Corporate Governance and Internal Controls

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

- **Internal Auditing Division**
- **Crisis Management Headquarters**
- **President and CEO**
- **Corporate Management Committee**
- **Compliance Committee**
- **Portfolio Management Committee**
- **Information Strategy Committee**
- **Sustainability Committee**
- **Environmental & Societal Advisory Committee**
- **Environmental Fund Deliberation Committee**
- **Diversity Promotion Committee**
- **Business Operating Organization (Inside/Outside of Japan)**

**Risk Management**

**ESG-Related Risk Management**

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 engaged 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 ring (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
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.

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

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<td>Medical, healthcare and bioethics related business</td>
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<td>Projects receiving subsidies</td>
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### 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.
BCM Framework

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

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.