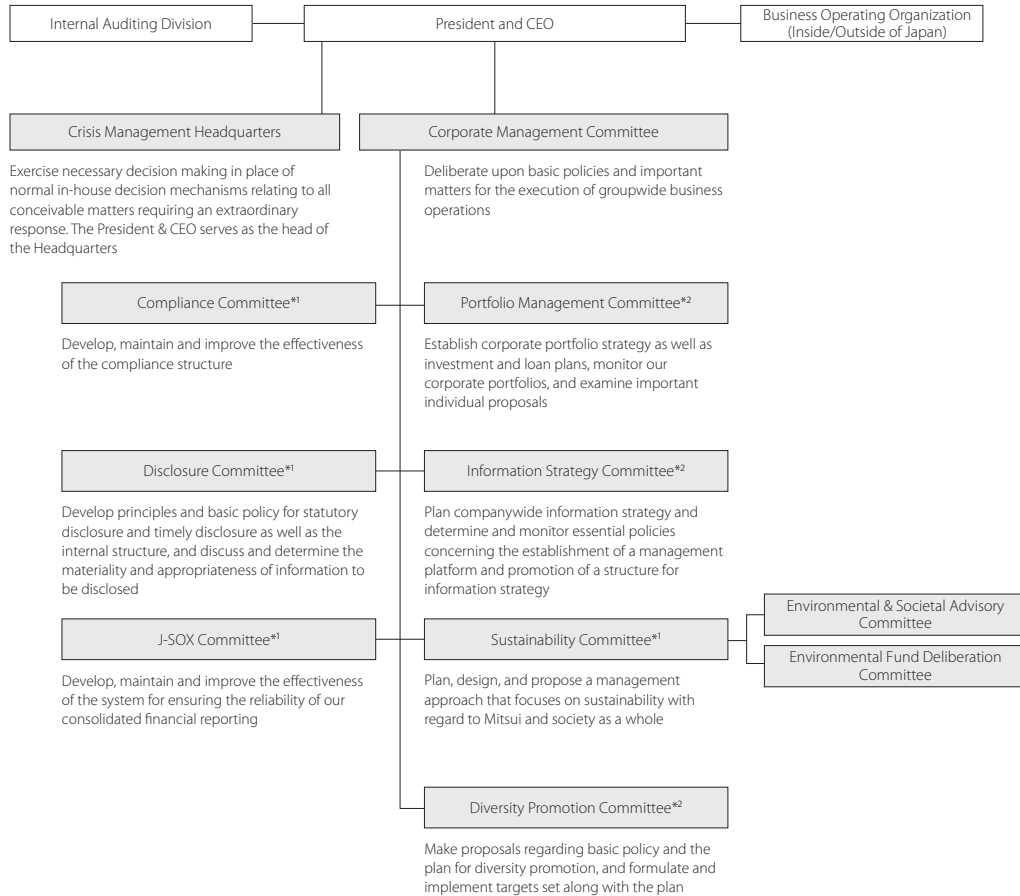


Corporate Governance and Internal Controls

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.