are being conducted.



Green tea polyphenol “Green Tea Catechin”

### Environmental Initiatives



## Food Production Systems in Harmony with the Environment

Mitsui Norin pursues food safety, safety of worker, high quality products, environmental preservation, and high productivity while working to build production systems that are friendly to the environment by saving energy and reducing waste. The Fujieda Plant, Mitsui Norin’s core plant, received ISO 14001 environmental management system certification in 2007 and has introduced high energy-saving production facilities and an electric power consumption management system to create a production system with high environmental performance.



## Active Promotion of Tea Leaf Residue Recycling

Rather than discarding tea leaf residue generated as waste from production processes, Mitsui Norin recycles it as compost. The Sutama Plant, for example, uses two different methods to recycle the more than 1,000 tons of tea leaf residue generated each year from production processes. One method is the provision of residue to more than 20 local farmers for use as compost, contributing to the cultivation of fruit. The other method is the production of special fertilizer at its own plant using tea leaf residue and poultry manure, which has been conducted under agreements with poultry farms since 1995. Full-ripe compost is odorless and has abundant nutrients, providing significant benefits to agricultural producers.

### Initiatives for Community Relations and Development



## Supporting Japan’s Tea Culture

Mitsui Norin, the first seller of a black tea brand produced in Japan, actively disseminates information on the delicious flavor of black tea and ways to enjoy it at home, building the foundations of a Japanese black tea culture and contributing to its development. It continues to engage in various activities, such as the holding of seminars and other tea classes on fundamental tea knowledge and how to make delicious tea by employees with tea instructor certification from the Japan Tea Association. Mitsui Norin also works to disseminate knowledge and educate all stakeholders on the appeal and value of black tea.



A pamphlet explaining the fundamentals of tea and how to make delicious black tea

## Providing Greater Convenience in Emerging Markets through New Payment and Money Remittance Services

### Expectations from the Society

How to reduce the disparities among the cities and rural villages?

### Mitsui's Ability to Get Things Done

The online payment services, which Mitsui operates through Suvidhaa Infoserve, offer all consumers the means to access to essential services for life.



## Human Rights Initiatives

### Suvidhaa's Services Available to All People

India's presence in the global economy is steadily increasing. At the same time, however, we see some regions and people which lag in terms of development, and the disparity is becoming a significant social issue.

People living in rural villages without access to banking service, for example, must take a day off from the work, travel several kilometers away, and wait in a long queue at the counter just to pay their utility bills.

The online payment business provided by Suvidhaa, a company in which Mitsui holds an equity stake, contributes to improve these inconvenient conditions. Consumers can easily pay utility bills, book railway, bus, and air tickets, or send money to their family in their home villages, simply by visiting the nearest Suvidhaa's retail outlets.

There are currently about 75,000 Suvidhaa retail outlets, and payments can be made to more than 300 service providers. The retail outlet network expands across India, and Suvidhaa offers the means to access to essential services for life easily.

Suvidhaa's business model has been praised not only in India, but overseas as well. Suvidhaa won the "Inclusive Business Leader Award" from the International Finance Corporation (IFC) of the World Bank Group in 2011 and was also nominated for the FT/IFC Sustainable Finance Awards 2012 in the category "Technology in Sustainable Finance".

## Initiatives for Consumer Issues

### Offering the Unbanked the Opportunity for Money Remittance

It is generally said that India's rural villages are given less priority as business targets, but Suvidhaa is actively developing retail outlet network in regions where there are no or less bank penetration. The number of workers in cities or industrial regions, who send money to his/her family in their home village, has been increasing, and low income villages are important contact points for the receipt of the money.

Until now, unbanked consumers had few options for the safe and quick money remittance service to their families, but Suvidhaa's domestic remittance service is opening a path even for unbanked customers in such areas.



Suvidhaa's Business Concept

## Offering Services by Using Mobile Phones in Regions Where Electric Power is Unstable

With PC and internet connection, Suvidhaa's outlet can easily establish and begin payment collection services, but in some areas, retail outlet might not have PC or electric power supplies are unstable, which cause interruption of the services. Therefore, in 2013, Suvidhaa has developed online recharging system through mobile phones, instead of PCs, enabling retail outlet to offer its services even in rural areas where electricity and internet access are limited.

## Constantly Improving Services in Response to Customer Needs and Voices

Suvidhaa continuously develops and creates new services in response to consumer needs. Sales & Marketing staff, visiting at retail outlets on a daily basis and CRM staffs gather comments and opinions from consumers, and try to grasp the issues to be improved in quality, and meet market needs. Suvidhaa's outlets now play the role as banking agent like ATM and "convenience stores" in developed countries.

### Initiatives for Community Relations and Development

## Facilitating and Developing the Regional Economy

Even in unbanked areas, we see small private shops, selling sundries and other daily goods. By establishing retail outlet network to consumers, Suvidhaa brings convenience, and to such small private shops, Suvidhaa brings opportunities to provide new goods & services and create new additional revenue, through payment collection services. Partnered distributors and agents, who are familiar with local circumstances, are taking care of development of local retail outlets. They actively support retail outlets in their regions, providing operational support and training when new services are introduced, thereby establishing/ensuring services connected with its community. Moreover, it is no longer necessary for workers to take time off from work to make payments or send money, resulting in higher productivity at companies and plants, contributing to regional economic invigoration and development.



Consumers lined up at payment and transfer counter



## Providing the Benefits of Electronic Payment to Consumers in other Emerging Countries

In addition to developing its own service network, Suvidhaa is actively pursuing alliances with the companies who have close connection with governmental authorities, and companies who provide financial services to low-income individuals. The service network, created through such wide range of partnerships, is becoming essential infrastructure for people's lives. Prior to investment into Suvidhaa in India, Mitsui has invested in QIWI in Russia and has been working to increase company value. Mitsui had been working to provide the benefits of online payment and money transfer services not just in India and Russia, but in other emerging markets as well, and hopes to contribute to solve the various challenges that these regions and their common citizens are facing.

### Environmental Initiatives



## Suvidhaa's Service Model Reduces Environmental Burden

The services provided by Suvidhaa, create a low-environmental impact value chain without any physical logistics. In addition, consumers can make payments at neighbourhood locations, which eliminate travel long distances, and SMS notification is sent out when payment is completed, and reduces paper usage.



Business  
Activities and  
Corporate  
Social  
Responsibility