Mitsui & Co.’s Materiality

Mitsui & Co. prioritizes and focuses on sustainability in its corporate management. We have identified Mitsui’s material issues (“materiality”) for the company to focus on, with the aim of meeting the expectations of a variety of stakeholders and contributing to the creation of a future where the aspirations of the people can be fulfilled, as set out in our corporate mission.

We explain the themes set out under Mitsui & Co.’s Materiality, and how we have linked these to the SDGs to focus our efforts on tackling the SDGs’ 17 goals and 169 targets. We also introduce some of the specific activities we implemented during the fiscal year ended March 2018.

Detailed reports on each of the themes addressed in “Mitsui & Co.’s Materiality” can be found in P.19–90.
Identification Processes on Materiality

In March 2015, Mitsui & Co. defined five Material Issues for the company as the important management indices. In the specifying process, we identified various issues with respect to international frameworks, such as ISO 26000, and GRI Guidelines, and narrowed down the materiality for stakeholders based on our dialogue with business associates, NPOs & NGOs, experts, and other stakeholders.

To ensure compatibility between the identified materiality and key corporate priority measures and strategies for each business domain, we carried out deliberations at the CSR Promotion Officer’s meeting (current Sustainability Promotion Officer’s meeting) and CSR Promotion Committee (current Sustainability Committee) and asked external experts to verify the adequacy, in order to define the key priority issues.

Then, the identified material issues were approved by the Corporate Management Committee and the Board of Directors and were shared with all officers and employees.

At the same time, as a management approach in line with the GRI Sustainability Reporting Standards, we define specific themes to work on each material issue, and clearly indicate relevant policies and set targets accordingly.

Through this approach, we strive to implement measures to address issues by identifying material aspects and boundaries as indicated by GRI.

Identification and Review for Materiality

Review Process on Materiality

Each aspect of the materiality and the relevant themes to be addressed will be periodically reviewed in order to meet the changing needs and expectations of society and to reflect them in our Medium-term Management Plan and take into account those changes impacting the economy, environment, and society in our sustainable management.

As the basis for the periodical review, we have adopted the international initiatives that are stipulated in the diagram below:

- United Nations Global Compact
- Sustainable Development Goals (SDGs)
- OECD Guidelines for Multinational Enterprises
- Universal Declaration of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- Guiding Principles on Business and Human Rights
- ISO26000
- GRI Sustainability Reporting Guidelines

Recognition of society’s concerns & expectations, and environmental & societal issues through communication with stakeholders

- Stakeholders identified for communication:
  - Shareholders/investors, business associates/consumers, government bodies, NPOs/NGOs, local communities, employees, etc.

- International initiatives taken into account (basic frameworks):
  - UN Global Compact, SDGs, OECD Guidelines for Multinational Enterprises, Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, Guiding Principles on Business and Human Rights, ISO26000, GRI G4 Sustainability Reporting Guidelines

Periodic reviews

Verification of compatibility with Mitsui & Co.'s management philosophy, policies and business plans

- Compatibility perspectives—
  - Management philosophy, Long-term Management Vision, Medium-term Management Plan, Impact Assessment on Management (growth potential, profitability, risks and opportunities), Specially Designated Business Management System

Sustainability Committee (organization under the Corporate Management Committee)

Identification of materiality & obtaining internal approvals

Mitsui & Co.'s Materiality

Value creation and solution for societal issues through Mitsui & Co.'s entire business activities, which include environmental & social contribution activities
Mitsui & Co.’s Approach

Protection of the Global Environment

Recognition of societal issues

As a corporation that operates across countries and regions around the world, we recognize that impact on the global environment has the potential to risk the sustainable growth of society and our company. In relation to climate change mainly caused by greenhouse gas emissions, corporate response plays a particularly crucial role in efforts to build a sustainable society. In recent years, this has been shown by the adoption of the Paris Agreement under the United Nations Framework Convention on Climate Change, as well as by the formulation of the Taskforce on Climate-related Financial Disclosures (TCFD) guidelines. At the same time, we recognize that responding to climate change also brings new business opportunities, including low-carbon energy, environmentally-friendly infrastructure and products, and innovative services that utilize digital technology.

- Global warming, climate change
- Loss of biodiversity
- Energy and water shortage
- Environmental pollution

Main risks and opportunities

- **Risks**
  - Risks arising from policies and legal systems related to the transition to a low-carbon economy, and risks to supply and demand in existing business resulting from the creation of new technologies and new markets; risks to companies’ operations from cyclones and hurricanes caused by the physical effects of climate change, and risks to production volumes for agriculture, forestry, and fishery products from abnormal weather (high temperatures/drought); and higher environmental costs resulting from ecosystem destruction, degradation, etc., as a consequence of business activities.

- **Opportunities**
  - Expansion of environment-related markets due to increased environmental awareness and the tightening of regulations; demand for high-efficiency power plants; creation of new business models through the circular economy and sharing; expansion of business domains as a result of energy diversification, such as sustainable energy; and handling of products and services that contribute to a low-carbon society by controlling energy consumption and greenhouse gas emissions.

For further information on our responding to climate change through our business, please refer to the link below.

For further information on our responding to climate change through our business, please refer to the link below.

Mitsui’s Approach

We rigorously comply with environment-related laws, regulations, and treaties. We strive to prevent environmental pollution and curb greenhouse gas emissions, to adapt to climate change, and to maintain biodiversity. We are alert to environmental impacts and work to mitigate those impacts. We use our integrated strengths and work in cooperation with our partners to achieve rational, long-term industrial solutions to environmental problems. We systematically provide grants, through the Mitsui & Co. Environment Fund, for university research and NPO/NGO activities that contribute to the solution of environmental problems, efficient resource utilization, protection of ecosystems, and harmonious coexistence between ecosystems and human beings.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Related policies and guidelines, and targets set</th>
<th>Identifying material topics</th>
<th>Boundary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Management</td>
<td>- Environmental Policy</td>
<td>Economic Performance ○ ○ ○</td>
<td>○ ○ ○</td>
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<tr>
<td>Initiatives toward Environmental Value Creation</td>
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<td>Environmental Compliance ○ ○ ○</td>
<td>○ ○ ○</td>
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<tr>
<td>Initiatives to Reduce Environmental Load, including Curbing Global Warming</td>
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<td>Economic Performance ○ ○ ○</td>
<td>○ ○ ○</td>
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<tr>
<td>Initiatives for Preserving Biodiversity</td>
<td></td>
<td>Indirect Economic Impacts ○ ○ ○</td>
<td>○ ○ ○</td>
</tr>
<tr>
<td>Addressing Environmental Issues through Contribution to Society</td>
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<td>Energy ○ ○ ○</td>
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<tr>
<td></td>
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<td>Emissions ○ ○ ○</td>
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<td>Effluents and Waste ○ ○ ○</td>
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<td>Water ○ ○ ○</td>
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<td>Social Contributions Policy ○ ○ ○</td>
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For further information on our responding to climate change through our business, please refer to the link below.

Integrates Report 2018 (P.028-029)
Mitsui & Co.’s Approach

Recognition of societal issues

The establishment of supply sources for resources, such as energy, metals, water, food resources, chemicals, and materials, as well as the stable supply of these resources and materials have become important social priorities because of demand expansion driven by population growth and the desire for a better standard of living, especially in emerging countries.

- Population increase and expansion of demand for resources and materials
- Expanded responsibility for environmental and social aspects in supply chains

Main risks and opportunities

- **Risks**
  - Suspension of business operations and instability in the supply of energy and food resources because of climate change and population growth.
- **Opportunities**
  - Sustainable resources development and food supply, reinforced competitiveness through consideration for the environment, labor and social aspects, and measures to ensure traceability across entire supply chains.

We work with suppliers, users, and business partners in Japan and overseas to engage in resource development, production, product distribution, processing, and recycling initiatives in various parts of the world. We also strive to build optimized supply chains through the improvement of infrastructure and logistics, including the development of railroad transportation and port facilities. At the same time, we work to identify sustainability priorities and achieve comprehensive improvements and solutions across the supply chain as a whole.

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Resource Development, and the Securing and Stable Supply of Materials and Food</td>
<td>Indirect Economic Impacts</td>
<td>○</td>
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<tr>
<td>Promotion of Supply Chain Management</td>
<td>Supply Chain CSR Policy</td>
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<td>Supplier Environmental Assessment</td>
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<td>Supplier Social Assessment</td>
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<td></td>
<td>- Ensuring that 100% of new suppliers are aware of the policy</td>
<td>Child Labor</td>
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<td>Forced or Compulsory Labor</td>
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Mitsui & Co.’s Approach

Enhancement of Local Industrial Bases & Quality of Life

Recognition of societal issues

We recognize the importance of contributing to the lives of people in the countries and regions where we do business, with respect to the enhancement of quality of life, development of local industries, development of the educational environment, and the creation of employment opportunities.

- Ageing infrastructure in developed nations
- Infrastructure development in emerging countries
- Food safety and reliability
- Maintenance of health, securing of medical, nursing-care, and welfare services

Main risks and opportunities

- **Risks**
  Loss of credibility due to safety or health problems affecting infrastructure users or final consumers of products and services.

- **Opportunities**
  Expansion of markets through infrastructure development, measures to ensure food safety, and “healthcare ecosystem” development aimed at enhancing the quality of life in emerging countries, etc., and creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities.

Mitsui’s Approach

Through our business activities, we engage in developing the infrastructure needed for growth and prosperity in countries and regions all around the world, including electric power, transportation and communications. We also strive to improve basic services, such as healthcare and care for the aged, to create new value, envisaging a future in the next-generation business domains that embody innovation, and to develop local industries and create employment.

We also contribute to developing human resources with global perspectives and improving the educational environment through the hosting of endowed lecture programs at universities and through a variety of education funds and scholarships.
Mitsui & Co.’s Approach

Recognition of societal issues
As a company with a diverse range of value chains in many countries and regions, we regard respect for human rights, including those of business associates and consumers, based on international standards as the foundation of sustainability management.

- Greater responsibility for human rights in the supply chain (labor practices, impact on local residents, etc.)
- Consideration for indigenous people in conjunction with resources development
- Illicit use of personal information that may be obtained via the increasingly widespread use of Internet and digital communications technology

Main risks and opportunities

Risk
Disputes or protests concerning human rights issues in every spectrum of business that could hinder the start-up or continuation of business, and leakage of information held by the company that could be used to identify individuals

Opportunity
Strengthening of the ability to ensure stable supply through consideration for human rights across all supply chains.

Being aware of our role as a member of the international community, we work to understand the culture, traditions, and practices of each country and region in which we operate. We are working to ensure there is no discrimination based on race, belief, gender, social status, religion, nationality, age, or mental or physical abilities, and take action to rectify labor practices that violate human rights. We are committed to the eradication of forced labor and child labor. We do not condone any form of child labor and are committed to following minimum working age laws wherever we operate. We are committed to complying with laws concerning slavery and human trafficking wherever we operate. Acknowledging that our responsibility extends beyond legal compliance within our own operations, we also work to ensure that human rights are respected in the supply chain. We are also contributing to the development of a society in which human rights are respected, by preventing the illicit use of personal information through implementation of countermeasures against increasingly sophisticated and devious cyber attacks and the resulting risk of the leaking of information that could be used to identify individuals.
Recognition of societal issues

Corporate governance is the foundation for our efforts to make a continuing contribution to society through our business activities and maintain our status as a company trusted by society. We regard the enhancement of corporate governance and internal controls as key priorities, in addition to the fostering of human resources who support these efforts and constitute the foundation for all of our company’s business activities.

- Malfunctioning of corporate governance and internal controls
- Stagnation in productivity due to cookie-cutter working styles
- Diversification and globalization of human resources

Corporate governance is the foundation for our efforts to make a continuing contribution to society through our business activities and maintain our status as a company trusted by society. We regard the enhancement of corporate governance and internal controls as key priorities, in addition to the fostering of human resources who support these efforts and constitute the foundation for all of our company’s business activities.

Main risks and opportunities

- **Risks**
  - Impact due to lack of appropriate decision making from a broad perspective, corruption in business of high public significance in emerging countries and other markets, and suspension of business operations due to information security problems.

- **Opportunities**
  - Contributions to labor productivity improvement via innovation in working styles, promotion of fair and equitable treatment and meaningful human resources training, enhancement of individual competitiveness through promotion of diversity management, and creation of new business opportunities focusing on the solution of societal issues through heightened employee sustainability awareness.

In order to maintain our status as a company trusted by society, we work to maintain effective governance, ensure fair business practices, and prevent corruption. We review working styles from the perspectives of productivity and efficiency, while creating an environment in which diverse individuals can reach their full potential. In this way, we will enhance our corporate competitiveness. Moreover, to strengthen the driving force of Mitsui & Co., we will further demonstrate our integrated strengths and our ability to connect at an even greater magnitude, and develop human resources capable of taking responsibility for global group management equipped with the capacity to create businesses that would make a meaningful contribution to the society.