

Governance

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Integrity and Compliance



Our Approach towards Integrity and Compliance

Policy

Mitsui & Co. considers a sound reputation to be the foundation of business, and recognizes that it is only through a strong compliance culture that we can maintain our reputation and the trust of society. In our pursuit of compliance, we recognize that it is essential not only to comply with laws and regulations but also to behave and act with integrity.

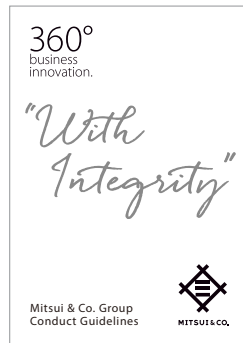
In order for the Mitsui & Co. global group to continue to be a truly trustworthy corporate group for society, we make serious efforts to heighten awareness among all officers and employees of the importance of upholding integrity and to maintain our status as an organization with integrity on a global-group basis.

Mitsui & Co. Group Conduct Guidelines and Business Conduct Guidelines for Employees and Officers


Policy

Mitsui & Co. Group Conduct Guidelines "With Integrity"

Each of the Mitsui & Co. group companies has individually established its own business conduct guidelines based on its specific business activities. In November 2018, we drew up the Mitsui & Co. Group Conduct Guidelines "With Integrity" to further clarify our basic approach towards integrity and compliance that has been shared on a global group basis. By each of us putting these guidelines into practice in our day-to-day work with the Five Key Principles as guideline core elements, the Mitsui & Co. group will be able to continue to respond to the trust placed in us by society with good faith and sincerity.



Our Stories: Build an organization with integrity

 P.35 Sharing Values by Promoting the Concept of Integrity

SDGs : 5.5, 10.2, 10.3, 16.5



Mitsui & Co. Group Conduct Guidelines "With Integrity"

Five Key Principles

1. We will comply with laws and regulations, and act to the highest ethical standards. We will respect human rights and never engage in discrimination of any kind.
2. We will respect the individuality and diversity of every employee, and foster a culture of open-mindedness.
3. We will engage in fair business practices, and respond to the trust placed in us by society with good faith and sincerity.
4. We will place value on the global environment, and contribute to the realization of prosperity and a high quality of life for society.
5. We will speak up with courage when we have doubts or feel that something is wrong, for the good of the company.



Mitsui & Co. Group Conduct Guidelines "With Integrity"

Business Conduct Guidelines for Employees and Officers

The "Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd." ("Business Conduct Guidelines") specify how every Mitsui employee and officer should act in his/her daily activities, from the perspective of compliance with laws and regulations, internal rules, and corporate ethics. The Business Conduct Guidelines help us fulfill our corporate social responsibility and gain the trust of our stakeholders. They have been revised from time to time since their establishment in February 2001, to reflect changing times.

To ensure that all our employees develop a proper understanding of the Business Conduct Guidelines and to review the effectiveness of these guidelines, we implement training and e-learning courses on a regular basis under the supervision of the Board of Directors, and at the same time, we require that all employees make a pledge to comply with the Business Conduct Guidelines every year.

Likewise, each of our group companies has formulated and implemented its own individual business conduct guidelines, based on the Business Conduct Guidelines, in the way best suited to its specific business activities. In addition, we have put in place business conduct guidelines in our overseas business locations, reflecting the local laws and regulations, and customary practices, of the countries in each region.

Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.

- | | |
|---|--|
| 1. Compliance with the Law and Respect for Human Rights | 8. Company Fund and Financial Reporting |
| 2. Office Environment and Harassment | 9. Political Donations and Other Contributions |
| 3. Compliance with Antitrust Law | 10. Social Contributions |
| 4. Conflicts of Interest between Employees and the Company | 11. Protection of the Environment |
| 5. Gifts and Favors | 12. Action against Corporate Racketeering and Industrial Espionage |
| 6. Treatment of Company Information | 13. Reporting and Sanctions |
| 7. Compliance with Procedures for Export and Import and Other Applicable Laws | |

Compliance Framework

System

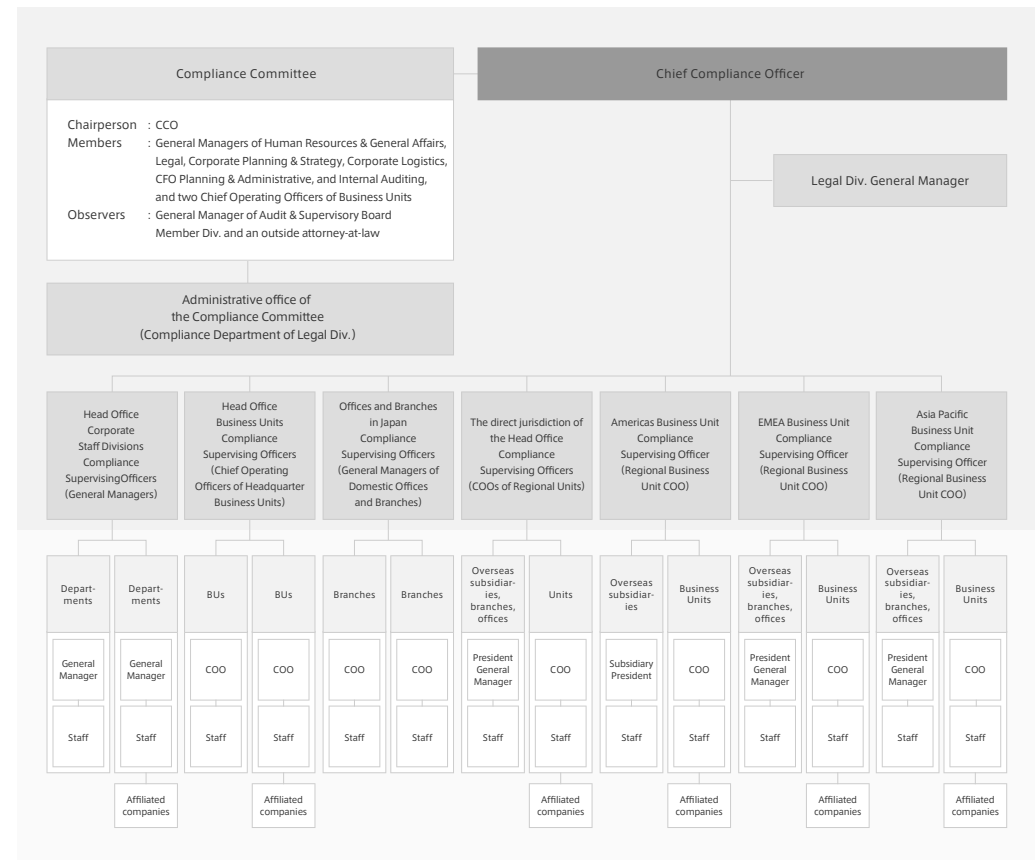
The Compliance Department of the Legal Division leads compliance-related initiatives on a global group basis under the direction and supervision of the Chief Compliance Officer (CCO) and in collaboration with the Compliance Supervising Officers appointed in each of Mitsui's business units, and branches and offices in Japan and overseas. The objectives of these efforts implemented on a Mitsui & Co. global group basis are to: (i) heighten compliance awareness, (ii) improve and strengthen compliance programs, and (iii) respond to specific compliance-related matters as they arise.

In addition, the Compliance Committee has been established as a forum for discussing topics relating to compliance. As the development of a compliance framework is becoming ever more important, we have increased the number of the Compliance Committee meetings since the fiscal year ended March 2019. We also reviewed the composition of committee members, and added two business unit COOs as committee members to facilitate discussions that reflect business frontline aspects. With the participation of external attorneys, the Compliance Committee discusses action plans for improving the compliance framework based on various compliance-related matters that have been reported. The minutes of the committee meetings are released on the company intranet.

The Board of Directors has a function of supervising the operation and other related matters of the compliance framework on a global group basis, and, in principle, the CCO reports to the Board of Directors twice a year on the operational status of the compliance framework, as well as the results of deliberations at the Compliance Committee meetings. The Board of Directors actively discuss key measures to be taken going forward. In formulating the Mitsui & Co. Group Conduct Guidelines "With Integrity," external directors and Audit & Supervisory Board members made specific suggestions and comments in relation to the content of the guidelines and awareness-raising activities, and those suggestions and comments have been reflected in the guidelines.

In addition, Mitsui & Co. group CCO meetings, in which CCOs of Mitsui and its affiliated companies in Japan participate, and overseas office CCO meetings, are held regularly in order to actively exchange information and opinions about optimum initiatives and other related matters, thereby strengthening the compliance framework on a global group basis.

In the event of a compliance violation, or a risk of a compliance violation, the corresponding Compliance Supervising Officer such as the COO of business unit, will take the lead in responding to the situation, identifying the causes and formulating recurrence prevention measures, and then report to the CCO. In some cases, the Compliance Department of the Legal Division will take actions under the leadership and supervision of the CCO. Procedures have been stipulated in advance for the establishment of Crisis Response Headquarters under the direct supervision of the President & CEO to ensure timely and appropriate decision-making on crisis response measures.



Compliance Program

Policy System Activity

SDGs : 16.5

We believe that even if a detailed, fine-tuned compliance program is formulated, the effectiveness of the compliance framework cannot be reinforced without management executives taking the lead in compliance related initiatives. For this reason, the President & CEO, CCO, and other executives are proactively engaging in awareness-raising activities and sending messages to employees continuously and repeatedly on the importance of integrity and compliance.

Specific measures include the promotion of integrity awareness using the Mitsui & Co. Group Conduct Guidelines "With Integrity," the CCO Blog and other media, and the fostering of a Speak Up culture in which people do not hesitate to speak up when they feel that something is going wrong. We also steadily implement compliance awareness surveys, share information about compliance violations, and take steps to prevent recurrences. Other initiatives focus on thorough management in the business frontline, the reinforcement of control over operational processes, and the promotion of human resource mobility. In addition, we provide various types of training and e-learning programs.

Mitsui aims to achieve continual improvement by remaining focused on society's expectations. We also recognize the importance of continually assessing risks relating to our business activities and reviewing our compliance-related measures based on the results of those assessments. Each year, we verify the effectiveness of measures implemented in the previous fiscal year and identify issues based on the results of compliance awareness surveys, the content of discussions by the Compliance Committee and the Board of Directors, exchanges of views with compliance liaison managers in each organization, and feedback from outside assessment bodies. Findings from this process are used in the formulation of activity plans for the next fiscal year.

Compliance Education and Training

Mitsui implements a variety of compliance education and training programs to deepen employees' compliance awareness and disseminate essential knowledge and information about compliance.

In the fiscal year ended March 2019, we provided compliance training for employees at all levels from new entrants to managers, training for employees about to be transferred overseas or to group companies, and seminars, e-learning, and other programs on important laws and regulations in Japan and overseas. We also implemented harassment-related training based on case studies, especially for employees in managerial positions, as part of our efforts to prevent such situations. This training also includes explanations about the procedures that staff should follow when they receive reports or requests for advice about harassment, with the aim of creating an organization in which employees feel safe to speak up about such issues.

In November 2018, we expanded the existing Compliance Review Week program into the Compliance Review



Panel discussion by management executives

Month. Messages were disseminated by the President & CEO, the CCO, and other senior officers, and the CCO, CAO and others presented a panel discussion on the theme of Integrity. The program also included lectures by external speakers. In addition to these company-wide initiatives, individual organizational units also ran active programs that included seminars, information-sharing sessions, and discussions.

In the fiscal year ended March 2019, we ran a course based on a compliance handbook explaining Business Conduct Guidelines for Employees and Officers of Mitsui & Co. for those who had been unable to take the course in the previous fiscal year; we also ran an on-line test to check their level of understanding. The purpose of these activities was to promote assimilation of basic compliance knowledge that officers and employees of Mitsui should possess in order to perform their day-to-day tasks.

Mitsui also maintains an active program of compliance training for officers and employees of group companies. We distributed the Mitsui & Co. Group Compliance Handbook in response to requests from subsidiaries and group companies in Japan. We also provided an e-learning platform to allow the distribution of our own teaching materials and the implementation of an on-line test similar to that used for Mitsui's employees. Overseas offices and group companies also implement compliance education and training programs that reflect local regional characteristics.

Efforts to Ensure Compliance with Applicable Competition Laws

We regard compliance with the competition laws in the applicable jurisdictions as an important issue for our corporate management, and we provide various manuals and hold regular seminars to ensure that all officers and employees are informed of, and comply with, the applicable competition laws. In particular, with respect to the prevention of cartels, we established and enacted the "Code of Conduct in relation to the Prevention of Cartels," as a sub-standard of the Business Conduct Guidelines for Employees and Officers of Mitsui & Co. in November 2018. By presenting a specific code of conduct in relation to the prevention of cartels, we have clarified our stance on ensuring compliance with the applicable competition laws and raise awareness among all of our officers and employees of the compliance requirements. In addition, we also work to ensure that compliance with the applicable competition laws is achieved on a global group basis by each of the Mitsui & Co. group companies, by carrying out education and training on the applicable competition laws while taking into account the characteristics of each respective region.

Initiatives to Prevent Corruption

We also regard compliance with anti-corruption laws in the applicable jurisdictions as an important issue for our corporate management, and have published the Mitsui & Co., Ltd. Anti-Corruption Policy in December 2016 in relation to Mitsui's comprehensive anti-corruption framework and initiatives. When examining new business projects, due diligence is carried out based on this policy, in particular, for projects that are deemed to have a high risk of corruption. In addition, in order to ensure that all officers and employees comply with anti-corruption laws, we have established rules on the management of business entertainment for public officials, as well as rules on the appointment of sales agents, and have also been conducting various kinds of education and training. Furthermore, we have been implementing education and training related to anti-corruption laws at Mitsui's affiliated companies in Japan and overseas as well, promoting the development and operation of an anti-corruption framework which conforms to Mitsui's own framework.

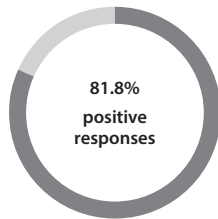
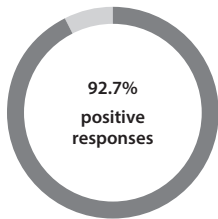
The Board of Directors oversees the administration of the compliance framework on a global group basis, including compliance with the Mitsui & Co., Ltd. Anti-corruption Policy.



Compliance Awareness Survey

Each year we conduct a Compliance Awareness Survey to ascertain the level of compliance awareness of officers and employees in Head Office and branches and offices in Japan. Surveys are also conducted at overseas offices and group companies as required. The results are used in the formulation and implementation of various policies.

- ① Do you think that there is good workplace communication, and that you can easily talk about compliance with your superiors, colleagues, and subordinates?
- ② Do you think that the company is serious about promoting the use of the whistleblowing system?
- ③ If you became aware of a compliance issue, would you use the whistleblowing system to report the matter or seek advice?



In relation to the third question, we are working to make the whistleblowing system easier to use for officers and employees by implementing various measures.

Other Initiatives

We identify lessons from compliance-related matters occurring within the Mitsui & Co. group and develop recurrence prevention measures. Information about such matters that could be useful as reference for the development of compliance systems is shared with other organizations.

As in the previous fiscal year, we held the Mitsui & Co. group CCO meeting, attended by the CCOs of Mitsui and its affiliated companies in Japan, which included seminars and group discussions about the whistleblowing system. In addition, we work to ensure consistent compliance at the group level through visits to key affiliated companies in order



Group CCO meeting

to identify issues affecting each company, and to provide advice about the development and administration of autonomous, self-sufficient compliance programs.

In the fiscal year ending March 2020, we will continue our efforts to deepen information sharing and support the effective development and administration of compliance programs at group companies. Our aim is to ensure that all of our officers and employees always put emphasis on compliance on a global group basis.

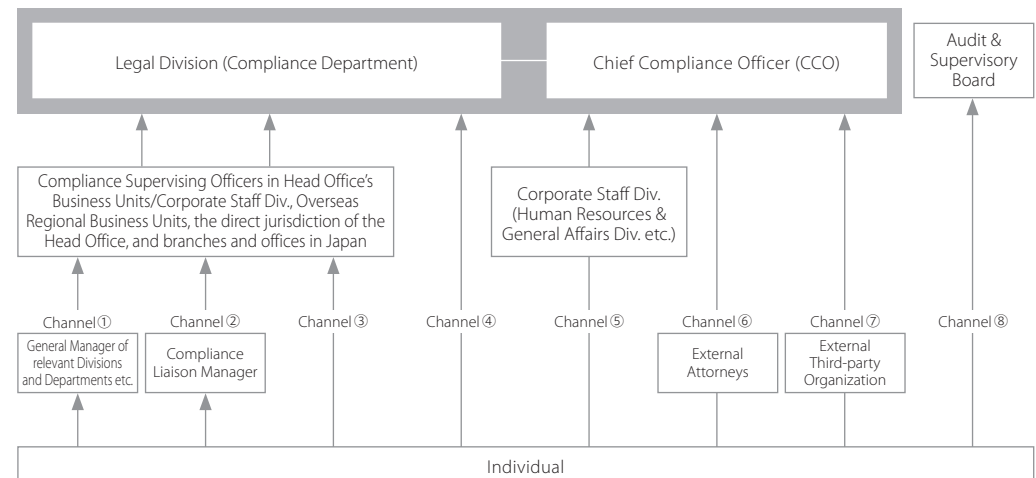
Facilitating Communication and Fostering a “Speak Up” Culture

System Activity

We believe that the essence of compliance lies in the development of an open working environment that reflects our management philosophy and values, so that problems can be prevented through smooth communication. Should problems occur, a report must be immediately made to superiors or to those in charge, so that appropriate action can be taken in a timely manner. Mitsui recognizes the importance of discovering problems at an early stage, and we are actively fostering a culture in which people speak up when they become aware of issues. Management executives continually disseminate the message that we can improve the company by speaking up about issues.

We have established eight channels for reporting compliance-related matters within or outside of the administrative chain of command, including anonymous access to attorneys and independent organizations outside of the company.

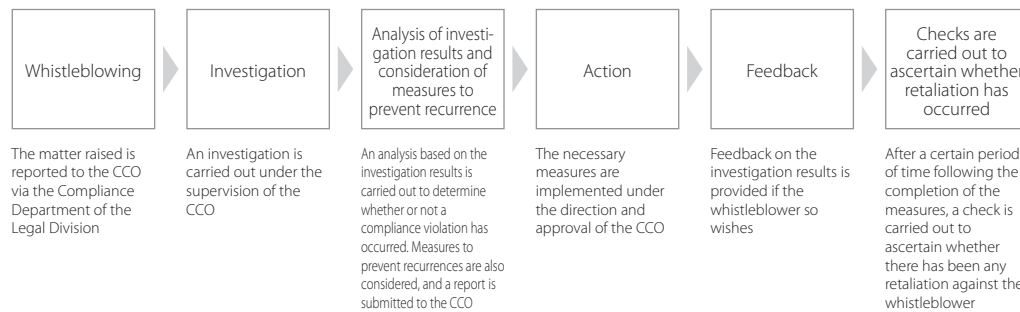
Channels for Reporting Compliance-Related Matters



The most important way to ensure that the whistleblowing system is used effectively is to prevent any form of retaliation against or disadvantageous treatment of whistleblowers. The rules for the whistleblowing system already prohibited such actions against whistleblowers, but in July 2018 we specifically stipulated that any person engaging in retaliation against or disadvantageous treatment of a whistleblower could become subject to disciplinary action. Other measures to encourage people to speak up include a specific provision in the whistleblowing system rules that if a person who is involved in a compliance violation reports the matter to the company himself/herself, such action will be taken into account when disciplinary actions are considered.

In November 2018, we further enhanced the transparency of whistleblowing processes and confidence in the system by posting a video entitled “Speak up when you think something is wrong!” on the intranet for officers and employees. This video explains the various routes for reporting issues and the investigation process after an issue is reported.

Response after Whistleblowing



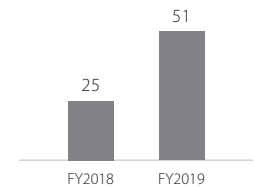
For our group companies in Japan, we have created a process for ensuring that employees feel that it is safe to report issues, by (1) making available the use of external law firms and third-party organizations designated by Mitsui as external reporting channels, and (2) monitoring the actions of group companies and providing guidance to ensure that whistleblowing systems are properly established and administered. As regards overseas offices and group companies, regional Compliance Supervising Officers are leading the development of whistleblowing channels, while also ensuring that these systems reflect local laws and regulations, as well as specific local customary practices in each country.

Furthermore, Mitsui has introduced the Global Group Hotline, a special whistleblowing hotline for reporting and seeking advice regarding cases that breach the laws of Japan or another country in relation to anti-trust (monopoly) laws or anti-corruption laws, or cases that give rise to suspicion of such breaches. Under the system that is being put in place, the Compliance Department of the Legal Division of Head Office becomes a unified channel by which to receive whistleblowing reports from overseas trading affiliates, and other subsidiaries in Japan and overseas.

Officers and employees of group companies are also able to seek advice directly through Mitsui’s whistleblowing system when the issues are related to officers and employees of Mitsui or when the issues could have a serious impact on the Mitsui & Co. group.

Number of Whistleblowing Reports

A total of 51 whistleblowing reports were submitted directly to the Compliance Department of the Legal Division or through external channels in the fiscal year ended March 2019. This is a substantial increase over the previous year’s total and reflects our efforts to foster a Speak Up culture. Around 70% of the reports were related to harassment or similar matters, while 20% concerned labor issues.



Status of Compliance Reports

Activity

We believe that if employees report compliance-related matters at an early stage, we can take action to mitigate problems, ultimately leading to the prevention of compliance violations. We therefore encourage officers and employees to report potential issues early, even if they are not certain that compliance violations have occurred.

In the fiscal year ended March 2019, 945 reports were made in relation to compliance at Head Office, offices in Japan and overseas, and affiliated companies. None of these matters had a material effect on the business of Mitsui or its affiliated companies. Furthermore, there were no cases where Mitsui received any legal sanctions or paid any fines or financial penalties due to violations of anti-bribery laws or anti-competition laws.

Global Tax Management Policy

Policy

We are committed to complying with our tax obligations and simultaneously managing our global tax costs. Our Global Tax Management Policy is available below.





Corporate Governance and Internal Controls

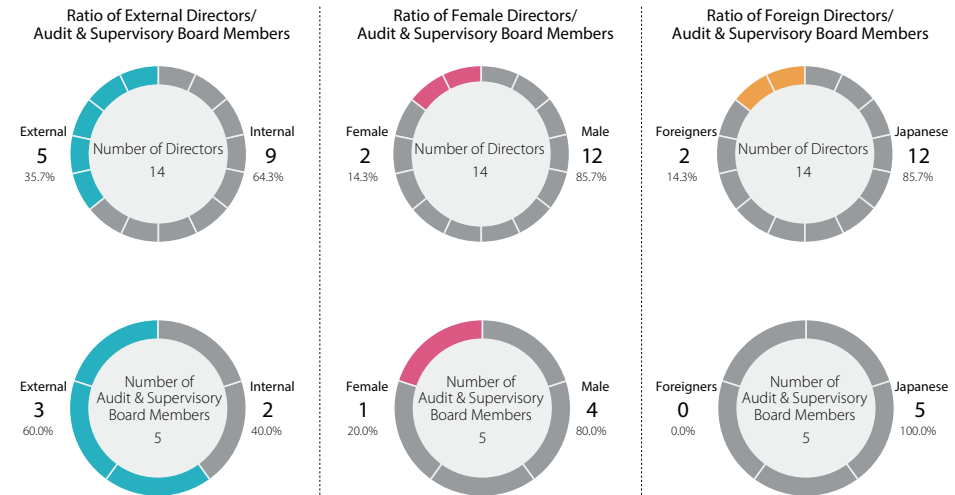
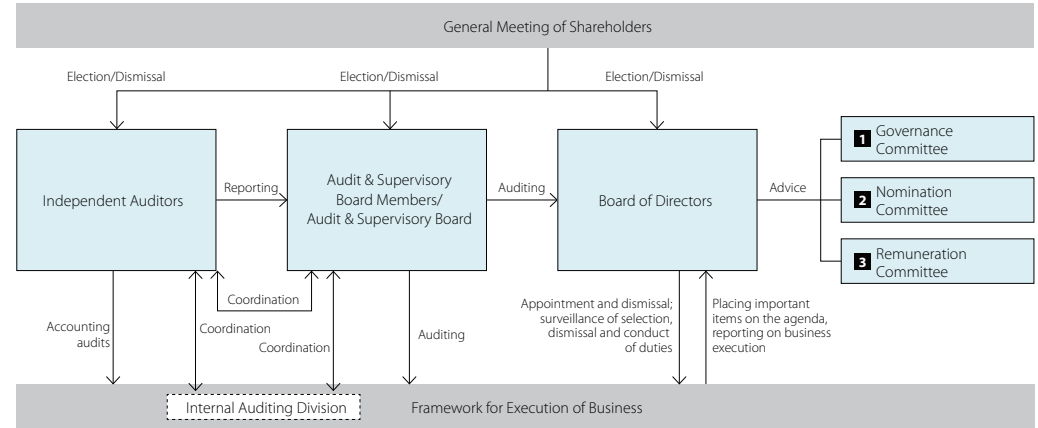
Basic Corporate Governance Policy

Policy System

In structuring the corporate governance framework, Mitsui & Co. places emphasis on “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” For the “improved transparency and accountability,” Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the “External Members”). Mitsui has also established an internal control system for disclosure so that all officers and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For “clarification of the division of roles between management oversight and execution,” Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers’ business activities. Chief Operating Officers of 15 business units within Head Office and 3 overseas regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.

While Mitsui believes that management by internal Directors who are familiar with our business practices and operations is essential to a general trading company, we place importance on increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members as a company implementing corporate governance under an Audit & Supervisory Board system. Moreover, by adopting a Committee System, in which the External Members participate, Mitsui achieves highly effective corporate governance to secure “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.”

Corporate Governance Framework



Board of Directors

Activity

SDGs: 16.7

The Board of Directors is the highest authority for execution of business and supervision. The tenure of Directors is one year, and can be reappointed. The Chairman is authorized to call for a meeting of the Board of Directors and to chair the meeting. The role of Mitsui's Chairman chiefly involves carrying out supervision of management. The Chairman does not concurrently serve as an executive officer and is not involved in the execution of day-to-day business operations.

As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Members participate as members.

In accordance with the rules of the Board of Directors regarding resolutions and matters to be reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations. A meeting of the Board of Directors generally takes place one a month, and when needed.

Reports Made to the Board in FY 2019 regarding Sustainability/ Internal Control Systems/Risk Management and Related Matters

Agenda of the Board	Time of Meeting	Matters Reported	Relevant Risk Management Structures/Systems
Review of status of internal control systems	Mar 2019	<ul style="list-style-type: none"> Overview of internal control system 	<ul style="list-style-type: none"> Authority delegation system, <i>ringi</i> system, oversight and support by corporate staff divisions Prior setting of position limits, monitoring by specialist units Internal Control Committee, Portfolio Management Committee
Sustainability	Apr 2018	<ul style="list-style-type: none"> Overview of sustainability activities Approach to coal-related business 	<ul style="list-style-type: none"> Sustainability Committee
	Jun 2018	<ul style="list-style-type: none"> Responding to climate change 	
Compliance structures/operational status	Mar 2019 Oct 2018	<ul style="list-style-type: none"> Compliance risks 	<ul style="list-style-type: none"> Compliance Committee Establishment of and compliance with the Business Conduct Guidelines for Employees and Officers of Mitsui & Co. Development of internal whistle-blowing system Training and other awareness-raising activities
Assessment of internal control system in accordance with Financial Instruments and Exchange Act	Jun 2018	<ul style="list-style-type: none"> Internal control systems for financial reporting 	<ul style="list-style-type: none"> J-SOX Committee Self-assessment of the effectiveness of internal control systems by units subject to assessment and testing by independent units
Internal audit results	Aug 2018	<ul style="list-style-type: none"> Results of internal audit 	<ul style="list-style-type: none"> Internal audit structure centering on the Internal Audit Div.
Mitsui's risk exposures and management	Sep 2018	<ul style="list-style-type: none"> Credit risks (commercial claims, external loans/guarantees, term deposits) Market risks (commodity/forex long and short positions, inventories) Business risks (business assets, loans/guarantees to related parties, external investments) Country risk 	<ul style="list-style-type: none"> Examination of credit lines and <i>ringi</i> applications and monitoring <i>Ringi</i> screening of commodity/forex long and short positions, on-site inspection of inventories, etc. Screening through <i>ringi</i> processes, realization of returns from investment projects and their optimization Collection and analysis of country risk information, position monitoring of individual countries, designation of business-suspended countries and restricted countries, formulation of country-specific response policies
Cybersecurity	Dec 2018	<ul style="list-style-type: none"> Cybersecurity 	<ul style="list-style-type: none"> Technological countermeasures, human countermeasures (including activities to raise awareness of security), countermeasures targeting affiliated companies

Audit & Supervisory Board

Activity

SDGs: 16.7

The Audit & Supervisory Board Members supervise the Directors' execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Audit & Supervisory Board Members carry out multi-faceted, effective audit activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

Audit & Supervisory Board meetings are held periodically and precede meetings of the Board of Directors. Moreover, additional meetings are held on an as-needed basis. The Audit & Supervisory Board Members attend meetings of the Board of Directors to monitor how the proceedings of the meetings are managed and the content of the decisions made. These members also actively express their opinions. Auditing by the Audit & Supervisory Board Members covers a variety of areas, among which are execution of duties by Directors, decision-making processes at the meetings of the Board of Directors and others, status of construction and operation of the internal control system, independence of the Independent Auditors, system of financial reporting, accounting policies and processing of financial information, tax policies and tax processing.



Integrated Report 2019 (P.102 Mitsui's Corporate Governance)

Execution of Business Activities

System

Ultimate responsibility for execution of business operations lies with the President and CEO. The President and CEO delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and CEO. The Corporate Management Committee is organized for deliberating the basic policies and important matters relating to the overall management. The Committee consists of the Chairman of the Board of Directors, President and CEO (the committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and CEO. The Corporate Management Committee is held weekly in principle. Matters referred to the Corporate Management Committee meeting are determined by the President and CEO, taking into consideration discussions among the Committee members.

Based on the basic design of internal controls provided for by the Board of Directors, the management assumes the role and responsibility of maintaining, operating and assessing internal controls at Mitsui. The Internal Auditing Division, the division positioned directly under the President and CEO, is responsible for examining the status of adaptability and implementation of the internal control approved by the management from an independent standpoint.

Mitsui has established major committees pertaining to the execution of business and implementation of internal control, in order to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

Internal Control System

System

In the construction of internal control processes, Mitsui implements various systems in accordance with basic framework of the internal control indicated by the Business Accounting Council (an advisory body to the Financial Services Agency of Japan) to achieve "Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The conservation of company assets."

Risk Management System

Risks arising from Mitsui's business activities are monitored and managed by chief operating officers of business units and regional business units under the oversight of the Board, within the authorization delegated to them from Mitsui's management. The management of quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise, and for the management of qualitative risks, the compliance with related internal regulations is obligated. For the management of risks which exceed the scope of authority granted to chief operating officers of business units and regional business units, it is necessary to obtain approval of the Corporate Management Committee, a Representative Director in charge, or a Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system.

Furthermore, with regard to the establishment and maintenance of risk management structures from all company level and the handling of significant risks, organizations such as the Portfolio Management Committee, the Sustainability Committee, and the Crisis Management Headquarters will be in charge. Such organizations are separate from the Audit & Supervisory Board, and the Directors who act as the heads of each committee report to the President and Chief Executive Officer when necessary. With respect to the risks in the fields they are in charge of, each division of the Corporate Staff Units is responsible for monitoring of the whole Company's positions, controlling within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

Systems to Secure Appropriateness of Operations within the Corporate Group

Mitsui established the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" ("Principles"). In light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate internal controls based on these Principles, and for its equity accounted investees, Mitsui coordinates with other equity participants and encourages the equity accounted investees to develop and operate similar internal controls. In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the "Rules on Delegation of Authority for Supervising Officers for Affiliated Companies."



Corporate Governance and Internal Control Principles



Integrated Reports 2019 (P.117 Internal Control System)



P.114 Information Risk Management



P.106 Compliance Framework



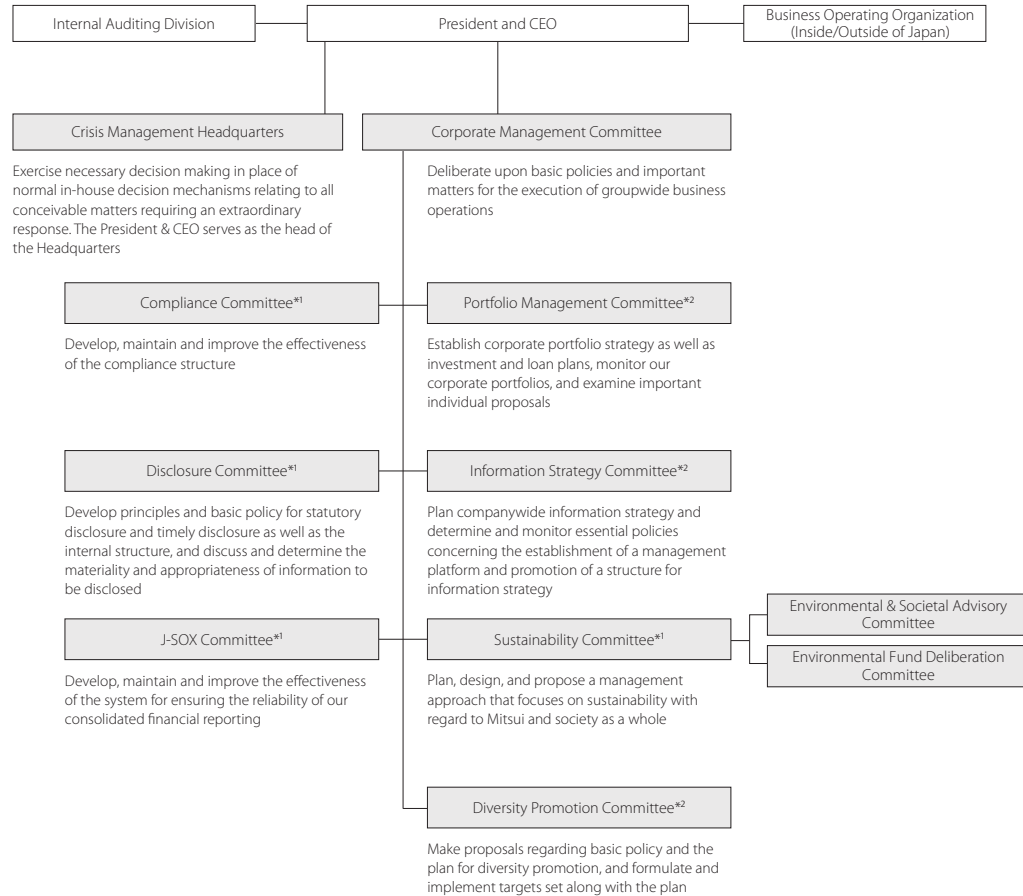
P.113 ESG-Related Risk Management

Corporate Governance and Internal Controls

Risk Management



Framework for Internal Controls and Execution of Business Activities (As of April 2019)



*1 Sub-committees to the Corporate Management Committee
 *2 Advisory bodies to the Corporate Management Committee

ESG-Related Risk Management

System Activity

SDGs: 3.d, 13.3, 16.7

Business opportunities, as well as the risks associated with doing business, have increased and are becoming more diversified due to the impact of economic globalization, progress in information technology, and increasing awareness of the importance of corporate social responsibility. Based on this understanding, Mitsui & Co. recognizes the necessity for comprehensively managing risk from both quantitative and qualitative perspectives, while responding appropriately to changes in social conditions and business models. With this awareness, we have defined the business which have high qualitative risks including risks related to the natural environment, society, and governance as “Specially Designated Business,” and have been endeavoring to develop such businesses with due caution under our Specially Designated Business Management System.

In the promotion and management of each business, we bear in mind the various climate change scenarios that are put forward by internationally recognized organizations, such as the International Energy Agency, and analyze the potential impact of such scenarios on our businesses. We have been reflecting the results of these analysis in our screening processes for investments, loans, and other activities. A shift toward a low carbon society could have an impact on our energy business among others, and in response to that we have been promoting environment-friendly, next generation energy business. Moreover, since Mitsui has been engaging in business in various locations around the world, climate change-related measures implemented by the countries and regions where we operate could have a significant impact on the profitability and sustainability of our business. We monitor the measures adopted in each country and region in a timely manner, and trends relating to stakeholders influencing those measures, by utilizing the global network that we have established through our business activities over many years, and use the information which we obtained in our decision making process.

Specially Designated Business Management System and Environmental & Societal Advisory Committee

When beginning new projects, we conduct internal assessments and, wherever necessary, consult with the Environmental & Societal Advisory Committee, the Sustainability Committee, or other committees for advice as to whether or not to proceed with the proposed projects, and for suggestions on how improvements can be made. Ultimately, the final decision on whether or not to proceed with any given project is made by Corporate Management Committee and the Board of Directors (both of which supervise the ESG risks) and through the *ringi* (circular executive approval) process by representative directors, in accordance with the predetermined qualitative and quantitative standards. The members of the Environmental & Societal Advisory Committee consist mainly of external experts and attorneys 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, and labor issues. The advisory committee members assess the risks related to such matters and provide recommendations where appropriate for improving projects. In the fiscal year ended March 2019, we held the committee in regards to several energy business, our identification of new Materiality, and so on.

Under the Specially Designated Business Management System, we promote project formation based on the

Policy System

results of screening from the perspectives of environment, society, and governance (ESG), and, at the same time, engage in activities for raising awareness of the ESG aspects within the company and deepening the understanding of those personnel at the business frontlines. In the fiscal year ended March 2019, 23 projects were individually assessed under the Specially Designated Business Management System. 15 of these projects were categorized under the environment-related business domain, while 8 were categorized as the projects receiving subsidies, and others. We will continue to conduct comprehensive and well-balanced management of risks associated with Specially Designated Business from the early stages of the business development process up to the follow-up stage, with a focus on the ESG aspects.

P.40 Management of Environmental and Societal Risks

Furthermore, we have established the Rules on ODA (Official Development Assistance) Business Management for promoting ODA business, which has a high public profile and, therefore, requires highly transparent operational processes. Under this system, Mitsui's ODA Projects Evaluation Committee reviews these projects as necessary and ensures appropriate risk management. In particular, we carry out comprehensive assessment of risks related to bribery and corruption considering the significance of those issues.

Business Domains Subject to Specially Designated Business Management System

Business Domain	Key Points for Screening
<p>1 Environment-related business All business that have a large impact on the environment Examples: coal fired power plant business, offshore oil field business, etc.</p>	<p>Applicable to All Four Business Domains</p> <ul style="list-style-type: none"> • Significance and social value of the business itself • Significance of Mitsui engaging in this business <p>• Contributions of such business to the environment and society</p> <ul style="list-style-type: none"> • Measures to mitigate environmental load (incl. climate change, biodiversity loss, water risk) • Safety assurance and work environment • For development business, appropriate consideration for and understanding of the human rights of local residents and other related parties, and other related matters • Compliance with environmental laws, regulations and guidelines, etc.
<p>2 Medical, healthcare and bioethics related business Business related to the fields of medical and healthcare, business related to the development of technologies relating to the human genome, genetic analysis, genetic recombination, and other relevant matters, or business that handles products to which these technologies are applied Examples: Business with a high public profile in the medical and healthcare fields (dialysis, pharmaceutical drug manufacturing business), development of new drugs using genetic analysis technology, etc.</p>	<ul style="list-style-type: none"> • Ethical screening based on the guidelines of three Japanese government ministries (Ethical Guidelines for Human Genome and Genetic Sequencing Research: MEXT, MHLW, METI) • Approval by the ethics committee of the research institute in question, acquisition of informed consent, checking of processes, etc.
<p>3 Projects receiving subsidies All projects that directly or indirectly receive subsidies from governmental and administrative agencies, or other such entities, both within and outside of Japan</p>	<ul style="list-style-type: none"> • Evaluation in light of Mitsui's management philosophy (MVV) • Social impact and ensuring accountability and process transparency • Determination of the interests of stakeholders, and resultant considerations and responses • Responsibility and capability over the medium-to-long term as the operator of a business with a high public profile
<p>4 Business harboring other unusual reputation risks Business that may be in conflict with public order and morality, Mitsui's management philosophy, etc. and business with a high public profile Examples: Business involving utilization of sensitive personal information, social infrastructure business, etc.</p>	<ul style="list-style-type: none"> • Evaluation in light of Mitsui's management philosophy (MVV) • Social impact and ensuring accountability and process transparency • Determination of the interests of stakeholders, and resultant considerations and responses • Responsibility and capability over the medium-to-long term as the operator of a business with a high public profile

Information Risk Management

Information Security Policy

We regard information as an important business asset, and recognize that it is essential for Mitsui to properly manage information. Based on our Information Security Policy, we have established the Information Risk Management Subcommittee under the Information Strategy Committee, with the Chief Information Officer (CIO) serving as the committee chair. Having developed the Rules on Information Management, Rules on Information System Management, and Rules on IT Security, we are properly managing our information assets (information and IT systems) on a global group basis, and will continue making improvements to information management.



Protecting Personal Information

We have appointed a Chief Privacy Officer (CPO) and established a CPO office to work for heightening awareness among all management and staff of the importance of personal information protection, in accordance with the Personal Information Protection Guidelines and Rules on the Protection of Personal Information.

As we have a broad spectrum of involvement in diverse commodities and services, we handle a large amount of personal information, particularly in B-to-C (business-to-consumer) business fields. Accordingly, we take particular care to ensure that all data is protected. From the perspective of accident prevention, in addition to our education and training systems, we appoint a Personal Information Management Officer in each division. These officers regularly review the status of personal information management in the daily course of business and enhance it as needed.

Regarding compliance with the EU GDPR (General Data Protection Regulation) that came into effect in May 2018, Mitsui has established internal rules to ensure proper management systems and operational rules for the handling, at each Business Unit, of personal data that falls within the scope of application of the GDPR. Furthermore, we have provided all officers and employees with information on the GDPR via the intranet, and have been engaging in operational management required by the GDPR such as compliance with the duty of keeping records of information processing activities.

We recognized that a timely response according to global standards towards other overseas laws and regulations related to personal information, in addition to the GDPR, leads to the enhancement of our corporate value.

Cyber Security

In line with the advancement of information and communications technology (ICT) and digitalization in the business of Mitsui and its affiliated companies, we established a dedicated unit for formulating and implementing cyber security measures. While utilizing the expert knowledge of cyber security companies, we continue to reinforce our cyber security framework on a global group basis.

Business Continuity Plan (BCP) and Business Continuity Management (BCM)

Policy

Mitsui regards business continuity in times of disaster as a vital management priority. We have formulated a business continuity plan (BCP) to minimize business risks, such as the loss of customers and damage to our corporate reputation, resulting from the suspension of important business processes in the event that our ability to maintain our business operations is seriously impeded by earthquakes, floods, terrorism, epidemics, power shortages, or other contingencies, or when such a situation is expected to continue for a significant period of time.

Following the compilation of business continuity guidelines for business corporations by the Japanese government (specifically, by the Central Disaster Management Council of the Cabinet Office), Mitsui formulated its Business Continuity Management (BCM) Policy in 2006. Under the BCM framework, we formulated the BCP, and we have regularly reviewed it to ensure that we can maintain an appropriate management structure.

Under this policy, Mitsui has also developed the Rules on Business Continuity Management, which defines rules for activity policies, procedures, organizational structures, and other related matters to ensure business continuity or the early resumption of business activities in the event of disasters, for each of the Tokyo Head Office, branches and offices in Japan, overseas regional business units, and the direct jurisdiction of the Head Office.

Business Continuity Management Policy

Safety of Human Life:

Mitsui & Co. regards the safeguarding of human life as its first priority in relation to business continuity management in the event of disasters.

Implementation of Business Continuity Management:

Mitsui recognizes the importance of business continuity management in times of disaster and will maintain a business continuity plan and structures to ensure the appropriate implementation and administration of that plan. We will work to enhance the effectiveness of the business continuity plan by improving the business continuity awareness and capabilities of individual employees, and by engaging in interactive dialogue with stakeholders.

Continuous Improvement:

Mitsui will formulate, implement, and administer a business continuity plan for business continuity management and will regularly review and continuously improve this plan.

Coexistence with and Contribution to Society:

When formulating and reviewing its business continuity plan, Mitsui will consider not only its economic role, but also its coexistence with society and community reconstruction. We will be aware of and respond appropriately to the roles that we may be called upon to perform from time to time, such as the prevention of secondary disasters, community contribution, and coexistence with communities.

BCM Framework

System

The Managing Director of the Human Resources & General Affairs Division serves as the BCM officer, who approves and periodically reviews the BCP, and implements the tasks stipulated in the Rules on Emergency Business Continuity Management.

BCM general representative (GM of the Human Resources & General Affairs Div.) is responsible for the planning, management, and administration of the BCP, the formulation, promotion, and implementation of the BCP, the approval of education and training for employees in relation to business continuity, and the compilation of disaster response manuals.

In addition, under the BCP for the entire company, we have developed manuals stipulating actions to be taken by the emergency response headquarters for performing important corporate processes in the event of a disaster, as well as manuals stipulating actions to be taken by individual branches and offices after the occurrence of a disaster.

BCP Revision, and BCP-Related Training

Activity

Mitsui regularly conducts business continuity drills involving the immediate start-up and operation of the emergency response headquarters. These drills, which give first priority to the safeguarding of human life, are based on scenarios in which a major disaster occurs, such as an earthquake directly beneath the Tokyo area. We continually improve our organizational response capabilities by revising the manuals to reflect any issues identified through these drills.

We have also introduced a system to confirm the whereabouts and safety of business and administrative staff, contract employees (including seconded employees), and temporary staff in Japan. To facilitate the use of this system, we regularly conduct general drills, and provide information on the results of responses in these drills to all employees.

In addition, each branch and office maintains stocks of emergency food and equipment. Under the provisions of the Tokyo Metropolitan Ordinance on Measures for Stranded Persons, we maintain a three-day supply of emergency food and equipment for the Tokyo Head Office employees and employees of affiliated companies based in the Head Office. Emergency kits containing food and other supplies are also available for all the employees at the Tokyo Head Office, and can be taken by employees who are in the urgent necessity to return to their homes.

Promotion of Supply Chain Management



Policy

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

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

Supply Chain CSR Policy

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

*1 This includes measures to reduce excessively long working hours.

*2 This includes measures to secure in each country/region where Mitsui engages in business a living wage that exceeds the minimum wage of the country/region.

*3 This includes measures related to energy usage, climate change issues (including greenhouse gas emissions), water usage, impact on biodiversity, effective use of resources, and waste reduction.

Current State of Implementation of Supply Chain CSR Policy

System Activity

SDGs: 8.7, 8.8, 10.2, 12.4, 12.7, 16.5

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

Company-Wide Uniform Supplier Communication Forms

Beginning in the fiscal year ended March 2009, we started sending letters (in Japanese, English, Chinese, French, Spanish, and Portuguese) to all suppliers of Mitsui's business units, overseas offices, and subsidiaries (about 50,000 suppliers in total) requesting their understanding and cooperation in regard to our Supply Chain CSR Policy, in a move to ensure that all Mitsui suppliers are fully aware of this policy. In addition, we conduct internal examinations in alternate years, to verify that the letters were dispatched to the suppliers.

Target period	Number of Supply Chain CSR Policy letters sent to new suppliers
FY2014–FY2015	6,130
FY2016–FY2017	7,130
FY2018–FY2019	4,752

Supplier Questionnaire Surveys

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

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

Mitsui started to conduct supplier questionnaire surveys from the fiscal year ended March 2012, and expanded the target to all of Mitsui's business domains from the fiscal year ended March 2015, selecting major suppliers from each domain.

	Number of companies surveyed
FY2015	72
FY2016	39
FY2017	50
FY2018	68
FY2019	74

Promotion of Supply Chain Management

Supplier On-Site Surveys

In addition to the abovementioned questionnaire surveys of suppliers, we also conduct interviews with persons in charge and on-site inspections of suppliers' manufacturing facilities using a checklist based on the compliance items in our Supply Chain CSR Policy. Based on our understanding of the actual situation at these sites, if necessary, we provide advice and guidance.

We commenced these surveys in the fiscal year ended March 2015. In the fiscal year ended March 2019, we conducted a survey involving visits to salmon farming, processing and sales company, Salmones Multiexport S. A. (hereinafter referred to as Salmex), which Mitsui has invested in and procured from and a feed company operated by one of our seafood suppliers, which is also our investee. The survey focused mainly on "environmental management," "human rights and labor practices," "legal compliance," and "quality control and traceability." We found no violations of our Supply Chain CSR Policy.

	Survey Target
FY2015	Supplier of food raw materials (coffee beans)
FY2016	Supplier of paper raw materials (wood chips)
FY2017	Supplier of food raw materials (apple juice)
FY2018	Supplier of oleochemical products (oleochemicals)
FY2019	Supplier of seafood (salmon), feed manufacturer

Implementation of Risk Assessment

System Activity

SDGs: 8.7, 8.8, 10.2, 12.4, 12.7, 13.3, 15.1, 16.5

When engaging in business with new suppliers, we conduct a survey based on our Supply Chain CSR Policy to assess various risks of social issues beforehand, and to ensure that all suppliers of Mitsui understand the said policy. As for the existing business and relevant suppliers, we also conduct regular supplier surveys based on the policy described above, in order to confirm the actual situation of business operations and identify suppliers with high risks in relation to social issues, such as climate change, biodiversity, environment management, human rights, and working environment.

To increase the sensitivity of all employees with respect to human rights, labor, and other issues in our supply chains, and to prevent problems, we will continue to heighten employee awareness and provide training seminars (120 participants in the fiscal year ended March 2019).

	Number of training participants
FY2017	101
FY2018	35
FY2019	120

Summary of Supplier On-Site Surveys (Farmed Salmon Procurement)

System Activity

SDGs: 8.7, 8.8, 10.2, 12.7, 14.4, 16.5

Based on a checklist drawn up in accordance with the requirements of Mitsui's Supply Chain CSR Policy, we have conducted interviews with suppliers' managers and conducted on-site inspections to investigate the state of our sustainability efforts.

In the fiscal year ended March 2019, we visited a Chilean salmon farming, processing and sales company, Salmones Multiexport S. A. (hereinafter referred to as Salmex), which Mitsui has invested in and procured from, visiting a freshwater/seawater farm, a processing plant, and a feed company which is one of the main Salmex suppliers, and conducting a survey of the actual situation. Salmex is engaged, with a vertically-integrated business model, in the farming and sales of salmon, including its mainstay Atlantic salmon, and exports salmon to Brazil, Japan, and other Asian countries, and particularly to the United States, amid growing demand for healthy protein sources.

Farming facilities were visited and inspected, including a hatchery, a sea water farm with a pontoon, feeding control units and a set of net pens. In addition to the processing and packaging lines, automatic quality sensors, smoke facilities, and washing rooms were inspected at the processing plant. Through interviews with managers and employees, surveys were conducted on the aspects of "environmental management," "human rights and labor practices," "legal compliance," and "quality control and traceability." At the feed factory, in addition to the processing facilities, we also inspected storage warehouses, the main control rooms, and the quality control rooms. Through interviews with managers and employees, we confirmed that our environmental, labor, and safety standards, as well as traceability initiatives, were being firmly implemented.

As a result of this survey, we confirmed that all items had been properly addressed and that the items stipulated in the Supply Chain CSR Policy had been satisfactorily implemented.



Salmex headquarters

Results of Supplier Surveys

Environmental management

- Wastewater: Plant wastewater is treated by a wastewater treatment facility in the plant to filter out organic matter; once it has been confirmed that the wastewater conforms to the wastewater standards, it is discharged into the city sewage system (processing plant).
- Recycling Initiatives: Waste generated from corrugated cardboard/paper, organic processing wastes and plastics, and other residues, are disposed of for recycling/reuse through contracts with third party suppliers.

Promotion of Supply Chain Management

- Climate Change Response: Measurement of greenhouse gases began in the fiscal year ended March 2018, and the goal for the fiscal year ended March 2021 is to reduce greenhouse gas emissions by 20% compared to the fiscal year ended March 2018. In addition, Salmex is establishing a system that enables monitoring of the energy consumption for each process, and of the diesel consumption in the farming facilities.
- Water usage: A system capable of measuring the amount of water usage per process has been introduced (Aquaculture and processing plants).
- Chemical use: The government and industry are working together to reduce the use of antibiotics, and in cooperation with Monterey Bay Aquarium, the industry as a whole has set a target of realizing a 50% reduction from the 2017 level by 2025. At Salmex, through measures such as vaccination and early selection of strong smolts, in the fiscal year ended December 2018 a reduction of approximately 38% (358 g/ton) was achieved compared to the fiscal year ended December 2016 (company-wide).
- Consideration for biodiversity: The cage conditions are checked periodically to prevent escape through damaged marine aquaculture nets, and the number of escapes from cages has been zero in recent years. In addition, in order to prevent damage due to sea lions, predator nets are installed in order to protect the fishes and the facility from potential attacks. By introducing a remote-controlled automatic feeding system, the optimum feeding amount is monitored from below the sea surface using cameras, and each farming site is making efforts to minimize the feed waste that is lost or accumulated in the seabed. After the end of the farming cycle, a 3-month fallowing period is required by law, and there are strict requirements regarding aerobic conditions in the seabed at the end of this period. If anaerobic conditions are found, producers are not allowed to start farming until conditions turn aerobic. Farming activities are carried out with due consideration for the ecosystem, including suspension. Out of the 106 sea water farming concessions, approximately 40 are currently in use yearly (farms). Resting days are implemented according to legal requirements.



Seawater farm

Human Rights and Labor Practices

- Working Hours: The aquaculture farm has introduced a two-shift system of 9 hours per shift, and all daily jobs except for special operations (such as vaccination) are done by permanent employees (aquaculture farm).
- Creation of a comfortable working environment (processing factory): A production line that is straight and efficient has been realized, and the floor surfaces are constantly cleaned to maintain a high level of cleanliness and safety.
- Safety and hygiene: When entering the laboratory, special white clothes and masks are worn, and when entering or leaving the laboratory, foreign matter is thoroughly removed and disinfected with adhesive tape (processing plant).

- Occupational Safety: Monthly safety and health committee meetings are held, and decisions are posted and shared on bulletin boards; safety and health experts make weekly rounds to confirm that safety and health practices are being thoroughly implemented. Emergency eye wash kits and tanks are installed at all locations (company-wide).
- Employment: Employees are enrolled in the insurance system, and the same level of medical support is provided to their families (company-wide).



Eyes wash (safety) kit at the smoking processing plant:

Legal Compliance

- Various certifications relating to environmental, qualitative, occupational safety, and traceability have been acquired, including OHSAS18001*, ISO14001*, and ISO9001*, BRC, IFS, BAPs, Global GAP, MSC, etc. Regional laws and regulations relating to working hours and work, as well as operating licenses, are complied with (company-wide).

* Certification for farming, plant operation and management

Quality Control and Traceability

- Quality control: 300 monthly samples are collected from each net pen, to check the growth status (farm). In order to establish an inspection system, thorough quality control has been carried out, including the introduction of a system for acquiring ISO17025 certification and checking the accuracy of inspection equipment, and the introduction of an automated meat color checking system (processing plants, feed plant).
- Traceability: Data such as egg production, fertilization date, and the hatching case number for each farming tank (farm), are managed. For feed, a lot number is assigned to each flexible bag, and a system for managing information such as delivery destination, detailed ingredient data, supplier of raw materials, etc. has been introduced (feed factory).

Conducting of Supplier Surveys

Since the early 1990's, Chilean salmon aquaculture has been providing either the largest or second largest amount of salmon exports in the world. In the meantime, while establishing a fish-disease and quarantine control system, government and industry have worked together to reduce the use of chemicals. As a result, significant reductions have been achieved, and Salmex will be continuing with its efforts to keep reducing the chemicals consumption in the future. Also, the use of fishmeal and fish oil in feed has been greatly reduced, due to the substitution of raw materials such as soybean meal and vegetable oils. In recent years, fish meal has accounted for less than 10% of feed, and fish oil for less than 7%.

As demand for high-quality, safe and secure protein sources continues to increase worldwide, we and our suppliers will continue to work together, including through partnerships with NGO/NPOs such as Global Aquaculture Alliance and Global Sustainable Seafood Initiative, to develop a sustainable fishery and aquaculture industry that can coexist harmoniously with local communities, local residents, and ecosystems.

Introduction of Mitsui Activities: Assessing and Solving Supply Chain Issues

Supply Chain Management in Apparel Operations

Apparel

Mitsui Bussan I-Fashion Ltd. ("MIF"), a Mitsui subsidiary engaged in the trading of textile raw materials, industrial raw materials, and woven and knitted fabrics, as well as the production and procurement of apparel and fashion goods, continuously promotes supply chain CSR activities, encourages business that seek to create environmental value, and pursues initiatives in human rights management, with the aim of becoming a company that is trusted by stakeholders, including customers, suppliers, employees, consumers, and local communities. Through global partnerships, the company makes earnest efforts to find solutions for issues in the supply chain and realize sustainable growth while coexisting harmoniously with society.

Supply Chain CSR Initiatives

Environmental Value Creation

MIF engages in the development and sale of environmentally-friendly, textile-related products with advanced functionality that are eco-friendly. MIF has also obtained certification and registration under bluesign®*1 and the Global Recycle Standard (GRS) *2 and maintains compliance with these standards, which are regarded as among the most stringent in the world.

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

*1 bluesign® is a holistic system that provides solutions in sustainable processing and manufacturing to industries and brands.

*2 GRS is an international, voluntary, full product standard that sets out requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions.

Safe and Sanitary Working Conditions/Labor Management, and Human Rights Management

To meet the demands of customers both in Japan and overseas, MIF carries out centralized management of its supplying factories and offers them technical guidance, and other support. Since April 2015, with the aim of building the MIF quality control system, it has been strengthening its sustainability measures, including the establishment of a dedicated organization, the quantification of quality control levels, and the addition of the check point "labor management in consideration of human rights" to the check-sheet items for MIF factories. "Occupational health and safety" and "labor management" are important points in audits. For this reason, before customers carry out their CSR audits (regular audits or new audits) MIF carries out preliminary reviews at domestic clothing factories to see if any major issues exist from the customers' standards, and deals with them accordingly, and thereby supporting the factories' acquiring certification (passing audits), when necessary.

In regard to safe and sanitary working conditions, MIF provides support for the introduction of related measures, such as ensuring the appropriate configuration of aisles and emergency exits, providing evacuation routes and evacuation drills, installing firefighting equipment (fire extinguishers and fire hydrants) and safety equipment, managing chemicals, and collecting employees' opinions and providing hotlines. Regarding labor management, MIF provides domestic clothing factories with checks in respect to issues such as child or forced labor, harassment, human rights violations, discrimination, and punishments (fines). It also reviews and offers support for improvements when required regarding other related aspects such as guaranteeing a minimum wage, appropriate working hours (prohibiting working on holidays and long working hours), and the right to organize and carry out collective bargaining. Furthermore, it plans to examine the actual management of foreign trainees at its domestic clothing factories, and provide support for improvements as needed.



Ensuring safe aisles

Activities to Contribute to Sustainable Development Goals (SDGs)

In the fiscal year ended March 2019, MIF identified important management priorities (Materiality) in managing the supply chain in consideration of the 17 SDGs in accordance with the SDG Compass.

STEP 1: Understanding the SDGs

MIF hosted a seminar conducted by the general incorporated association The Global Alliance for Sustainable Supply Chain ("ASSC") entitled "Initiatives to Contribute to the Sustainable Development Goals."

STEP 2: Identifying priorities

From among the 169 targets corresponding to the 17 SDGs, MIF selected business risks that have been recognized from the past up until the present, and the business opportunities it expects to see both now and in the future for each business field.

STEP 3: Setting targets

MIF management engaged in discussions to identify material issues.

STEP 4: Integrating into management

MIF is currently integrating measures to be taken to address these issues into its management, and working on internal and external disclosure.

Introduction of Mitsui Activities: Assessing and Solving Supply Chain Issues

MIF's Materiality	Theme of initiatives	Corresponding SDG
Respecting human rights in the value chain	<ul style="list-style-type: none"> Ensure that human rights are respected at all companies in the value chain Work to strengthen checking functions at supplying factories and undertake the elimination of human rights violations, such as forced labor and child labor Work to respect the human rights of foreign workers 	
Function to "connect" as a trading company	<ul style="list-style-type: none"> Support initiatives to contribute to the Sustainable Development Goals (SDGs) at all companies across countries and regions in the value chain Lead the development, manufacture, and sales of eco-friendly materials and products 	
Water safety and environmental conservation	<ul style="list-style-type: none"> Eliminate the use of harmful dyes, and work to purify factory waste water Adopt dyeing methods that reduce water use by 99% 	
Promoting recycling and reuse	<ul style="list-style-type: none"> Work to reduce the use of fluorine water repellents Reduce harmful waste disposal Develop recycled and sustainable materials 	

Supply Chain CSR Activities at MIF

October 2008	MIF established its Supply Chain CSR Policy. The company began sending notices to its suppliers, including contracted manufacturers in Japan and overseas, to request their understanding of and support for MIF's policy, and obtaining their written confirmation.
August 2014	MIF conducted a questionnaire survey of its 93 main suppliers concerning the utilization of the Technical Intern Training Program. MIF started to require its suppliers to understand and comply with its Supply Chain CSR Policy and to obtain written consent from its 26 main suppliers and new suppliers.
January 2015	MIF required the aforementioned 26 suppliers to conduct a CSR self-check concerning their compliance with the policy.
September 2015	MIF asked the 241 suppliers from which it had obtained "written confirmation on understanding the MIF's policy" to replace this expression with "written confirmation on complying with the MIF's policy."
February 2017	The Supply Chain CSR Policy formulated in October 2008 was expanded from 7 items to 10.
July 2018	MIF joined the general incorporated association The Global Alliance for Sustainable Supply Chain ("ASSC") with the aim of changing corporate behavior by solving the environmental and social issues identified in the supply chain.
March 2019	In accordance with the SDG Compass process, MIF identified four material issues as important management priorities among the 17 SDGs. MIF is in the process of disclosing them both internally and externally. MIF had obtained written confirmation on MIF's policy from a total of 5,554 suppliers: 4,226 in Japan, and 1,328 overseas.

Measures for the Stable Supply of Oleochemical Products

Procurement of Oleochemical Products

SDGs: 7.2, 8.5, 8.7, 8.8, 10.2, 12.2, 12.5, 12.8, 15.1, 15.2, 15.5

Oleochemicals are natural oil-derived fatty acid products, such as palm oil and palm kernel oil. They are widely used as ingredients for a variety of everyday products, such as detergent and shampoo, as well as industrial products. In order to realize the sustainable procurement of high quality oleochemical products, Mitsui along with a third-party expert in this field, visited a manufacturing company's factory and group-owned plantations, and conducted on-site surveys in accordance with the checklist prepared under our Supply Chain CSR Policy.

At the manufacturing company's factory, we inspected the manufacturing process, the quality control laboratory, the control room, the storage facility, the packaging processes, the wastewater treatment facility, and the employees' canteen. Through interviews with the company's managers and employees, we carried out checks on environmental management, human rights and labor practices, legal compliance, and quality control and traceability. At the palm plantations, we inspected the plantations, the oil mill, and the biomass power plants. Through the interviews, we examined initiatives related to the environment, as well as safety and labor practices, and confirmed that operations and management are being undertaken appropriately.

The supplier whom we visited this time has been a member of the RSPO since its establishment. It is a large company that carries out appropriate management and safe operation in accordance with not only the RSPO standards, but also other standards. At the plantations, by-products are used to generate electricity (thereby reducing greenhouse gas emissions), functions provided by animals and plants are effectively utilized to reduce the use of agrichemicals for pest control, and nesting boxes are installed on the premises of the plantations for the preservation and breeding of a domestic species of barn owl.



Factory of the oleochemicals manufacturing company



Young palm trees that are 4-5 years old. It takes about three years from planting to reach the stage at which harvesting can begin, which lasts until the tree is about 25 years old.

Introduction of Mitsui Activities: Assessing and Solving Supply Chain Issues

Tea Leaves Procurement in Consideration of Quality, Safety, the Environment and Work Conditions

Food & Beverage Materials

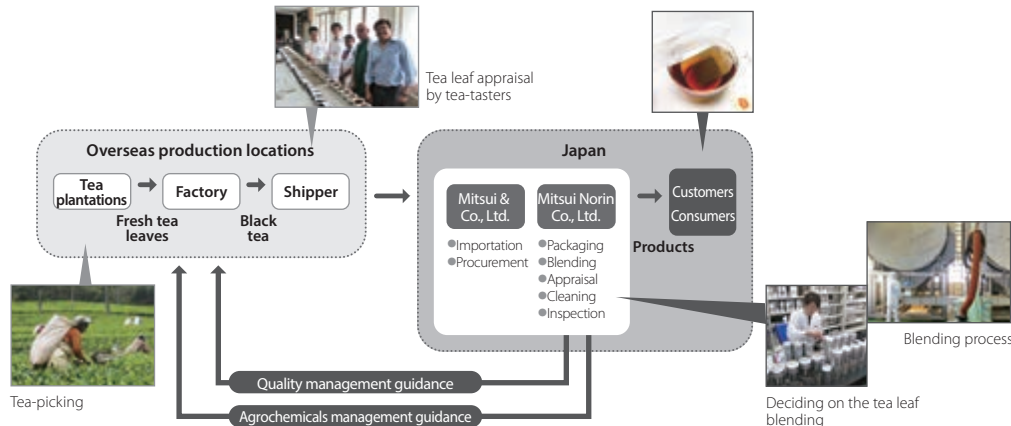
SDGs: 2.2, 3.9, 7.2, 8.5, 8.7, 8.8, 10.2, 12.4, 12.5

Our subsidiary Mitsui Norin Co., Ltd., who markets "Nittoh Black Tea," which is a very familiar brand in Japan, procures tea leaves from tea producers around the world and blends them to develop and manufacture the product. In order to meet a wide range of customer needs, a stable procurement of high-quality tea leaves is essential. At present, it procures tea leaves from approximately 430 tea producers in six countries, including India, Sri Lanka, Kenya, and Indonesia. The tea producers who give appropriate consideration to quality and safety, the environment, and work conditions, such as carrying out controls based on Rainforest Alliance certification* and Hazard Analysis and Critical Control Point (HACCP) certification, being committed to Fairtrade, and engaging in organic cultivation, etc. are designated as Mitsui Norin's preferred suppliers.

For instance, one tea producer in the Darjeeling district of India has been making various efforts to improve both the work conditions of employees and the profitability of the business through measures such as introduction of a small hydroelectric generator on the farm of which the management and operation are entrusted to the workers, and cultivation of organic ginger and oranges and production of honey. The producer also raises cows on the farm to provide milk to children to enhance the quality of life of the workers and their families, and uses the manure as fertilizer for organic cultivation to contribute to reducing environmental load. In August 2017, Mitsui Norin had the honor of being awarded a Certificate of Appreciation from Sri Lanka's Minister of Plantation Industries for its long-standing commitment to Sri Lankan black tea over seven decades.

Mitsui and Mitsui Norin undertake comprehensive quality control in all phases of the value chain. To

The Black Tea Manufacturing and Sales Business Value Chain



ensure complete traceability in all product stages from procurement of raw materials to manufacturing, inspection, shipment, and delivery, both companies worked together to create an original traceability system. In tea-producing regions, Mitsui and Mitsui Norin periodically visit tea plantations to conduct on-site surveys of tea-growing environments, quality control, and agrochemical controls and other aspects. With regard to agrochemical controls, both companies have tests for residue agrochemicals on the tea leaves conducted at a third-party contract institution, in addition to on-site visits and confirmation at the tea plantations.

* The Rainforest Alliance Certified indicates that a plantation, forest, or tourism enterprise has been audited to meet standards that require environmental, social, and economic sustainability.

Improving Procurement Reliability Through Legal Compliance and the Forest Certification System

Forest Resources Business

SDGs: 3.9, 8.5, 8.7, 8.8, 10.2, 12.2, 12.4, 12.8, 13.3, 15.1, 15.2, 15.4, 15.5

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

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

For example, in our forest resources business in Australia, Mitsui implements environmental management and operation procedures based on the two major forest certifications, FSC® (the Forest Stewardship Council (FSC®-C107463) and PEFC (the Programme for the Endorsement of Forest Certification Schemes), and conducts regular checks to ensure that only reputable plantation operators are used, the operations do not result in environmental destruction such as chemical soil contamination, and the obligation to replant logged areas is being fulfilled. In addition to Mitsui's Australian business, in 2014 Trans Pacific Fibre, a forest resources business for pulp and paper manufacturing joint venture company in Chile, obtained both FSC® (FSC®-C124327) and PEFC certification.

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



Woodchip processing plant (Bunbury Port in Western Australia)