



MITSUI & CO.



Protection of the Global Environment

Strategic Focus

Estimate of market size of
worldwide car sharing
in 2021

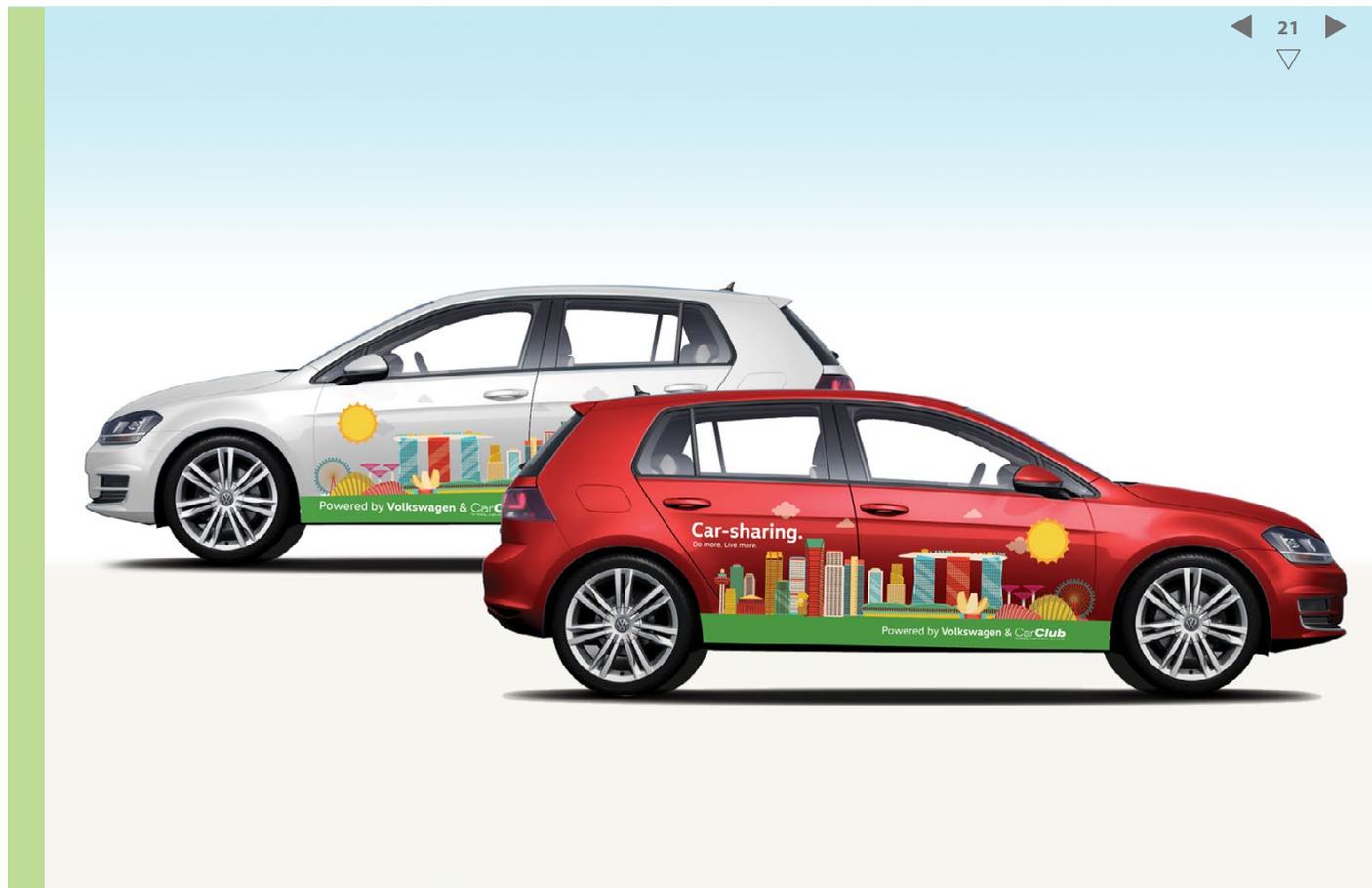
Approx. JPY **630** billion

According to the survey report "What's Ahead for Car Sharing?:
The New Mobility and Its Impact on Vehicle Sales" (2016) by the Boston Consulting Group

Annual CO₂ emission reduction rate
(average) of households subscribed
to car sharing

44.9 %

According to the "Verification Report on the Environmental Load Reduction Effect of Car Sharing" by
the Foundation for Promoting Personal Mobility and Ecological Transportation.



Related Product Segment: Machinery & Infrastructure

Offering low-cost and environment-friendly mobility options through car sharing

Mobility patterns and the ways in which cars are being used are diversifying around the world. A trend that is currently emerging especially in Europe and the United States is car sharing, where a single car is made available for use by multiple members. This reflects increased concern for the environment as well as an awareness of the high costs incurred by owning a private car.

Mitsui & Co. is positioning car sharing as a next-generation mobility service that is in tune with the current shift from ownership to renting. In 2010 we acquired an equity stake in the Car Club Private Limited of Singapore. By harnessing business know-how and expertise gained in Singapore, we aim to extend operations into other Asia-Pacific markets, where the car society is moving to a mature phase.

With a car-sharing service, the cost for each instance of using a car becomes clearly known. This in turn facilitates the use of alternatives, such as public transport, bicycle, or walking. A choice of the most cost-effective mobility option can be made, depending on the purpose of the trip and the current situation. Through this service, Mitsui will be able to propose a new type of car life as one of the mobility options for people in various countries and regions, which also ties in with increased consideration for the environment.

We see this business as a chance to offer mobility options of low cost and low environmental impact to global society. By alleviating traffic congestion and reducing vehicle travel distances, a positive effect on the environment as a whole can be achieved.



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Activities for FY Ended March 2017

Business Area >

● Metal ● Machinery & Infrastructure ● Chemicals ● Energy ● Lifestyle ● Innovation & Corporate Development ● Corporate & Others

Theme	Business Activities
Enhancement of Environmental Management System	<ul style="list-style-type: none"> ● Introduction of e-Manifest for use in monitoring industrial waste disposal in the Head Office building ● Achievement of "Good Point" assessment in independent ISO14001 inspection of environment management in the Head Office and company-owned buildings (Nagoya, Osaka) ● Sale of emission trading credits from the old Head Office building (17,575 t-CO₂) to an affiliated company to support that company's regulatory compliance ● Administration of environmental management system according to ISO14001:2015 ● Development of environmental accident response tools to support an appropriate initial response ● Development of new networks in collaboration with international NPOs and NGOs to drive projects based on environmental and social priorities ● Implementation of environmental law seminars (2 seminars, approx. 100 attendees), environmental seminars relating to industrial waste (2 seminars, approx. 110 attendees), and a Mitsui Environment Month lecture (approx. 220 attendees), for officers and employees of Mitsui & and its affiliated companies
Initiatives toward Environmental Value Creation	<ul style="list-style-type: none"> ● Global supply of automotive parts with excellent environmental performance through investment and participation in Gestamp Automoción, S.A. (North and South American operations Spanish parent company) ● Contribution to the supply of wind power related materials and equipment through investment and participation in GRI Renewable Industries, S.L. (Spain) ● Business development of our joint venture for remanufacturing automotive parts by introducing Japanese technology ● Launch of the project aiming to reduce environmental burden in iron ore operation by eliminating the need for a dam and ore trucks for tailings (low-grade ore), through investment and participation in Vale (Brazil) ● Effective utilization of copper resources through copper concentrate blending business optimizing impurity level in complex conc blended with clean conc ● Renewable energy IPP business (approx. 2GW in Japan and overseas), including the completion of a run-of-river type hydropower plant that will reduce CO₂ emissions by 600 million tons per year (Brazil), and commencement of operations at Wind Farm Hamada and Hamamatsu Solar Park ● Implementation of energy-efficient smart city project (Malaysia)

Theme	Business Activities
Initiatives toward Environmental Value Creation	<ul style="list-style-type: none"> ● Development of distributed solar power generation capacity, and development of next-generation energy management services (U.S. and other countries) ● Modal shift promotion through rolling stock leasing ● Promotion of green chemicals business, such as palm oil and other natural-oil derived oleochemicals business (Malaysia, China), and corn-derived glucose based biochemical business (Canada) ● Investment and participation in a wood biomass power plant (Japan) ● Commencement of geological surveys, drilling, and development for launching of geothermal power business through Mitsui Oil Exploration Co. (Japan) ● Investment and participation in fuel and chemical product business based on the use of microbial fermentation technology (U.S.) ● Construction completion and operation commencement of a jetty boil-off gas recycling plant through Qatar LNG project (Qatar) ● Initiation of development of a manufacturing and transportation value chain for hydrogen as a promising next-generation clean energy resource ● Implementation of a survey concerning the reduction of electric power consumption through the utilization of waste heat from a factory to power air conditioning in a neighboring housing complex (UAE) ● Provision of operational maintenance services for solar and biomass power generation facilities by Mitsui & Co. Foresight ● Continued efforts to obtain Bluesign® and Global Recycle Standard (GRS) certifications for outdoor apparel fabrics through Mitsui Bussan I-Fashion, which resulted in the maintenance of compliance with those environmental standards. Promotion of development and sales of environment-friendly and highly functional textile products (Europe, U.S., etc.) ● Investment in Alcantara, which has achieved carbon neutrality certification for all manufacturing processes and devotes around 30% of its total investment in sustainability-related facilities to promoting the sale of Alcantara products to automobile manufacturers ● Driving sharing economy through C to C E-commerce business (Japan, U.S., UK) ● Supply of lithium-ion rechargeable batteries for electric automobiles and other new-energy vehicles (China)



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- Metal
- Machinery & Infrastructure
- Chemicals
- Energy
- Lifestyle
- Innovation & Corporate Development
- Corporate & Others

Theme	Business Activities
Initiatives toward Environmental Value Creation	<ul style="list-style-type: none"> ● Improvement of energy efficiency through visualization of data from office buildings, factories, and other facilities, (U.S.), contribution to power consumption savings of around 20% (depending on the facility) through remote management of air conditioning systems (Japan) ● Support for reliable supply of energy through solar power generation monitoring services, cloud-based energy management services, and other services (Japan) ● Contribution to global warming countermeasures through the optimization of fertilizer amounts on farmland, leading to the reduction of N₂O emissions (Canada, U.S., Brazil, etc) ● Formation and sale of solar power infrastructure funds through Mitsui & Co. Alternative Investments ● Investment in renewable energy projects through the Emerging Markets Infrastructure Fund ● Shortening of transportation distance for logistics services (MGL) by utilization of local ports (Japan)
Initiatives to Reduce Environmental Load, Including Curbing Global Warming	<ul style="list-style-type: none"> ● Effective utilization of waste products, including commercialization of chicken manure by Prifoods, as a fertilizer and snow-melting agent (in carbonized form), and utilization of tea leaf residues as a compost ingredient by Mitsui Norin ● Sale of recycled feed made from food manufacturing by-products and other raw materials to compound feed manufacturers, resulting in the effective utilization of previously unused resources, and contributing to the creation of a recycling-based society and the improvement of the feed self-sufficiency ratio ● Land, Infrastructure and Transport Minister's Award in the 36th Green City Awards won by Ikuta Green Space Management Consortium, for which Mitsui & Co. Foresight is the representative company ● Reduction of energy consumption and environmental burdens through the renewal of plant utilities at MicroBiopharm Japan, resulting in an 84.7% year-on-year reduction in energy use (crude oil equivalent) per unit of product ● Acquisition of LEED certification by Acibadem Altunizade Hospital as a sustainable medical facility (Turkey)

Theme	Business Activities
Initiatives to Reduce Environmental Load, Including Curbing Global Warming	<ul style="list-style-type: none"> ● Monitoring of CO₂ emissions, water use survey <ul style="list-style-type: none"> • Group companies in Japan: Monitoring of changes in CO₂ emissions over time, identification of scope for reductions, and efforts to reduce GHG emissions based on a target of reducing energy consumption (including consumption at business facilities) by an average of 1% or more each year; Global group: Efforts to reduce CO₂ emissions by affiliated companies based on management levels adjusted according to output levels, with intensive management and monitoring of year-on-year changes for companies that have high CO₂ emissions (overseas affiliated companies); continuation of last year's survey of water use by subsidiaries in key countries and other locations ● Estimate of CO₂ absorption (approx. 160,000 tons/year) through the appropriate management and development of Mitsui's Forests
Initiatives for Preserving Biodiversity	<ul style="list-style-type: none"> ● Support by Toho Bussan for production and sales of rice grown using farming methods that develop biodiversity (Japan)
Addressing Environmental Issues through Contribution to Society	<ul style="list-style-type: none"> ● Provision of grants through the Mitsui & Co. Environment Fund for university research and NPO/NGO activities that contribute to the solution of environmental issues (21 grants totaling ¥171 million), and employee participation in the activities of grant recipients (13 projects, approx. 200 participants) ● Implementation of school-visit classes for elementary, middle, and high school students, utilizing Mitsui's Forests (13 visits, approx. 800 participants), and forest experience programs for elementary school children and their parents, employees and their families, and other participants (10 programs, approx. 300 participants) ● Contribution to human resources development for the forestry and timber industries through the continuing endowment of a lecture program at Keio University (course completed by approx. 300 people) ● Presentation of a special lecture program on the significance of forests owned by business corporations, in collaboration with the Tokyo University of Agriculture (approx. 100 participants) ● Supply of FSC® certified timber from Mitsui's Forests in Mie Prefecture for use in a wooden building built for the Ise-Shima Summit



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Message from Mitsui's Environmental Officer

Satoshi Tanaka

Representative Director, Executive Vice President,
Environmental Officer



We have entered an era in which an international community with diverse values increasingly expects business corporations to play a key role in finding solutions for environmental and social issues relating to climate change, resource recycling, biodiversity, and harmony with local communities. Business activities that are not in tune with society's expectations are unlikely to survive long in this context.

"Sustainable development" is the key concept in the report of the Brundtland Commission, which was published by the United Nations in 1987 under the title "Our Common Future". Since then, the idea of "sustainability" has been embraced as a symbolic slogan for global environmental issues. Today the concept of sustainability has become a solid foundation for international initiatives, such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. We are witnessing the beginnings of a huge wave of change spanning multiple eras and generations, accompanied by an increasing awareness and focus on, environmental, social, and governance (ESG) perspectives.

As a company engaged in a wide variety of activities, Mitsui responds proactively to environmental and social issues, and creates opportunities to address those issues at the global level. Of course we will continue to strive toward sustainable growth by undertaking business activities that are based on genuine care for the environment and society. We draw attention to the work of the Sustainability Committee, and also our Specially Designated Business for environment-related project assessments. Our Environmental & Societal Advisory Committee comprises external experts whose input is invaluable. Finally, We should mention our Mitsui & Co. Environment Fund, which supports the activities of NPOs, NGOs and academic researchers undertaking work relating to global environmental issues, and numerous other social contribution initiatives and engagement with stakeholders.

Environmental Policy

Policy

Guiding Principles

1. Mitsui & Co. believes that one of its most important management themes involves providing a positive response to environmental issues on a global group basis, in order to contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled.
2. Mitsui & Co. will make every possible effort towards realizing a "sustainable development" which is aimed at creating a harmony between the economy and the environment on a global group basis.

In view of the above principles, and in accordance with the Action Guidelines shown below, Mitsui & Co. will design, periodically evaluate, and continually improve an adequate risk management system, including response to matters such as global warming, nature conservation with consideration given to biological diversity, and the prevention of pollution, which will cover the wide range of activities that it undertakes on a global scale. At the same time, we will strive to ensure the development and dissemination of earth-friendly technologies and further reinforce our responsibility with respect to the environment on a global group basis.

Action Guidelines

1. Compliance with relevant environmental laws and regulations

We will comply with various relevant environmental laws and regulations, as well as all agreements signed by the company for promoting business activities.

2. Efficient utilization of resources and energy

We will strive to reduce the burden on the environment within each of our workplaces and in our business activities through the efficient utilization of resources and energy, as well as the reduction, reuse, and recycling of waste and its proper disposal.

3. Environmental care for products and services offered, as well as existing and new businesses

We will give the utmost consideration to the environment to the extent technologically and economically feasible by exercising an appropriate degree of influence in enlisting the understanding and support of involved business partners, as well as evaluating the impact that we have on the environment, not only in the prevention of pollution, but on such issues as global warming and the conservation of biological diversity as well.

4. Contribution to providing industrial solutions to environmental issues

We will engage in business activities with the goal of providing rational and permanent industrial solutions, and contribute to the realization of "sustainable development" by exploiting our individual abilities and the collective strengths of our organization in cooperation with our global partners.



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Enhancement of Environmental Management System

Environmental Management System

System

Environmental Management Philosophy

Mitsui maintains environmental management systems based on ISO14001 and various international guidelines as the basis for an active response to environmental and societal problems through the business activities of its global group. We acquired ISO14001 certification in 1999. Since the fiscal year ended March 2017, we have been working to strengthen our compliance with ISO14001:2015, including integration with business processes, initiatives in response to business risks and opportunities, and an increased emphasis on stakeholder perspectives.



【Standards Covered】

ISO14001, ISO26000, the GRI Guidelines, the Equator Principles, the World Bank Procurement Policies and Guidelines, and the IUCN Guidelines

Environmental Management System

To facilitate effective environmental management, Mitsui has established the Environmental Management System on a global group basis. We have appointed an executive officer who is responsible for overall environmental management, while the General Manager of the Environmental-Social Contribution Division supervises the operation of the Environmental Management System. Other organizations, such as individual business units, each have their own environmental management structures established by the divisional/departmental general managers. We set company-wide targets, and we are continually improving our environmental and societal risk management framework by means of periodic reviews, including Sustainability Committee meetings.

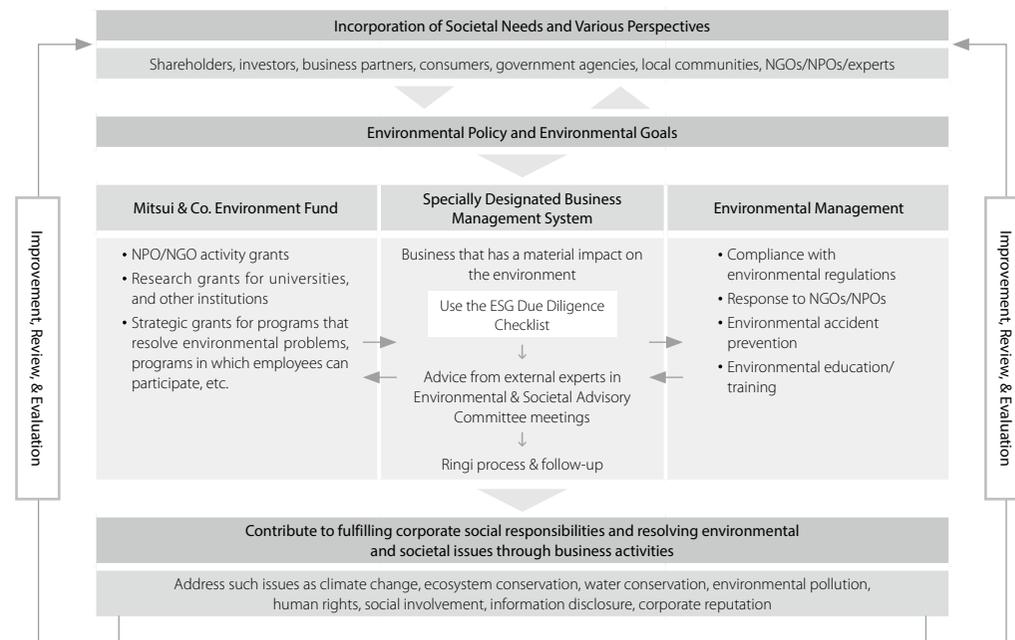
Addressing Environmental and Social Risks and Opportunities in Business

System

Mitsui is expanding its business globally in six business areas: metals; machinery and infrastructure; chemicals; energy; lifestyle; and innovation and corporate development. In conducting business in each of these areas, we categorize our activities into "new business phase" and "existing business phase", and we have put in place mechanisms to ensure that the utmost consideration is given to the environment and society during our business activities in each of these phases.

Furthermore, in accordance with the SDG targets, we identify programs that are closely related to our business (such as biodiversity protection programs) as "opportunities", and we introduced an internal subsidy system for such programs in the fiscal year ended March 2017. Mitsui is seeking to build a sustainable society by simultaneously resolving environmental and societal issues and enhancing business value.

Responding to Environmental and Social Risks (as of March 2017)





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Enhancement of Environmental Management System

Environmental Management for New Business

System Activity

Specially designated business management systems and the Environmental & Societal Advisory Committee

New business projects are subject to internal screening during the new business phase. If necessary, we convene meetings of the Sustainability Committee and the Environmental & Societal Advisory Committee, which consists of external experts. Directors make final decisions regarding *ringi* approval after receiving reports and proposals from these committees as to whether or not a particular project should be promoted, or how it can be improved. The members of the Environmental & Societal Advisory Committee are selected mainly from among external experts who are familiar with a broad range of fields—including climate change, environmental restoration, environmental policy with respect to water, energy, etc., technology trends, human rights protection in relation to the environment and other matters—as well as attorneys and other knowledgeable individuals.

Use of ESG due diligence checklists

New business investment projects that will have a significant impact on the environment are investigated by experts. Before implementing these surveys, we first identify environmental and social risks, and create environmental, social and governance (ESG) due diligence checklists for each project. These lists, which are compiled with reference to international standards in relation to environmental and societal consideration, help us to focus on areas covered by expert surveys. They are shared within the company and used to ensure that ESG perspectives are taken into account in relation not only to pollution prevention but also to analysis of risk factors in connection with climate change, ecosystems, indigenous peoples, and water stress.

Environmental Management for Existing Business

System Activity

In order to properly monitor and manage various environmental and social risks related to existing business operations, we urge our affiliated companies that are engaged in activities that could cause significant environmental impacts to establish environmental management systems based on the ISO14001 international environmental management standard, or on international guidelines relating to consideration for environmental and social factors. We encourage subsidiaries to establish their own autonomous environment management systems, while maintaining structures to achieve continual improvement by monitoring and reviewing preventive measures based on reports on environmental accidents and other problems.

Interactions with NGOs and NPOs

Communication with NGOs and NPOs is essential to the progression of our relationship with society, and helps us to monitor our positioning in society. We work with NGOs and NPOs to implement programs that contribute to the solution of environmental and societal issues.

Management of subsidiaries

We identify domestic and overseas subsidiaries that need to acquire ISO14001 certification based on comprehensive assessments that take into account such factors as the type of industry, environmental and ecosystem impacts, and input from stakeholders. We urge these companies to introduce environmental management systems based on ISO14001, or on international guidelines, and we help them to build robust management systems.

As of the end of March 2017, out of the 40 target companies, 35 subsidiaries have already acquired ISO14001 certification, and 5 companies have introduced environmental management systems in line with international guidelines.

Response to environmental accidents

During the fiscal year ended March 2017, there were no environment-related incidents at Mitsui and its subsidiaries. We employ various measures to prevent recurrence of environmental accidents, including the use of collections of case studies to raise employee awareness. Any accident is promptly reported to the relevant units, and comprehensive steps are taken to prevent recurrence, beginning with the identification of the true cause of the accident and an assessment to determine appropriate corrective and preventive measures.



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Enhancement of Environmental Management System

Acquisition of Environment-related Certification

System

Mitsui promotes sustainable procurement in partnership with suppliers throughout the world. We work actively to achieve environment-related certification in Japan and overseas, including FSC® certification for forests, and ASC and MSC certification for fisheries recognizing the importance of natural capital. We also develop procurement mechanisms that take into account the need to address global warming and conserve biodiversity.

Company-owned forests "Mitsui's Forests" (Japan)

In 2009, Mitsui obtained FSC® certification^{*1} for all of its 74 forest-lands (approx. 44,000 hectares) throughout Japan. Our purpose in seeking certification under this international standard was to obtain verification, based on objective assessments, that our forests are being managed sustainably with proper consideration for environment, society and the economy. Mitsui was the first private company in Japan to obtain this certification for large-scale forests covering an area of over 10,000 hectares.

Among the different types of FSC® certification, Mitsui has received Forest Management (FM) certification, while Mitsui Bussan Forest, an affiliated company, has received Chain of Custody (CoC) certification for the processing and distribution of cut lumber. As a result, Mitsui became the largest supplier of domestic FSC®-certified wood in Japan.



*1 FSC® certification is based on international standards established by the Forest Stewardship Council, a non-profit committee-type organization that administers an international forest certification system. Certification is provided for timber that was managed and produced in a way that preserves the forest environment and benefits local communities, while also ensuring economic sustainability.

Feed Business (Japan)

Our affiliated company, Feedone Co., Ltd., manufactures and sells organic animal feed products produced using methods designed to minimize the environmental burden, in compliance with the Japan Agricultural Standards (Notification 1607 of the Ministry of Agriculture, Forestry and Fisheries).



Palm Oil Import Business (Malaysia)

Wangsa Mujur Sdn. Bhd., in which Mitsui invests and participates, has acquired certification from the Roundtable on Sustainable Palm Oil (RSPO),^{*2} a nonprofit organization that promotes the production and use of sustainable palm oil. The RSPO stipulates the legal, economic, environmental, and social conditions required for sustainable palm oil production in 8 principles and 43 criteria, and Wangsa Mujur operates in accordance with its policy.



*2 RSPO certification aims to advance the production, procurement, and use of sustainable palm oil and lessen the impact and burden on the environment of producing countries and neighboring communities.

Salmon Farming Business (Chile)

Mitsui is a shareholder and participant in the business operations of Salmones Multiexport S.A., a major salmon farming, processing, and sales company in Chile. This company has obtained certification as a sustainable aquaculture business under the Best Aquaculture Practices (BAP) system^{*3}, which focuses the five key areas of environmental conservation, social responsibility, animal welfare, food safety, and traceability. Salmones Multiexport also achieved Aquaculture Stewardship Council (ASC) certification^{*4} for four of its sites in 2015, and is now preparing to obtain certification for additional locations.



*3 This certification system is planned and administered by the Global Aquaculture Alliance (GAA), a US-based NGO dedicated to the establishment and spread of responsible aquaculture. The system certifies each component of the aquaculture value chain including hatchery, feed mill, farm, and processing plant. The program, which is depicted by the BAP eco-label, is supported by numerous retailers and commercial food suppliers, especially in North America.
*4 The aim of the ASC certification system is to ensure that markets and consumers are supplied with responsibly produced aquaculture products, by certifying aquaculture businesses that show consideration for local communities and do not impose a major burden on the environment. Qualifying products are instantly recognizable thanks to the use of eco-labels.

Food Importation and Sales (U.S.)

Our subsidiary, Mitsui Foods, Inc. (MFI), imports and sells canned tuna certified under the Marine Stewardship Council (MSC) system^{*5}, the aim of which is to ensure the sustainable supply of seafood over the long-term future. MFI has also obtained MSC certification as an individual company for its careful management at the distribution stage.



*5 The aim of this system is to ensure the sustainable utilization of marine resources. Certification is limited to marine products that are harvested appropriately in terms of catch size, timing, methods, etc., and that are processed and distributed appropriately. The MSC label (Marine Ecolabel, MSC Ecolabel) indicates that products have been produced responsibly from the perspective of marine resources and the ocean environment.

Shrimp Exporting Business (Vietnam)

As a shareholder, Mitsui participates in the management of Minh Phu Hau Giang Seafood Joint Stock Company, a Vietnamese company engaged in shrimp processing and exporting. The company has obtained environment-related certification, under the ASC, BAP and Global Good Agricultural Practice (GAP) systems^{*6}, to meet the needs of buyers and consumers seeking products that have been produced responsibly with care for the environment.



*6 Aquaculture system indicates that a company has met global standards for food safety and sustainable production management. The full production chain is verified from broodstock, farming, feed and processing. Currently there are 35 countries implementing this standard for 30 species from the finfish, crustaceans and molluscs worldwide.



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Enhancement of Environmental Management System

Compliance with Environment-related Laws and Regulations

System

Our efforts to meet our corporate social responsibilities and keep pace with the expansion of those responsibilities include the creation of compliance assurance mechanisms based on our environmental management system. We also use training and other methods to ensure that staff both in Japan and overseas understand and comply with various environmental laws and regulations.

At the start of each business year, environmental representative in each department use environmental law compliance checking tools to identify environment-related laws and regulations that are relevant to the operations of their units. They also assess compliance every half-year. In addition, an internal environmental audit or environmental self-check process is carried out every year to confirm that environmental management systems are being applied effectively. Mitsui itself, as well as any subsidiaries whose activities could have significant environmental impacts, acquires certification under ISO14001 or equivalent standards. We have established effective environmental law compliance mechanisms based on environmental management systems developed according to these standards.

Energy saving laws and regulations

With the idea of compliance and environmental conservation in mind, we abide by energy saving laws and regulations (laws related to rationalizing energy use), and we are promoting of energy conservation in office and developing environmentally friendly business activities.

With transportation operations in Japan in excess of 30 million ton-kilo-meters* per year, Mitsui is classified as a "Specified Consigner".

We therefore calculate the total amount of freight based on Mitsui-owned cargo as well as freight arranged for transportation in Japan.

When Mitsui became a Specified Consigner, we began to carry out an array of company-wide initiatives to promote efficient energy use in our logistics business in accordance with the requirements of the Energy Savings Act. These initiatives included making improvements to our operating systems and arranging seminars and other information events.

* Ton-kilo-meters are calculated by multiplying the number of metric tons of cargo by the distance they are transported (in kilometers).

Compliance with Waste Disposal Laws

Mitsui operates in compliance with the Waste Disposal and Public Cleansing Law (also referred to as "Waste Disposal Law" or "Waste Law"). In order to properly manage the disposal of industrial waste generated through logistics operations and general waste from business activities, we have formulated a workflow in connection with the handling of industrial waste and general waste from business activities, and have prepared FAQ documents. These tools and documents have been utilized by relevant divisions and departments.

We also hold periodic seminars within the company to increase awareness and understanding of proper waste disposal practices, covering such matters as the selection of waste management subcontractors and manifest compilation and management.

Response to REACH regulations

REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) is legislation developed by the European Union (EU) that regulates the registration and assessment of chemicals and the permits required. The REACH legislation became effective on June 1, 2007, with pre-registration completed on December 1, 2008, the first full registration in November 2010, and the second full registration in May 2013.

All manufacturers and importers in the EU are subject to the REACH regulations.

In cooperation with its European offices, Mitsui has completed the establishment of a database covering all the relevant chemical substances, and has established a system for confirming compliance with REACH regulations prior to conclusion of a contract.

Other Applicable Environmental Laws and Regulations

In promoting business activities, we comply with various environmental laws and regulations, as well as other relevant laws and regulations.

Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes/Act on Rational Use and Proper Management of Fluorocarbons/Water Pollution Prevention Act/Soil Contamination Countermeasures Act/Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging/Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources/Air Pollution Control Act/Offensive Odor Control Law/Chemical Substances Control Law/Pollutant Release and Transfer Register Law/Poisonous and Deleterious Substances Control Act/Fire Service Act/Industrial Safety and Health Act



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Enhancement of Environmental Management System

Environmental Education/Communication

System Activity

As we work to accelerate environmental initiatives across the global group, it is vital that we raise the environmental awareness of each of our employees at all levels. We conduct seminars and training sessions to promote these messages internally.

Training Seminars on Environmental Laws and Regulations

We work to raise awareness of environmental issues among employees of Mitsui and its subsidiaries and affiliated companies through regular seminars, environmental law training sessions, and ISO14001 training programs. We also regularly publish in-house environment and social newsletters as a way of raising the environmental awareness of officers and employees.

Environmental education policy, planning, and aims			
Awareness activities (seminars, etc.)		Environmental auditor training	
New Hires	Induction Course (Environment)	ISO14001	Training Seminars on Environmental Laws and Regulations ISO14001 Provisional Auditor Training ISO14001 Lead Auditor Training
Temporary Staff	Induction Course for Temporary Staff (Environment) Induction Course for Contract Employees/Seconded working at Mitsui (Environment)		
Continuing Education	Environment Month (Seminars, lectures, etc.) Environment Seminar Environment-related Newsletter	Environmental Management	Environmental Representative in each department Induction Course Plant visits (learning key aspects of environmental management)

Training seminars on environmental laws and regulations

We hold seminars for employees of Mitsui and its subsidiaries and affiliated companies regarding environmental laws and regulations. Starting from the fiscal year ended March 2014, we began co-hosting these seminars with other trading firms, thereby helping to further environment-related compliance. In the fiscal year ended March 2017, approximately 100 people participated from Mitsui group companies. We also conducted a separate training seminar on the Waste Management and Public Cleansing Law, providing classroom training focused on precautions in regard to complying with the Law, as well as training that covered procedures for on-site checks at waste disposal facilities and actual visits to such facilities.



Employees attend lectures about industrial waste and visit disposal facilities and plants.

Seminars and training sessions held in the fiscal year ended March 2017

Title	Number of times per year	Target audience	Outline
Training Seminars on Environmental Laws and Regulations	Held three times Approx. 100 participants	Mainly officers and employees of Mitsui and its affiliated companies	Management methods based on ISO14001, recent environmental law trends, basic knowledge, key law amendments, etc.
Environment Seminar: "Lecture on Environmental Waste and Tour of Processing Facility"	Held twice Approx. 110 participants	Officers and employees of Mitsui and its affiliated companies	Lecture on the responsibilities of Generator (waste-disposing parties) and precautions related to industrial waste. The tour of the processing facility aims to promote understanding of the importance and efficacy of on-site verification.
New Staff Induction Training (Environment)	Held once Approx. 190 participants	New employees	The program includes explanations about the environmental and social risks in Mitsui's business operations, and the measures used to prevent those risks.
Temporary Staff Induction Training (Environment)	Held 9 times Approx. 40 participants	Temporary employees	The programs include explanations on the environmental policy of Mitsui as a part of introductory training provided by the Human Resources and General Affairs Division to inform newly hired employees about Mitsui's management philosophy (MW) and rules and regulations, the importance of compliance, and other matters
Induction Training for General/Seconded Contract Staff (Environment)	Held 4 times Approx. 90 participants	General and seconded contract employees	

Mitsui Environment Month

Mitsui has designated June each year as the "Mitsui Environment Month", during which a variety of programs for officers and employees of Mitsui and its affiliated companies are held as a part of Mitsui's environmental education activities. During Mitsui Environment Month 2016, we held the following lectures and "Forest School" presentations about company-owned forests.

Lecture: Saving the Earth with New Lifestyles
(Professor Masaru Kitano (Doctor of Engineering), College of Humanities, Shukutoku University, approximately 100 participants)

Participants commented that their own lifestyles were changing steadily in step with changes in their environmental awareness, that they had realized that they could help to alleviate environmental problems by changing their attitudes and behavior, and that the lecture had been very informative, with specific explanations about issues confronting humanity, such as global warming and energy problems.



Professor Masaru Kitano

Lecture: Using the Sea to Prevent Global Warming, and Improving the Ocean Environment

(Mr. Nobuyuki Furukawa, President, Yokohama Hakkeijima Inc., approximately 60 participants)
Participants said that they had gained a new awareness of the various roles played by the aquarium business, including education about the value of life, nutritional education, and contributions to environmental conservation and local communities. Others commented that this was the first time that they had heard about "blue carbon" concept, and that they had learned that the sea absorbs a higher percentage of carbon dioxide than forests.



Mr. Nobuyuki Furukawa

Lecture: The Role of the FSC® in International Forest Certification—A Green Symbol Linking You with Forests

(Ms. Emika Kono, Key Account Officer, Forest Stewardship Council Japan, approximately 80 participants)
Participants felt that using the FSC® management standards as the starting point for a presentation about the management of company-owned forests was a novel approach. They said that the mini-lecture had reminded them about the importance of integrated management encompassing not only forests but also finished products. Others said that they had learned that certified products were sold and used in many places, and that in the future they would try to choose goods on the basis of environmental responsibility as well as price.



Ms. Emika Kono



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Initiatives toward Environmental Value Creation

Environment-Related Business

The increasing seriousness of climate change, population growth, resource depletion, and other issues is reflected in growing public interest in nature and biodiversity conservation, the low-carbon, recycling-oriented society, and renewable energy, as well as in an expanding range of initiatives targeting these issues.

Mitsui & Co. engages in a wide range of business in the world around us, and, under the Environmental Policy Action Guidelines, it positions active participation in finding industrial solutions for environmental issues as one of its highest management priorities. Accordingly, we carry out a broad spectrum of environment-related business activities on a global group basis.

In the renewable energy field, responding to global warming and building a sustainable society, Mitsui is pursuing and strengthening its initiatives related to renewable energy projects all over the world. As of March 31, 2017, renewable energy, including hydroelectric power, accounted for approximately 20% of Mitsui's total power generating capacity of 10.4GW.

In the modal shift field, we are contributing to building and improving transportation infrastructure

through our engagement in the development and operation of various railway projects, in addition to our long-term railway lease business. As of the end of March, 2017, the total railroad track network in which Mitsui is involved now amounts to 10,700 kilometers for freight services and 1,922 kilometers for passenger trains.

In the resource recycling field, in addition to development of underground resources, Mitsui has also positioned the recycling of aboveground resources as an area for emphasis within its comprehensive energy and environmental strategy. The objective of these activities is to offer industrial solutions to environmental problems and provide stable supplies of various resources.

In the paper manufacturing resource business, Mitsui has been engaged in afforestation projects on the scale of about 30,000 hectares with the aim of securing resources for pulp and paper manufacturing. By cultivating sustainable forests, these projects contribute to protecting valuable natural resources, absorbing and chemically immobilizing carbon dioxide, preserving biodiversity, and preventing soil erosion and salt pollution.



Bii Stinu Wind Project (Oaxaca, Mexico)



Siemens Electric locomotive in Europe



Precision Agricultural Solutions Business



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Initiatives toward Environmental Value Creation

Renewable Energy

Activity

Project	Company name	Country	Generating capacity/Scale
Solar power generation business	Haneda Solar Power Co., Ltd.	Japan	2MW
	Tottori Yonago Solar Park	Japan	42.9MW
	Izumitsu Solar Park	Japan	19.6MW
	Tomatoh Abira Solar Park	Japan	111MW
	Kumamoto Arao Solar Park	Japan	22.4MW
	Omuta Miike Port Solar Park	Japan	19.6MW
	Hamamatsu Solar Park	Japan	43MW
	Tahara Solar-Wind Joint Project	Japan	50MW
	Brockville Solar	Canada	10MW
	Beckwith Solar	Canada	10MW
Solar thermal power generation business	Guzman Energia S.L.	Spain	50MW
Wind power generation business	NS Wind Power Hibiki	Japan	15MW
	Tahara Solar-Wind Joint Project	Japan	6MW
	Wind Farm Hamada	Japan	48MW
	Norway Wind	Canada	9MW

Project	Company name	Country	Generating capacity/Scale
Wind power generation business	SOP Wind	Canada	40MW
	West Cape Wind	Canada	99MW
	Caribou Wind	Canada	99MW
	Harrow Wind	Canada	40MW
	PAR Wind	Canada	49MW
	Plateau Wind	Canada	27MW
	ELSC Wind	Canada	99MW
	Erieau Wind	Canada	99MW
	Cape Scott Wind	Canada	99MW
	Brazos Wind	U.S.A.	160MW
	Eoliatic del Istmo	Mexico	164MW
	Eoliatic del Pacifico	Mexico	160MW
	Zajczkowo Windfarm	Poland	48MW
	Biomass power generation business	Green Power Ichihara	Japan
Tomakomai Biomass Power Generation Co., Ltd.		Japan	5.9MW
Run-of-river hydroelectric power generation business	Energia Sustentavel do Brasil	Brazil	3,750MW
	Spanish Hydro	Spain	84MW



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Initiatives toward Environmental Value Creation

Modal Shift

Activity

Business investment (Company name)	Main business	Country	Quantitative effects/ project size
Mitsui & Co. Global Logistics, LTD.	Tokyo Bay barge transportation (Ichihara to Yokohama)	Japan	92.3% reduction in CO ₂ emissions compared to truck transportation
MRC (Mitsui Rail Capital, LLC)	Freight wagon leasing business	U.S.A.	Four global basis (US, Brazil, Europe, Russia) Freight wagons: approx. 16,000 Locomotives: approx. 300
MRC-LA (Mitsui Rail Capital Participações)	Freight wagon rental business	Brazil	
MRCE (Mitsui Rail Capital Europe B.V.)	Locomotive leasing business	Europe	
MRC1520 (MRC1520 LLC)	Freight wagon leasing business	Russia	
VLI	Freight transportation business	Brazil	Operating a railway network of approx. 10,700 km and port terminals
SuperVia (Supervia Concessionária de Transporte Ferroviário S.A)	Passenger railway transportation business (Rio de Janeiro suburban railway)	Brazil	Transportation record: Approx. 620,000 passengers per day (December 2016)
Carioca (Concessionária do VLT Carioca S.A)	Passenger railway transportation business (Rio de Janeiro Light Rail Train)	Brazil	Transportation record: Approx. 30,000 passengers per day (December 2016)
Via Quatro (Concessionária da Linha 4 do Metrô de São Paulo S.A)	Passenger railway transportation business (São Paulo metro line no. 4)	Brazil	Transportation record: Approx. 630,000 passengers per day (December 2016)

Recycling

Activity

Business investment (Company name)	Main business	Country	Business size
MM & KENZAI Corporation	Metal scrap collection and sales business	Japan	Handles 7 million tons/year of metal scrap
Kyoei Recycling Co., Ltd.	Industrial waste processing and gas production	Japan	Processing capacity of 27,000 mt/year, 140,000 Nm ³ /day
Mitsui Bussan Metals Co., Ltd.	Non-ferrous metal scrap and non-ferrous metal product trading business	Japan	Handles 100,000 tons/year of non-ferrous metal scrap
Sims Metal Management Ltd.	General recycling business (metal scrap, electronic device recycling, etc.)	North America, Europe, Australia, New Zealand, and elsewhere	Handles 12 million tons/year of metal scrap, etc.
Wuhan GHM Auto Parts Remanufacturing Co., Ltd.	Remanufacturing of automotive parts	China	360,000 units of remanufactured automotive parts per year

Paper Manufacturing Resource Business

Activity

Business investment (Company name)	Country	Business size
BTP (Bunbury Treefarm Project)	Australia	9,400ha
GTP (Green Triangle Treefarm Project)	Australia	1,500ha
PTP (Portland Treefarm Project)	Australia	1,600ha
BFP (Bunbury Fibre Plantations Pty., Ltd.)	Australia	15,000ha



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Initiatives toward Environmental Value Creation

Other Environment-Related Business

Activity

Project	Main business
Materials for secondary battery use	Structuring systems for the stable production and supply of secondary battery materials, including principally those used in lithium-ion batteries
High-pressurized tanks for NGVs and FCVs	Import and sale of tanks for installation on vehicles powered by natural gas and fuel cells
Car-sharing business	Operation of a car-sharing business that utilizes high fuel-efficiency, low-pollution vehicles (Singapore)
Water treatment business in Mexico	Participation in four major water treatment projects (including one still under construction) in the State of Jalisco and other parts of Mexico through a consolidated subsidiary, Atlatec, S.A. de C.V. (headquartered in Mexico)
Water and sewer concession business in the Czech Republic	In September 2013, Mitsui and FCC Aqualia, a leading water management company in Spain, entered into a water concession business in Ostrava, Czech Republic. The project company is currently supplying drinking water, including bulk water, and a sewage water treatment service for approximately 1.3 million users
High-grade urea solution: AdBlue® business	Mitsui & Co. Plastics Ltd., a consolidated subsidiary, is building and expanding a nationwide network of sales and logistics locations and infrastructure for Mitsui Chemicals' AdBlue®, which converts the nitrogen oxides contained in exhaust gases into harmless water and nitrogen
Solar power generation monitoring service	Mitsui Knowledge Industry Co., Ltd., a consolidated subsidiary, offers cloud-based remote monitoring services to check the operation status of solar power generation facilities and detect any irregular behavior and malfunction
Cloud-based energy saving service	Mitsui Knowledge Industry Co., Ltd., a consolidated subsidiary, offers cloud-based energy saving management service with automatic and remote control of air conditioning operation in commercial facilities
Investment for the development of microbe gas fermentation technology	Mitsui invested in the venture company LanzaTech New Zealand Limited, which is developing technology to convert carbon monoxide (CO) and carbon dioxide (CO ₂) into fuel and chemicals via the microorganism gas fermentation process
Precision agricultural solutions business	Mitsui has acquired an equity stake in Farmers Edge of Canada, a precision agriculture and independent data management solution provider which helps farmers to raise crop yields and reduce costs by assisting them with the implementation of efficient fertilizer application plans, which contributes to reducing environmental burdens
Lithium ion secondary cell business in China	Mitsui contributes to realizing a sustainable energy consumption society by providing solutions to save electricity via our business participation in Tianjin EV Energies Co., Ltd., which manufactures and sells rechargeable batteries for electric automobiles, hybrid automobiles, and plug-in hybrid automobiles in China
Japan-Australia demonstration project for oxyfuel and CCS technologies	Mitsui and other participants carried out a demonstration of the new oxyfuel technology in the Callide Oxyfuel Project, a public-private initiative by Japan and Australia. The project, using carbon capture and storage (CCS) technology, aims for zero-emission electricity generation at coal-fired power stations by recovering CO ₂ from the stations and injecting the gases underground for storage. Demonstration operation at the Callide A Power Station in central Queensland was completed successfully, and we will utilize the technology in commercial projects

Global Warming Prevention Initiatives through Business

Activity

Forest Asset Management Business

With the aim of contributing to the development of a sustainable society through ensuring a stable supply of forest resources, Mitsui concluded an equity participation agreement with New Forests Pty Limited ("New Forests", Sydney, Australia), which has been engaging in forestry asset management business in Oceania, Asia, and North America.

New Forests was established in 2005. It has been entrusted with the control and management of forestry funds worth a total of 2.8 billion Australian dollars (approximately ¥240 billion) and manages forests covering 600,000 hectares. Forestry assets belonging to funds managed by New Forests in Oceania are used mainly to produce paper raw materials and construction timber. Having assets in Asia helps to ensure reliable supplies of wood-based materials to meet growing demand as living standards rise. Other investment targets include rubber plantations in Southeast Asia. In North America, New Forests manages not only forestry resources but also a fund that sells greenhouse gas emission rights to meet the needs of energy companies and other users. In addition to its global business development and management capabilities, New Forests has also adopted forestry asset investment and management policies that comply with the United Nations Principles for Responsible Investment (PRI)*. Under these policies, in principle, all of its investments and business operations must be certified by independent bodies.

Through this investment, Mitsui will contribute to the sustainable development of forestry resources, which relates closely to the global environment and for which further demand growth is anticipated.



A forest plantation managed by New Forests in Australia

* The six Principles for Responsible Investment were announced by the United Nations in April 2006. They call for the reflection of perspectives relating to the environment, society, and corporate governance (ESG) in the decision-making processes and in the shareholding policies of institutional investors.

Wood Biomass Power Generation Business

Mitsui has established Tomakomai Biomass Power Co., Ltd. in Tomakomai City, Hokkaido through a joint investment with Iwakura Corporation, Sumitomo Forestry Co., Ltd. and Hokkaido Gas Co., Ltd. The company has commenced power generation business using wood biomass fuel.

Wood biomass power generation is a carbon neutral method of supplying energy and is expected to contribute to the prevention of global warming. The plan is to utilize 100% of previously unused wood* from forests in Hokkaido, including company-owned forests "Mitsui's Forests" to produce woodchip fuel. This will facilitate the improvement of forests in Hokkaido and contribute to the development of the forestry industry. The project also has considerable social significance, including contribution to community revitalization through job creation.

Mitsui has close links to the region through its Hokkaido Office, and is expanding its network with companies and local governments in the region. We will continue to use our experience with wood biomass power generation to identify new energy projects that can contribute to the stable supply of energy.



Tomakomai Biomass Power

* Forest (timber) resources that have previously not been utilized, such as thinning timber and residual materials from forests.



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Initiatives to Reduce Environmental Load, Including Curbing Global Warming (with Environmental Data)

Concerning the data marked with ★, an independent practitioner's assurance report in accordance with the international standards ISAE 3000 and 3410 established by the IAASB was provided by Deloitte Tohmatsu Sustainability Co., Ltd.

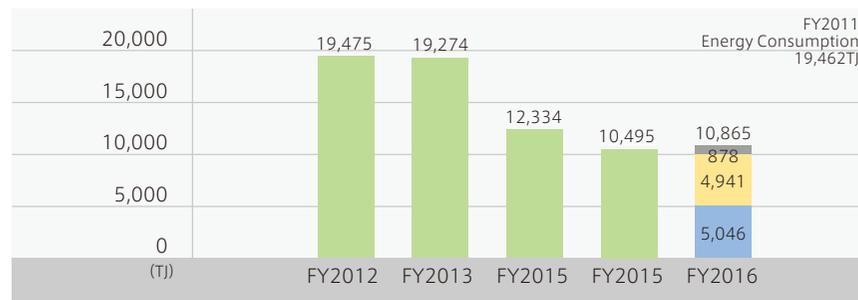
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Management of Environmental Burden on a Global Group Basis

Activity

Mitsui is carrying out initiatives for the reduction of greenhouse gas (GHG) emissions from energy sources on a global group basis. From the fiscal year ended March 2006, Mitsui has continually surveyed its domestic GHG emissions in order to understand its fixed quantity of emissions year by year. Mitsui has also announced its objective of reducing energy consumption for Mitsui itself as well as for its domestic subsidiaries, by an average of over 1% per year. The entire global group is working to achieve the goal through various measures, including improvement in energy efficiency. In addition, Mitsui has begun surveying the GHG emissions of its overseas subsidiaries since the fiscal year ended March 2009 and we are continuing to explore new initiatives to reduce GHG on a global group basis.

Energy Consumption ★



- Steam
- Electricity
- Fuels

CO₂ Emissions ★



Management of Greenhouse Gas (GHG) Emissions

(Unit: 1,000t-CO₂)

	FY2012	FY2013	FY2014	FY2015	FY2016
SCOPE1 ★	1,364	1,460	384	284	314
SCOPE2 ★	366	390	341	338	328
SCOPE3*	—	—	—	42	37
Total	1,730	1,850	725	664	679

* The sources include employees commuting, business trips, logistics amounts, and waste amounts.

Water Consumption

(Unit: Thousand m³)

Fiscal Year	Water Consumption (Thousand m ³)
FY2015	25,846
FY2016	39,502

<Scope of coverage and calculation criteria>

The scope of coverage for energy consumption, CO₂ emissions, and water consumption includes Mitsui, domestic affiliated companies, and overseas affiliated companies:

- Figures for Mitsui are calculated in accordance with the computation criteria stipulated in the Act on the Rational Use of Energy (factories and workplaces). The scope of Mitsui includes not only its Headquarters, offices, and branches, but also buildings owned by Mitsui in Japan as well as buildings, offices, and training centers rented by Mitsui.
- Affiliated companies in Japan are domestic subsidiaries as specified in the Financial Instruments and Exchange Law. Calculation is carried out based on the computation criteria stipulated in the Act on the Rational Use of Energy.
- Overseas affiliated companies are overseas subsidiaries on a consolidated basis. Calculation is carried out based on the computation criteria stipulated in the GHG protocols "Emission Factors from Cross Sector Tools (April 2014).0" and "GHG emissions from purchased electricity (Version 4.7)" of the World Business Council for Sustainable Development (WBCSD) and the Act on the Rational Use of Energy.
- We expanded the scope of coverage (including estimates) for the results of FY2015 and onwards.
- Estimates are calculated by using CO₂ emission factors by country/region released by the International Energy Agency (IEA). The calculation method for the estimates has been changed since FY2016, and figures for the previous fiscal years are recalculated by the current method.



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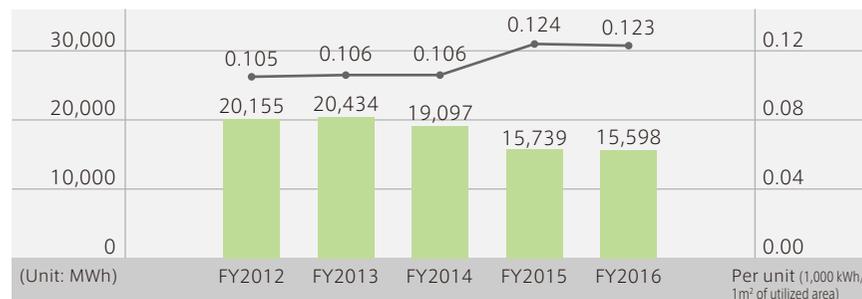
Initiatives to Reduce Environmental Load, Including Curbing Global Warming (with Environmental Data)

Reducing the Environmental Impact of Offices Activity

Activity

All employees at Mitsui strive to reduce the burden on the environment not only when conducting business, but also in their office activities through the efficient utilization of energy resources, as well as the reduction, reuse, and recycling of waste and its proper disposal, with the targets of "reduction of electricity consumption by 1% or higher on average per year" and "a recycling rate of 85% or higher by 2020".

Electricity Consumption ★



Water Consumption ★

At the Headquarters, we use recycled water for toilet flushing in order to promote reduction in water consumption.

The wastewater amount for FY2016 was 61,986 m³ (The amount of wastewater that cannot be measured is calculated on the premise that such amount is equal to the amount of water used).



Paper Consumption ★

We promote reduction in paper consumption by initially setting up every multifunctional printer with double-face printing and other measures. We also promote use of recycled paper to reduce the environmental burden resulting from raw material procurement. The utilization rate of recycled paper for FY2016 was 99%.



Waste ★



■ amount of final disposal
■ Amount recycled

	FY2012	FY2013	FY2014	FY2015	FY2016
Recycling rate (%) ★	76.4	84.4	86.0	81.0	80.5

<Scope of coverage and calculation criteria>

- The scope of coverage for electricity consumption and paper consumption includes all offices in Japan (Tokyo Headquarters, 6 Offices, and 5 Branches).
- The scope of coverage for water consumption and waste includes Tokyo Headquarters and Mitsui-owned buildings (Osaka and Nagoya).
- We changed the calculation method, and recalculated the figures for the previous fiscal years.



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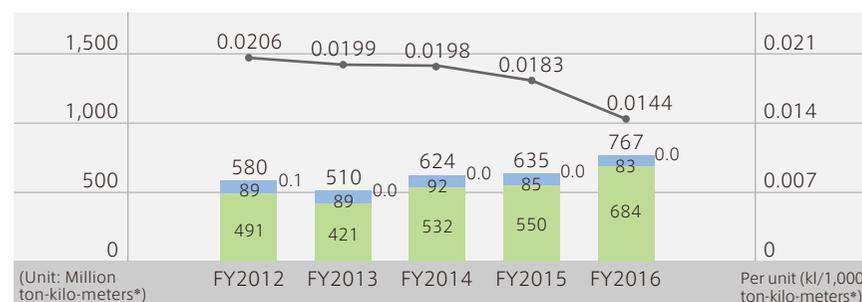
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Initiatives toward Environmentally-friendly Logistics

Activity

In collaboration with our logistics partners, we implement energy saving measures, including promotion of economical driving practices and other fuel-saving techniques, improvement in transportation efficiency by using larger transport vehicles, introducing cargo consolidation arrangements, and reviewing transport routes, and modal shifts using rail and ship transport.

Freight Volumes Handled by Mitsui ★



Legend:
■ Ship
■ Truck
■ Air/Rail

* Ton-kilo-meters are calculated by multiplying the number of metric tons of cargo by the distance (kilometers) they are transported.

Initiatives toward Environmentally-friendly Logistics

Selection of transportation method	Use of railways, shipping (modal shift) Use of sophisticated freight services
Measures to improve transportation efficiency	Use of shared/mixed loading Selection of appropriate vehicle class Optimization of routing and method Scaling up of vehicle size Use of most efficient freight vehicles Review of schedules to avoid congestion
Alliances between transportation service providers and users	Review of distribution frequencies Adoption of coordinated logistics planning
Measures to increase fuel efficiency	Eco-drive driving techniques Installation of fuel-saving equipment

Environmental Accounting/Environmental Liabilities

Activity

Environmental Conservation Costs

The cost of environmental conservation during the fiscal year ended March 2017 is outlined below.

(Unit: 1,000JPY)

Category	Investments	Expenses
Business areas costs	632,787	817,982
Upstream/downstream costs	3,499	86,519
Administration costs	126	442,177
Social activity costs	0	452,707
Environmental remediation costs	0	53
Other cost	8,874	2,536
Total	645,286	1,801,974

<Scope of coverage and calculation criteria>

- The scope of coverage includes all offices in Japan (Tokyo Headquarters, 6 Offices, and 5 Branches).
- We calculated the figures based on the Environmental Accounting Guidelines (2005 version) published by the Ministry of the Environment of Japan.

Environmental Conservation/Economic Effects

Mitsui's environmental conservation and economic effects in the areas of paper consumption and energy consumption during the fiscal year ended March 2017 are shown below.

	Environmental conservation effects	Economic effects (Unit:1,000JPY)
Paper consumption	1,839 Thousand sheets	1,673
Electricity consumption	△15 MWh	32,541

<Scope of coverage and calculation criteria>

- The scope of coverage for paper consumption (Sheet: A4-size sheet equivalent) includes all offices in Japan (Tokyo Headquarters, 6 Offices, and 5 Branches).
- The scope of coverage for electricity consumption includes Tokyo Headquarters and Mitsui-owned buildings (Osaka and Nagoya).
- Environmental conservation/economic effects are calculated by subtracting actual numerical results for the current fiscal year from actual numerical results for the previous fiscal year.

Assessment of Environmental Liabilities

Currently, demands are being placed on corporate management to make proactive efforts regarding environmental issues. In addition to satisfying legal requirements, Mitsui understands the environmental risks (particularly asbestos, PCB, and soil pollution) related to tangible fixed assets such as the land and buildings owned by Mitsui itself, as well as those owned by its domestic group companies, through self-driven surveys, and in light of such risks, makes decisions and judgement related to management policies.



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Initiatives for Preserving Biodiversity

Conservation of Biodiversity through Business

Activity

Eucalyptus Tree-Planting Program

Mitsui is carrying out a eucalyptus tree-planting program in Australia, together with partners such as Nippon Paper Industries Co., Ltd., for the stable provision of wood chips (the raw material for paper). As of the end of March 2017, the total area planted stood at around 30,000 hectares, and the project was in its second rotation. We will continue to develop this business while ensuring appropriate management with proper consideration for the environment from a long-term perspective.

For tree-planting areas, we have acquired either FSC® (Forest Stewardship Council) certification or the Program for the Endorsement of Forest Certification (PEFC) (both of which are international certifications), in order to promote sustainable use and protection of forests. With periodic certification audits, we comply with the criteria set by the relevant certification bodies, and engage in business in consideration of biodiversity conservation.

As an example of our efforts, we preserve wetlands and headwaters in tree-planting areas where many kinds of flora and fauna live, in order to protect the ecosystem of such areas. We are also actively preventing the supplanting of native vegetation by controlling specific invasive weeds. In waterfront and tree-planting sites and surrounding areas, all forest management activities are carried out with reference to the database of rare species (for native reptiles, mammals, birds, fish, etc.) of Australia's Department of Sustainability, Environment, Water, Population and Communities. As a result, these activities also serve to protect native species, headwaters, and water quality.



A forest plantation in Australia

Jirau Hydroelectric Power Plant

Located on the Madeira River in Brazil's Rondonia State, the Jirau Hydroelectric Power Plant uses the run-of-the-river system, whereby the natural flow of the river is used to drive generators. By supplying power to approximately 10 million people in metropolitan Sao Paulo, the facility reduces the need to generate power by burning fossil fuels. As one of the biggest hydropower plants certified by the United Nations, the station also earns emission rights for 6 million tons of CO₂ per year. The Madeira River is a tributary of the Amazon River and forms part of the Amazon Basin, a region that is known for its rich biodiversity but is also under serious threat from forest depletion. Because of its location, the Jirau project has been closely watched by local communities, NGOs, and other stakeholders, and every possible step is being taken to ensure that the plant is operated in an environmentally responsible way. As part of an approximately ¥60 billion environmental program, we conducted preliminary surveys to identify every possible impact that could affect the local environment and communities. We then built hospitals, schools, and new housing to improve the local living environment. Other initiatives include measures to protect wild flora and fauna, such as fish and mammals. Unlike hydropower schemes with reservoirs or pumped-storage systems, which require the construction of dams to block rivers, run-of-the-river hydropower schemes minimize the impact on local ecosystems resulting from the separation of upstream and downstream areas. The Jirau project also has a fishway, which effectively protects fish species that need to swim upstream in the spawning season. The huge scale of this project is matched by the scale of the environmental countermeasures undertaken. Knowledge and expertise gained from these countermeasures will be applied to future projects undertaken by Mitsui.



A panoramic view of the power plant

About Initiatives at Mitsui's Forests

Policy

Overview of Mitsui's Forests

Mitsui owns forests in 74 locations in Japan, from Hokkaido in the north to Kyushu in the south. Company-owned forests "Mitsui's Forests" cover a total area of approximately 44,000 hectares, which is equivalent to about 70% of the area of Tokyo's 23 wards, or 0.1% of Japan's territory. In accordance with our Forest Management Policy, we have worked to protect and nurture these forests and make productive use of the benefits that they provide.

Forest Management Policy

Policy

- 1. Guiding Principle** In line with its Management Philosophy, Mitsui will actively contribute to protecting our irreplaceable Earth and fulfilling the dreams of its inhabitants, and we are committed to carefully nurturing our forests to pass them on to the next generation.
- 2. Management Policy** Mitsui gives its forests the status of "assets with a high degree of public use that benefit the whole of society". As well as providing the reusable natural resource of lumber, forests can fulfill a range of socially beneficial functions if properly managed and enhanced on a consistent basis; for instance, they can purify the atmosphere by absorbing carbon dioxide to produce oxygen, and they can act as a reservoir that stores and purifies rainwater. On the other hand, if forests are neglected and not adequately maintained, they may increase the likelihood of natural disasters and develop into a source of other social problems. Aware of the social value that its forests possess, Mitsui regards their long-term ownership and maintenance as an important social responsibility. So as to maximize the socially beneficial functions of our forests, we work to enhance these functions based on the FSC's Forest Management Principles and Criteria, and also SGEC's Forest Management Certification Principles and Indicators.
- 3. Activity Policy** In its concrete activities in the context of its forest holdings, Mitsui will act conscientiously on the basis of the management policy outlined above, giving full consideration to their social significance and maintaining a strong awareness of their environmental impact. Accordingly, we will redouble our efforts in the following areas:
 - Offering Forest Environmental Programs to stakeholders
 - Research work and concrete action to preserve biodiversity
 - Achieving sustainability in the production of wood materials as a reusable natural resource and promoting their utilization as wood biomass





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Initiatives for Preserving Biodiversity

Social Value of Forests

Activity

Appropriate forest management is just part of our commitment. We are also actively engaged in initiatives to utilize forest resources on various levels. As part of our contributions to society and to local communities, we use our forests for environmental education activities. Resources from our forests are also used to support cultural activities and traditional events in surrounding areas, as well as reconstruction in areas affected by the Great East Japan Earthquake of 2011. Mitsui supports the campaign to promote the use of Japanese-grown timber as a way of revitalizing the Japanese forestry industry and providing additional impetus for regional development. We utilize Mitsui's Forest resources for a wide range of purposes, including the use of timber from our forests in our offices, and stable provision of wood biomass fuel for local biomass power generation projects.

In the area of environmental education, Mitsui's Forests are used for field studies that teach people about the role of forests, for forestry experience programs, and for various other activities within and beyond the Mitsui organization. We also provide "Visiting Lectures" at elementary and junior and senior high schools throughout Japan to present lessons about the functions and management of forests and the role of forestry. In the area of helping to protect culture, we have entered into an agreement with the Biratori Ainu Association and the town of Biratori in Hokkaido concerning the protection and fostering of Ainu culture.

In order to contribute to local communities, we also have started to promote the use of wood biomass as an alternative to fossil fuels. For example, we are providing steady supplies of wood biomass from Mitsui's Forests for a biomass power generation project in Tomakomai, Hokkaido, which became operational in December 2016.



Forestry program (tree thinning experience) at the company-owned Kameyama forest

Cultivating Different Types of Forests: Forest Management Zoning

System

Mitsui's Forests are divided into Forests for Regeneration and Harvest (approximately 40%) and Natural Forests and Naturally Regenerated Forests (approximately 60%). Forests for Regeneration and Harvest are forests that have been planted and cultivated by human hands, follow a repeated cycle of planting, cultivating, harvesting, and are utilized for the production and supply of lumber resources. Natural Forests are forests that have been cultivated through natural action, while Naturally Regenerated Forests are forests that have grown back mainly through natural action following deforestation due, for instance, to a natural disaster or tree-harvesting. Forests in these categories are maintained in their natural state. Areas within these forests that are particularly important from the viewpoint of biodiversity are designated as Biodiversity Conservation Forests (approximately 10% of all Mitsui's Forests).

Mitsui manages Mitsui's Forests in accordance with the forest management zoning categories as shown below. Appropriate management is applied to each forest category.



Tashiro forest, which has been assessed as being of great significance in terms of its high level of biodiversity

Management zoning categories of Mitsui's Forests

Category		Definition	Area (ha)	
Forests for Regeneration and Harvest	Harvest-oriented Sustainable Cycle Forests	Forests for the production and supply of lumber resources through the repeated cycle of harvesting, planting, and cultivating.	6,839	
	Natural Restoration Forests	Forests to be restored as Naturally Regenerated Forests consisting of coniferous and broad-leaved trees.	10,631	
Forests for Regeneration and Harvest, Natural Forests and Naturally Regenerated Forests	Biodiversity Conservation Forests	Special Conservation Forests	Forests confirmed to support a large number of rare creatures whose habitat requires protection.	324
		Environmental Conservation Forests	Forests confirmed to support a large number of rare creatures whose habitat requires protection.	875
		Water and Soil Conservation Forests	Forests with plentiful water stocks that form a water resource, reduce the risk of natural disasters, or have other major socially beneficial functions that contribute to the safeguarding of the water supply and the preservation of ecosystems.	3,164
		Cultural Conservation Forests	Forests requiring protection due to the particularly high value of their "cultural services"—functions that nurture traditions and culture and form part of the "ecosystem services" that are dependent on biodiversity.	117
Naturally Regenerated Forests	Productive Naturally Regenerated Forests	Forests to be cultivated for tree species useful as a source of lumber.	1,814	
	General Naturally Regenerated Forests	Forests not composed of productive species but to be cultivated for increased social value.	19,149	
	Other Naturally Regenerated Forests	Naturally Regenerated Forests other than in the above categories.	1,504	
Total			44,417	

Forest Certification

System

For all of the Mitsui's Forests (approximately 44,000 hectares at 74 locations), Mitsui has acquired FSC® certification, which is an international forest certification, and Sustainable Green Ecosystem Council (SGEC) certification, which is a Japan-specific forest certification.

Forest certification is given based on assessments regarding whether fixed criteria are met concerning forest management methods. The spread of such certification prevents unregulated deforestation, preserves healthy forests, and helps protect the global environment.

In December 2009, we achieved certification for all Mitsui's Forests under the FSC® international forest standards. Mitsui was the first private company in Japan to obtain this certification for large-scale forests covering an area of over 10,000 hectares.

The FSC® certification is a type of certification established by the Forest Stewardship Council (FSC®), an international NGO with a membership system that operates an international forest certification system. FSC® has 10 principles and 70 criteria for forest management from perspective of environment, social, and economy. Certification criteria not only focus on whether the forest manager is carrying out appropriate management from an economic standpoint, but also look at consideration for the environment, maintaining favorable relationships with regional communities near the forest, and other factors. When Mitsui completed the certification procedures, a survey was given to stakeholders in our 74 forestlands across Japan. This survey confirmed that Mitsui and our subsidiary Mitsui Bussan Forest Co., Ltd., which manages the forestlands, have built a favorable relationship with all local communities.



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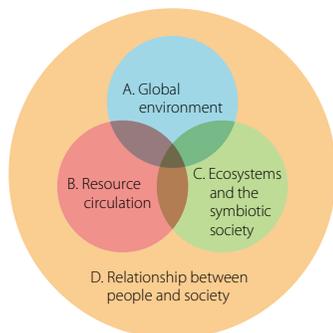
Addressing Environmental Issues through Contribution to Society

Overview of the Mitsui & Co. Environment Fund

System Activity

In July 2005, Mitsui launched the Mitsui & Co. Environment Fund as a grant program that aims to contribute to the sustainable development of society and address global environmental problems by supporting various activities and research projects pursued by NPOs, universities, and other entities. Since the fiscal year ended March 2012, when the Great East Japan Earthquake occurred, Mitsui has also been engaged in recovery efforts aimed at achieving the sustainable development of society through initiatives to mitigate and resolve environmental problems caused by the earthquake and the accompanying tsunami. In addition to its financial support for the activities and research conducted by NPOs, universities, etc., the fund is also encouraging Mitsui's officers, employees, and their families to participate in the activities conducted by the groups or organizations that received our grants, as volunteers. As of the fiscal year ended March 2017, we have awarded grants totaling ¥5.56 billion to 538 projects.

Launched	July 1, 2005
Screening structure	Sustainability Committee, Project Deliberation Panels, Project Selection Meeting (including external experts)
Grant program	<ul style="list-style-type: none"> • Activity Grants • Research Grants For practical activities or research providing concrete proposals, which contribute to the sustainable development of society and address global environmental problems.
Focus fields	A. Global Environment B. Resource Circulation C. Ecosystems and the Symbiotic Society D. Relationship between People and Society
Eligible groups or organizations	NPOs, NGOs, general incorporated associations and foundations, public interest incorporated associations and foundations, special civil foundations, universities, and national institutes of technology



Sustainable development of society

Selection of Grant Recipients

System Activity

[Message from a Selection Committee Member]

The global social and economic situation relating to the environment is changing significantly, including the signing of the Paris Agreement as a response to climate change, the adoption of the SDGs by the United Nations, and the emergence of EGS investment. Every aspect of life is being affected by these changes. There has also been a significant shift of direction in the criteria used to select issues for the Mitsui & Co. Environment Fund.

In the past, we tended to prioritize the conservation of ecosystems and biodiversity. Our priorities today include the reduction of CO₂ emissions, the solution of societal issues, and the governance of all organizations in relation to these issues.

These changes were reflected in our approach when calling for applications for Mitsui & Co. Environment Fund grants in the fiscal year ended March 2017. We gave priority in our selection process to activities and research that would take up the challenge of finding solutions for issues that are regarded as socially significant. We will continue to emphasize these aspects going forward by striving to select proposals that demonstrate high aspirations toward our goal of contributing to the creation of a sustainable society for the future, and a commitment to social change.

Grants awarded

(Unit: number of projects, ¥million)

	Activity Grants		Research Grants		Total	
	Number	Value	Number	Value	Number	Value
FY2005	15	117	—	—	15	117
FY2006	18	217	—	—	18	217
FY2007	48	437	23	456	71	893
FY2008	51	523	24	368	75	891
FY2009	34	311	17	213	51	524
FY2010	28	244	22	285	50	529
FY2011*	52 (43)	528 (463)	46 (34)	603 (481)	98 (77)	1,131 (944)
FY2012*	36 (22)	237 (157)	14 (2)	112 (13)	50 (24)	349 (170)
FY2013	20	165	15	150	35	315
FY2014	21	118	8	85	29	203
FY2015	15	155	10	65	25	220
FY2016	11	92	10	79	21	171
Total	349	3,144	189	2,416	538	5,560

* Figures in parentheses show the Great East Japan Earthquake Restoration Grants. However, since the fiscal year ended March 2014, we have continued to support restoration projects within the framework of regular programs, without providing a separate additional framework. The total value of the restoration projects since the fiscal year ended March 2012 is ¥1,308 million.