



MITSUI & CO.



Stable Supply of Resources & Materials

Strategic Focus

Estimate of market size of
global hydrogen infrastructure

Approx. JPY **40** trillion
(2030) *

* According to the "NEDO Hydrogen Energy White Paper"



Courtesy of Chiyoda Corporation

Related Product Segment: Energy

Participating in a pilot project to transport and store hydrogen in bulk, contributing to a stable supply of energy

With a view toward the diversification of energy sources and reduction of CO₂ emissions, efforts to realize a "hydrogen society" are currently being actively pursued. Combustion of hydrogen has the advantage of not producing any CO₂ emissions. Consequently, the scale of the hydrogen infrastructure market is expected to reach 40 trillion yen worldwide by 2030. At the same time, however, in order to realize a commercial hydrogen energy utilization system on the large scale such as hydrogen power generation, establishing a suitable supply chain that includes production, storage, and transport of hydrogen from unused resources abroad to Japan represents a major challenge.

Mitsui & Co., in collaboration with Chiyoda Corporation, is aiming to establish a hydrogen supply chain using a technology developed by Chiyoda, known as the organic chemical hydride method. This involves hydrogenation to fix hydrogen to the widely used industrial solvent toluene, thereby producing methylcyclohexane (MCH), which can be handled at ambient temperature and pressure. Storage and transportation occur in MCH form, and at the end point, dehydrogenation is performed to obtain hydrogen and toluene. The toluene that was used to transport hydrogen can be reused repeatedly.

In 2015, a Chiyoda project entitled "Demonstration of the Hydrogen Supply Chain by Organic Chemical Hydride Method Utilizing Unused Energy" was selected as a New Energy and Industrial Technology Development Organization (NEDO) support program. Mitsui joined this project as a one of research partners led by Chiyoda.

Aiming for the establishment of a large-scale hydrogen supply chain, a demonstration project is planned for 2020 to verify fundamental technologies, once again in collaboration with the same partners. Mitsui intends to continue contributing to the stable supply of energy and the improvement of economic efficiency, to reduce the environmental burden and help bring about the realization of a fully-fledged hydrogen society and low carbon society.



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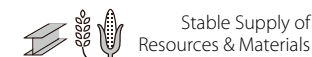
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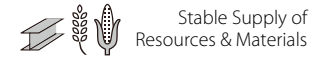
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- Lifestyle
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Theme	Business Activities
Resource Development, and the Securing and Stable Supply of Materials and Food	<ul style="list-style-type: none"> ● Stable supply of materials, such as rails, steel pipes, steel sheets, rebar, etc. required for infrastructure projects around the world ● Continuation of iron ore project development and securing of a stable supply of iron ore (Australia, Brazil) ● Participation in the Moatize coal mining project and engagement in development activities (Mozambique) ● Continuation of copper project development and securing the stable supply of copper (equity-share production: 125,000 tons) (Chile) ● Implementation of investments that contribute to the development of new applications of copper and the improvement of mining efficiency through a fund established jointly with the Chilean state-owned copper companies Codelco and Corfo; in FY2016, approval was obtained for investments in copper aquaculture fish nets, the recycling of waste tires at mines, and ore grading sensors for selective processing ● Stable supply of raw materials, such as nickel, cobalt and lithium, for rechargeable batteries for eco-cars, hard metals for automobile manufacturing ● Stable transportation for grain, coal etc. through freight transportation services (Brazil) ● Efficient transportation for natural resources, oil & gas by stable supply of international ship's space ● Securing of material ingredient sources for fertilizers and selling products by engaging in phosphorus ore deposits development, etc. (Peru) ● Promotion of fertilizer distribution business (Japan), manufacture and sales of raw materials and products for feed (U.S.), and agrochemicals (U.S., Europe) ● Global, highly sophisticated hybrid distribution of sulfur ● Securing a diverse, stable supply of energy resources such as crude oil, petroleum products, and LNG around the world. Upstream oil and gas assets production : 243,000 boe/day (equity-share production in FY2016) ● Promote the development of LNG projects (Mozambique, U.S., etc.) ● Promotion of E&P business via affiliated companies (Australia, the Middle East, Asia, Europe, U.S., etc.) ● Securing a stable supply of food [grain trading volume: 18 million tons/year (FY2015) → 20 million tons (FY2016)] ● Promotion of large-scale agriculture through equity investment in Agricola Xingu, etc. (Brazil)

Theme	Business Activities
Resource Development, and the Securing and Stable Supply of Materials and Food	<ul style="list-style-type: none"> ● Initiatives by MicroBiopharm Japan: <ul style="list-style-type: none"> • Development of key materials for new drugs designed to curb antibiotic resistance (Japan) • Development of technology for targeted cancer drugs with reduced side-effects (Japan) • Exploration of compounds from natural microbial resources that have potential as new therapeutic drugs for intractable diseases (Japan) ● Stable supply of wood products from T.M. Baikal (Russia) for the Japanese, Chinese, and Russian markets (approx. 110,000 m³) ● Maintenance of FSC®/CoC certification (Mitsui's Life Essentials Business Div., Forest Resources Marketing Dept.: FSC® C104107; Mitsui Bussan Woodchip Oceania Pty. Ltd.: FSC® C107463) and PEFC/CoC certification, to promote responsible management and handling of forest resources ● Maintenance of FSC® CoC certification (by Mitsui Bussan Packaging: FSC® C009939) to ensure that the supply chain of certified paper promotes to sustainable forest resources management ● Increased supply of food resources through providing precision agricultural solutions (Canada, U.S., Brazil, Russia, etc.) ● Promotion of international transportation services and warehousing business through Mitsui & Co. Global Logistics and other affiliated companies (China, Singapore, Thailand, Vietnam, Dubai, Brazil, etc.) ● Provision of hedging functions through commodity derivatives business (Japan, U.K., U.S., Singapore) ● Continuation of forest management and lumber production in accordance with FSC® certification and SGEN for all Mitsui's Forests (74 locations in Japan, approx. 44,000 ha) ● Stable supply of ligneous resources through production of round raw timber from Mitsui's Forests, which constitutes about 0.1% of Japan's entire wood consumption in terms of round timber (approx. 62,000 m³) ● Supply of round raw timber from Mitsui's Forests as fuel for the wood biomass power generation plant in Tomakomai, which commenced electricity sales in February 2017 (cumulative total of approx. 58,000 m³ as of March 2017, representing approx. 47% of total volume)



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Activities for FY Ended March 2017

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Theme	Business Activities
Promotion of Supply Chain Management	<ul style="list-style-type: none"> ● At Mitsui Bussan I-Fashion, expansion of the scope of suppliers from whom it obtains written consent to observe its "Supply Chain CSR Policy", by including vendors with whom it has a transaction history of 3 years or more, in addition to its new suppliers (252 companies for FY2016, and a cumulative total of 5,012) ● Implementation of supplier questionnaire surveys concerning our Supply Chain CSR Policy (50 suppliers) ● Implementation of supplier on-site surveys of food raw materials



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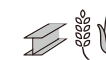
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Stable Supply of Resources & Materials

Resource Development, and the Securing and Stable Supply of Materials and Food

Initiatives through Business

Activity

Mitsui has built optimal supply chains, spanning all stages from upstream to downstream, including production, distribution, processing, and logistics, and contributes to the stable supply of energy, metals, food, chemicals and other resources and materials.

As part of its efforts, Mitsui engages in investment and trading business in such areas as oil, natural gas/LNG, and coal, to secure and supply the energy resources needed by industrial society. In particular, we participate in natural gas/LNG development projects in various parts of the world to ensure stable supplies of this clean energy resource. Our extensive involvement covers the entire value chain, from production to marketing. We are also strengthening our oil trading capabilities through our business in Asia. In addition, looking ahead toward the realization of the low-carbon society, we are engaging in the commercialization of renewable energy technologies, such as bio-fuels, and the creation of business models for hydrogen transportation and storage.

Mitsui actively participates in the development of iron and steel raw materials and non-ferrous metals resources. We endeavor to ensure stable supplies of mineral and metal resources, such as iron ore and copper, for Japan and other markets around the world. We are also building a supply network of metal scrap and rebuilt automotive parts in preparation for the global recycling society of the future. With iron and steel products, we are building supply structures for infrastructure projects to meet buoyant demand in rapidly growing emerging economies. At the same time, we procure and supply iron steel products for a wide range of industrial sectors, including the motor vehicle industry and the energy sector.

In the automotive sector, we not only export vehicles, but also conduct local logistics business in respective regions, and have built a stable global chain spanning from production to finance. As regards our rail transport business, in addition to the export of freight cars and related equipment, we also engage in leasing business and other services to meet a variety of needs across the railroad value chain.

In our food business, against the backdrop of world population growth widening the gap between food supply and demand, and expanding regional imbalances in supply capacity, we strive to ensure the stable and efficient supply of safe, reliable food resources. We place particular importance on traceability management for grain crops, such as wheat, corn, and soybeans, starting at the production and harvest stages.

Mitsui is also deepening its engagement in the agricultural sector, including the manufacture of the nutritional element methionine, as well as the development of phosphate rock fertilizer resources, and global trading of fertilizer raw materials, such as sulfur and sulfates. We are also developing our chemicals business through wide-ranging transactions and investments that contribute to various industries, including new initiatives focused on carbon fiber and green chemicals.

Promotion of Supply Chain Management

Supply Chain CSR Policy

Policy

Mitsui has built diverse value chains throughout the world and provides a wide range of functions and services. We are active at every stage of the supply chains, from upstream to downstream, and have as many as 20,000 business partners. In conducting business globally, we are fully aware of our responsibilities, such as complying with laws, respecting human rights, and maintaining safe and sanitary working conditions, giving comprehensive consideration to reduction of the environmental burden, and ensuring safety for products and services and consumer confidence. Together with our business partners, we endeavor to solve various issues present in our supply chains in order to meet society's demands.

In order to correctly assess and solve CSR-related issues in the supply chains, Mitsui formulated its Supply Chain CSR Policy in December 2007, and has since worked to ensure that all of Mitsui's business partners fully understand our standards and cooperate in the implementation of the policy. We are working to ensure compliance with and implementation of this policy while continuing to review the policy based on society's changing expectations and demands. We are making every effort to enhance our supply chain management by identifying potential problems in our supply chains and identifying key CSR issues based on the characteristics of each business model, country, and industry.

Supply Chain CSR Policy

1. Mitsui & Co. will strive to contribute to the creation of a sustainable society by understanding and solving issues associated with the supply chains of its businesses, consistent with the wishes of its stakeholders.
2. Mitsui & Co. will strive to support improvements in the supply chains by seeking understanding and implementation of the following principles by its business associates:
 1. To engage in fair trade, prevent corruption, and comply with all applicable laws and regulations
 2. Not to be complicit in human rights abuse and violations
 3. To prevent discrimination with respect to hiring and employment
 4. To respect the rights of employees to associate freely and bargain collectively
 5. To appropriately monitor employees' working hours, holidays, and leaves of absence, and prohibit unlawful excessive work
 6. To prevent forced labor, child labor, unlawfully-cheap labor, physical discipline, and physical, sexual and other forms of harassment
 7. To ensure a safe and sanitary work environment
 8. To reduce and mitigate business impact on the global environment
 9. To ensure the safety and reliability of products and services
 10. To disclose adequate and timely information relevant to the above



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Promotion of Supply Chain Management

Current State of Implementation of Supply Chain CSR Policy

System

Activity

We attach great importance to interactive communication with suppliers. We also conduct supplier questionnaire surveys and on-site surveys based on our Supply Chain CSR Policy.

Company-wide uniform supplier communication forms

Beginning in the fiscal year ended March 2009, we started sending letters (in Japanese, English, Chinese, French, Spanish, and Portuguese) to all suppliers of Mitsui's business units, overseas offices, and subsidiaries (more than 45,000 suppliers in total) requesting their understanding and cooperation in regard to our Supply Chain CSR Policy, in a move to ensure that all Mitsui suppliers are fully aware of this policy. In addition, we conduct internal examinations in alternate years, to verify that the letters were dispatched to the suppliers.

Supplier questionnaire surveys

In promoting compliance with this policy, we consider interactive communication with our suppliers to be very important. We work to build relationships of trust, and strengthen our supply chain management by working jointly on ideas for improvements with our partners, wherever needed.

For this reason, we regularly conduct questionnaire surveys targeting the suppliers of Mitsui and its subsidiaries to confirm (1) the status of their adherence to our Supply Chain CSR Policy, and (2) whether they have CSR policies related to such areas as "human rights and labor practices", "health and safety", "business ethics", and "environmental management".

In the fiscal year ended March 2012, Mitsui conducted supplier questionnaire surveys for coffee, cocoa, and other agricultural products (39 companies), as well as for consumer products such as apparel (153 companies). In the fiscal year ended March 2015, as part of a new initiative, we selected our main suppliers from all our business domains for the survey (72 suppliers in the fiscal year ended March 2015, 39 suppliers in the fiscal year ended March 2016, and 50 suppliers in the fiscal year ended March 2017).

Supplier on-site surveys

In addition to the above-mentioned supplier questionnaire surveys, we also conduct supplier on-site surveys in order to conduct interviews with responsible persons and check the situation at the operation sites, in accordance with the checklist for compliance with the Supply Chain CSR Policy.

In the fiscal year ended March 2015, we conducted on-site surveys of coffee bean farms in Brazil, and in the fiscal year ended March 2016, suppliers of pulp and paper manufacturing resources. In the fiscal year ended March 2017, our targeted suppliers were food material suppliers, and we visited a fruit juice processing company (Mitsui's supplier), their factory, and fruit farms from which fruit is procured. We conducted on-site surveys together with an external expert to check operation site situations with regard to such areas as "legal compliance", "environmental management", "human rights and labor practices", and "quality control and traceability". No violations of our Supply Chain CSR Policy were found.

Future Actions

System

Activity

We will continue taking appropriate measures to ensure that all suppliers of Mitsui and its subsidiaries understand our Supply Chain CSR Policy, and that we grasp the actual situation of the business, with regard to how the supply chain follows our CSR Policy. We will also continue sending out letters to new suppliers to obtain their agreement to follow our Supply Chain CSR Policy prior to starting business relationships with them. In the event that we discover violations of this policy in our supply chain, we will urge the supplier to remedy and improve the situation, while providing support to the suppliers as needed. However, if there are no improvements to the situation by the suppliers, we will determine carefully whether to continue our business with that supplier.

To increase the sensitivity of all employees with respect to human rights, labor, and other issues in our supply chains, and to prevent problems, we will continue to heighten employee awareness and provide training seminars (101 participants in the fiscal year ended March 2017).

Moreover, through our participation in the working groups of Global Compact Network Japan, such as the Supply Chain Working Group, we are deepening our understanding of the CSR aspect of the entire supply chain in cooperation with about 60 participating companies in said working group, and continue to strive for enhancement of our supply-chain management.



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Promotion of Supply Chain Management

Summary of Supplier On-site Surveys (Procurement of food & beverage materials)

System	Activity
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Mitsui conducts interviews with supplier representatives and carries out on-site surveys in accordance with the checklist prepared under our Supply Chain CSR Policy, and reviews the status of suppliers' sustainability initiatives.

In September 2016, we visited a fruit juice processing company (Mitsui's supplier), their factory, and fruit farms from which fruit is procured, in Shandong Province, China, and carried out on-site surveys. China is the world's largest apple producer, accounting for approximately half of global apple production by volume, and is also one of the major producing regions from which Mitsui procures concentrated apple juice.

As part of the surveys, we inspected a variety of workplaces, including a fruit farm, fruit transportation equipment, juice extraction factories, chemicals storage facilities, quality inspection rooms, filling factories, low-temperature

warehouses, wastewater treatment facilities, control centers, canteens, and dormitories. During interviews with factory supervisors and farmers, we carried out checks on "environmental management", "human rights and labor practices", "legal compliance", and "quality control and traceability".

As a result of the on-site surveys, it was confirmed that all matters are being handled correctly, and no matters were identified that failed to satisfy the requirements of the Supply Chain CSR Policy.

We will continue to carry out on-site surveys in relation to supply chain CSR.



Apple fruit transportation equipment that uses water currents to deliver apples into the factory

Results of Supplier On-site Surveys

Environmental management

- Reusing residue: Extracts from the residue (apple pomace) are reused in the manufacture of pectin (a food additive).
- Use of chemicals: No chemicals are used to clean the apples. Only listed chemicals are used to clean the production line. All other efforts are taken to minimize the use of chemicals and to strictly control chemicals.
- Use and discharge of water: The process that uses the most water is the apple cleaning process, which uses tap water. The materials contained in the wastewater consist of only organic substances (dust, mud, and leaves). Part of the wastewater is recycled, while the rest is discharged to a wastewater treatment plant after being subjected to effluent treatment. Efforts are being made to reduce water usage by streamlining the manufacturing process and by other means.
- Exhaust gas: Government standards are met in an environmentally friendly way through the installation of exhaust sensors and filters, and by other methods.



A wastewater treatment facility for purifying factory waste generated in the fruit cleaning process, etc.

Human rights and labor practices

- Hiring: Most of the fulltime and temporary staff are local people; migrant workers and foreign workers are not hired.
- Working hours: During the peak production season, the factory is operational on a 24-hour basis, but a three 8-hour shift system has been adopted, and there is no overtime work.
- Management of labor safety and health: It was confirmed that safety and hygiene in the factories and warehouses are ensured, and that fire extinguishers and other safety equipment have been installed.
- Creation of a pleasant working environment: The canteen is large and clean, with sufficient tables and chairs, allowing the entire staff to eat together at the same time. The dormitories are bright, clean and hygienic.



Apple orchard

Legal compliance

- It was confirmed that the suppliers are complying with local laws and regulations relating to the environment, working hours, employment, and other matters, and that they possess the required operating licenses. The company has received the commendation of the advanced enterprise from the government.

Quality control and traceability

- Quality control: The fruit selection process is carried out by manual workers with the utmost care. It was confirmed that quality control and insect management are also being carried out appropriately in subsequent processes, for which only machines are used.
- Traceability: Records of the status of deliveries from neighboring contracted fruit farms are managed appropriately to ensure traceability.

Carrying Out the Supplier On-site Surveys

Dr. Naoki Adachi, CEO of Response Ability, Inc.

To carry out these surveys, we visited the main supplier of apple juice handled by Mitsui & Co. and a contracted fruit farm, which are located in Shandong Province, China.

The supplier carries out management under HACCP*. Accordingly, there were no hygiene-related issues. In terms of occupational health and safety, the supplier appeared to be implementing management in accordance with international standards. Regarding hiring practices, large numbers of employees are hired from local neighborhoods, and there do not appear to be any issues often associated with the use of migrant labor. Final consumers in Japan take a particularly strong interest mainly in quality, and it would be advisable to raise awareness of the fact that high quality

can be achieved by pursuing these high standards in the course of management.

Meanwhile, in terms of medium- to long-term management, there is a need to work alongside the factories and farms to come up with ways of preparing for and responding to potential risks, including recently-emerging risks related to climate change and global water risks, as well as China's rapidly declining birthrate and ageing society.

* This is a process management method for carrying out ongoing monitoring and recording of particularly important processes that can help to prevent harm, by predicting, for example, microbial contamination and mixing of metal fragments, in all processes, from acceptance of raw materials through to the finished product. By adopting the HACCP system, it becomes possible to implement appropriate measures across all processes at the stage when issues are likely to arise, and to ensure the safety of products by preventing harm resulting from food poisoning (including microbes and chemical substances) or foreign objects.



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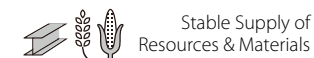
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Promotion of Supply Chain Management

Examples: Assessing and Solving Supply Chain Issues

Supply Chain CSR Initiatives

Apparel Operations

Mitsui Bussan Inter-Fashion Ltd., a Mitsui subsidiary engaged in the production and procurement of apparel and fashion goods, and Mitsui Bussan Techno Products Co., Ltd., another Mitsui subsidiary engaged in trading in textile raw materials, industrial raw materials, and woven and knitted fabrics, merged in October 2016 to form Mitsui Bussan I-Fashion Ltd. (MIF). MIF aims to achieve sustainable growth in ways that allow it to exist in harmony with society. The company is making a determined effort to find solutions to various issues by continuing the supply chain CSR activities of the two original companies, by conducting business that creates environmental value, and by pursuing initiatives relating to human rights management.

As a member of the Mitsui group, MIF undertook the following supply chain CSR activities in the fiscal year ended March 2017 with an eye on becoming a company worthy of earning the trust of all stakeholders, including shareholders, suppliers, customers, employees, consumers, and local communities.

1. The number of items in the Supply Chain CSR Policy formulated in October 2008 was increased from 7 to 10 to reflect changes in the external environment and the expectations of society.
2. Since the formulation of the Supply Chain CSR Policy, suppliers, including contract manufacturers in Japan and overseas, have been asked to provide written confirmation of their understanding of the policy ("written confirmation of understanding"). In 2014 this approach was taken a step further by changing the content of these documents to state that suppliers understand the policy and observe it ("written consent to compliance"). Such written consent to compliance was obtained from new suppliers. As for the main suppliers from which written confirmation of understanding had been obtained, the confirmation letters were replaced with "written consent to compliance". A total of 252 written consents were obtained in the fiscal year ended March 2017.
3. MIF implemented an e-learning program targeted at all officers and employees, as well as CSR procurement seminars by external experts. The purpose of these activities is to raise awareness of supply chain CSR and ensure that the policy is understood by all officers and employees.



Visit to the manufacturing plant of a supplier

In addition to these initiatives, MIF engages in the development and sale of environment-friendly textile-related products with advanced functionality that are kind to and safe for the Earth and people. MIF has also obtained certification and registration under bluesign® and the Global Recycle Standard (GRS) and maintains compliance with these standards, which are regarded as among the most stringent in the world.

To obtain bluesign® certification and registration, MIF is required to ensure that its collaborating supply-chain manufacturing facilities in Japan and overseas are taking comprehensive steps to care for not only the environment but also their workers. An applicant company and its supply-chain facilities must meet the standards set out for bluesign® certification, such as the prohibition of child labor, the elimination of forced labor and discrimination, upholding of freedom of association, and occupational safety and health.

If an infringement of the Supply Chain CSR Policy or related laws and regulations has occurred at a supplier, MIF has a system in place to support and follow up on remedial action and improvements by the supplier to ensure the overall soundness of the CSR management framework throughout its supply chains. MIF also regards support for the development of appropriate working environments at suppliers in Japan and overseas through day-to-day communication with them as an important part of its role as a sustainable company in its supply chains.

Supply Chain CSR Activities at MIF

October 2008	MIF established its Supply Chain CSR Policy. The company began sending notices to its suppliers, including contracted manufacturers in Japan and overseas, to request their understanding of and support for MIF's policy and obtaining their written confirmation.
August 2014	MIF conducted a questionnaire survey of its 93 main suppliers concerning the utilization of the Technical Intern Training Program. MIF started to require its suppliers to understand and comply with its Supply Chain CSR Policy and to obtain written consent from its 26 main suppliers and new suppliers.
January 2015	MIF required the aforementioned 26 suppliers to conduct a CSR self-check concerning their compliance with the policy.
September 2015	MIF asked the 241 suppliers from which it had obtained "written confirmation" to replace this expression with "written consent".
February 2017	The Supply Chain CSR Policy formulated in October 2008 was expanded from 7 items to 10.
As of March 31, 2017	MIF had obtained "written confirmation" and "written consent" from a total of 5,012 (1,463*) suppliers: 3,896 (1,044*) in Japan, and 1,116 (419*) overseas.

* Figures in parentheses indicate the number of "written consents" obtained.



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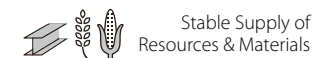
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Promotion of Supply Chain Management

Examples: Assessing and Solving Supply Chain Issues

Initiatives designed to ensure a stable supply of green coffee beans

Food & Beverage Materials

The production volume of coffee, a product enjoyed by people throughout the world, is greatly affected by natural events including frosts and droughts, as well as climatic conditions such as rainy and dry seasons, and this has a major effect on the market price. Thus, it is difficult to purchase coffee at a stable price and maintain a balance between supply and demand.

Mitsui plays the role of liaison between producers and consumers in the supply chain. Mitsui works to improve relations with suppliers around the world in order to guarantee a stable supply of high-quality green coffee beans carefully selected from regions around the world, such as Central and South America, Southeast Asia, and Africa.

In particular, our base of operations in Brazil, Mitsui Alimentos (a wholly owned subsidiary), has built alliances with superior producers, and, by ensuring traceability, transparency and identifiability at all stages of business in the supply chain, has created a stable supply system for high-quality green coffee beans.

For example, Mitsui is cooperating with Mitsui Alimentos to provide comprehensive marketing and sales support to Bau Farm in the Cerrado region. We have maintained an excellent relationship with Bau Farm for over 20 years by providing financial support as needed for the development of new plantations, and by entering into long-term agreements as the basis for stable business. Leveraging this excellent relationship, we are devising new initiatives for further expansion of the business.

Bau Farm is owned by Mr. Tomio Fukuda, a second-generation Japanese-Brazilian. As a former engineer, Mr. Fukuda is totally committed to the production of excellent coffee based on the quality control concepts of kaizen and "5S". This approach has allowed Bau Farm to become one of Brazil's leading specialty coffee farms. With



assistance from Mitsui, Bau Farm is building new sales channels in Asian and European countries, as well as Japan.

Bau Farm values its employees and improves the quality of its products by improving the quality of the labor. Mr. Fukuda believes that "careful work comes from motivation, and motivation is created by the good treatment and education of employees". The owner's philosophy is reflected in the efforts made by the employees themselves to improve the working environment and consistently apply the 5S methodology. Employees also gain a deeper understanding of the world of coffee through training and workplace education, giving them relevant knowledge and experience of the product and about trends in coffee-consuming countries. This commitment to high-quality employee education has enabled Bau Farm to maintain a stable workforce, giving it an important advantage over other coffee farms.

Moreover, under the slogan of "kaizen", the Farm actively introduces new technologies to produce even better coffee. Bau Farms' another distinctive characteristic is its commitment to constantly trying new ideas that utilize new methods and kinds of coffee trees. For example, by installing an irrigation system for avoiding drought damage, Bau Farm also increases the efficiency of its workforce by controlling the flowering period of the plants in order to stagger the harvest periods. It has also introduced GPS for effective soil improvement.

The green coffee beans that Mitsui supplies to consumers embody the producer's determination to grow high-quality beans through initiatives such as these. We bring the owner of Bau Farm to Japan once every two years to engage in direct dialogue with coffee shop proprietors and beverage manufacturers. These visits provide excellent opportunities to gain a deeper understanding about the needs of consumers. Similarly, when Mitsui customers who handle Bau Farm coffee visit Brazil, we create opportunities for them to visit the farm so that they can learn more about the place where the coffee is grown. Through initiatives such as these, Mitsui works to bring producers and consumers together in a value chain based on face-to-face communication.

Mitsui will continue its efforts to provide consumers throughout the world with stable supplies of high-quality coffee, and to contribute to the success of producers through its business activities.



Bau Farm is owned by the Fukuda family.



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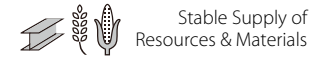
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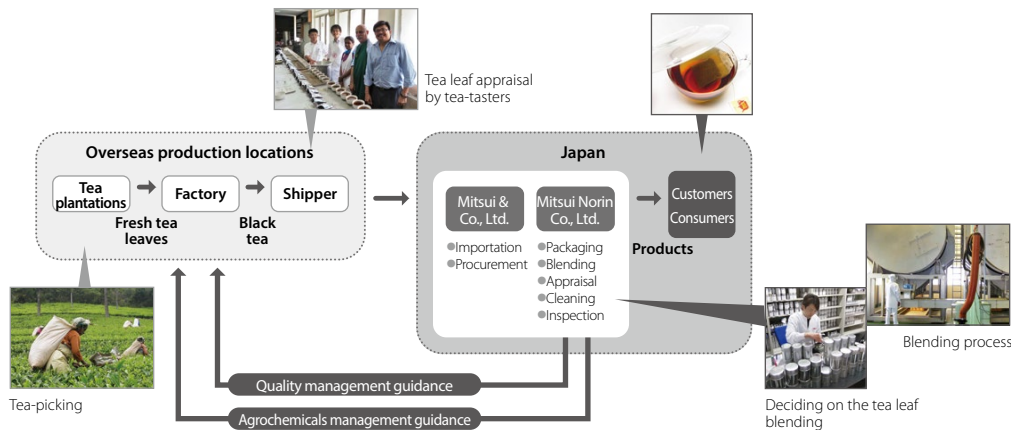
Tea Leaves Procurement in Consideration of Quality, Safety, the Environment and Work Conditions Food & Beverage Materials

Mitsui Norin Co., Ltd., our subsidiary, markets "Nittoh Black Tea", which is a very familiar brand in Japan. The company procures tea leaves from tea producers around the world to meet a wide range of customer needs. At present, it procures tea leaves from approximately 450 tea producers in eight countries, including India, Sri Lanka, Kenya, and Indonesia. Mitsui Norin designates as its preferred suppliers those tea producers which give appropriate consideration to quality and safety, the environment, and work conditions, for example by carrying out controls based on Rain Forest Alliance certification and Hazard Analysis and Critical Control Point (HACCP) certification, being committed to Fair Trade, and engaging in organic cultivation.

In the Darjeeling district of India, for example, one producer makes various efforts to improve both the work conditions of employees and the profitability of the business, for example by introducing a small hydroelectric generator on the farm, entrusting its management and operation to the workers, growing and selling organic produce such as ginger and oranges, and producing honey. The producer also raises cows on the farm to provide milk to children to enhance the quality of life of the workers and their families, and uses the manure as fertilizer for organic cultivation to contribute to reducing environmental load.

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, both companies together created an original traceability system. In tea producing regions, Mitsui and Mitsui Norin periodically visit tea farms to conduct on-site surveys of tea growing environments, quality control, and agrochemical controls and other aspects. As regards agrochemical controls, both companies conduct tests for residue agrochemicals on the tea leaves at a third party contract institution, in addition to on-site visits and confirmations at the tea farms.

The Black Tea Manufacturing and Sale Business Value Chain



Improving Procurement Reliability Through Legal Compliance and the Forest Certification System Lumber Procurement

Significant deforestation and reduction and degradation of biodiversity and forest ecosystems caused by illegal logging have become major environmental issues globally. In 2006, as a countermeasure against illegal logging, the Japanese government enacted the Green Purchasing Law, which requires that government agencies only purchase lumber that is certified to have come from legal logging in sustainably managed forests.

As one of Mitsui's missions is to ensure the stable supply of building materials, paper resources, and other wood products, we cooperate with suppliers from around the world to ensure that our purchases contain no illegally logged lumber.

For example, in our forest resources business for pulp and paper manufacturing in Australia, Mitsui implements environmental management and operation procedures based on the two major forest certifications, the Forest Stewardship Council (FSC®) and the Programme for the Endorsement of Forest Certification Schemes (PEFC), and we conduct regular checks to ensure that only reputable plantation operators are used, that operations do not result in environmental destruction, for example through chemical soil contamination, and that the obligation to replant logged areas is being fulfilled. In addition to Australian companies, in 2014 Trans Pacific Fibre, a forest resources business for pulp and paper manufacturing joint venture company in Chile, obtained both FSC® and PEFC certification.

Increased awareness of environmental conservation has led to increased numbers of companies and consumers who choose products with the above-mentioned forest certifications when they purchase wood and paper products. Mitsui cooperates with its partners and manufacturers to increase the use of FSC® and PEFC certified products in the supply chain, in order to create products that are in accordance with higher awareness of environmental conservation.



Woodchip processing plant (Bunbury Port in Western Australia)