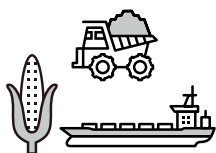


# Mitsui & Co's Materiality

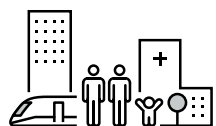
Mitsui & Co. prioritizes and focuses on sustainability in its corporate management. We have identified Mitsui's material issues ("Materiality") for the sustainable growth of both society and the company, with the aim of meeting the expectations and trust of a variety of stakeholders and pursuing our corporate mission, "Build brighter futures, everywhere."

We link our Materiality with the United Nations Sustainable Development Goals (SDGs), in promoting our initiatives and activities, in order to work towards the SDGs' 17 goals.



## Secure sustainable supply of essential products

Ensure the sustainable and stable supply of resources, materials, food and manufactured products that are vital for the development of society.



## Enhance quality of life

Contribute to the betterment of living standards and the development of local industries to realize sustainable societies globally.



## Create an eco-friendly society

Accelerate initiatives towards environmental issues, such as responding to climate change and water resource problems, and contributing to a circular economy.



## Develop talent leading to value creation

Respect diversity and develop human resources with the competence to create innovation and new value.



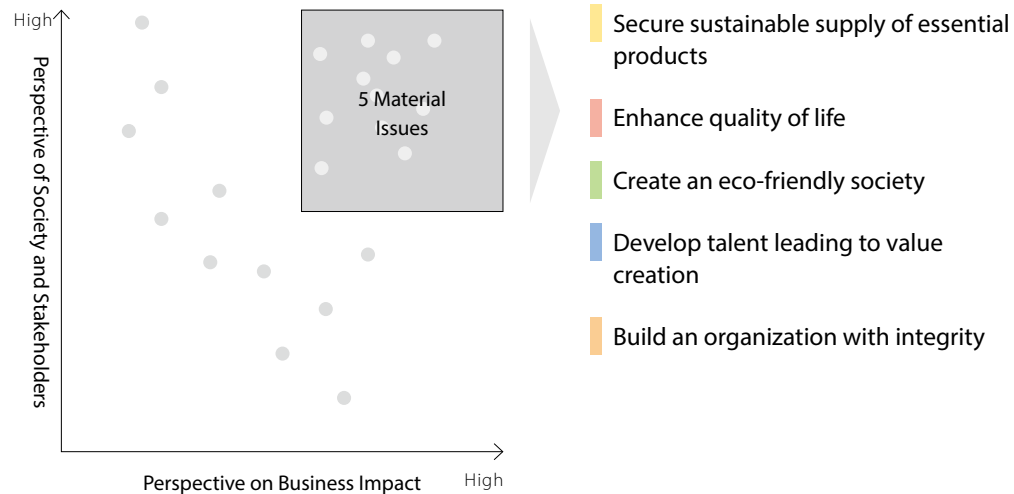
## Build an organization with integrity

Strengthen our governance and compliance as a corporate group trusted by society.



## Identification and Review of Materiality

In 2015, Mitsui & Co. identified its Materiality, which consists of five key material issues in areas that are important for our stakeholders and have significant implications for our business management. As the importance of sustainability has been growing globally as expressed in the environmental, social, and governance (ESG) aspects and the SDGs, and mega-trends with the potential to impact our business activities are changing rapidly, we have reviewed our Materiality and re-identified five new material issues in 2019. We recognize societal issues related to our business activities in each material issue category, verify significant risks and opportunities for Mitsui in terms of the impact of societal issues, and disclose our approach toward each Materiality.



In carrying out the revision, we took into account both the perspectives of various stakeholders in relation to the SDGs, the United Nations Global Compact, ISO26000, GRI Standards, other international frameworks, and ESG investment evaluations, as well as the impact on our business activities. In addition, we carried out questionnaire surveys of officers and employees on a global group basis, exchanged views with our external directors and outside experts, through meetings such as the Sustainability Committee, and interviews with the Sustainability Promotion Officers. After having such active discussions within and beyond Mitsui, we obtained approvals from the Corporate Management Committee and the Board of Directors, and finalized the new Materiality.

The Materiality encompasses material issues that could become risks or opportunities in the context of our medium- to long-term business strategies, and will serve as the ground on which we engage in our business activities. By positioning the Materiality as a medium- to long-term key management priority, all officers and employees of Mitsui will work together to ensure the Materiality is reflected in our business activities. Mitsui will commit itself to sustainability management and strive through its diverse global business activities and the solution of global issues including climate change, pursuing both in a well-balanced long-term perspective.

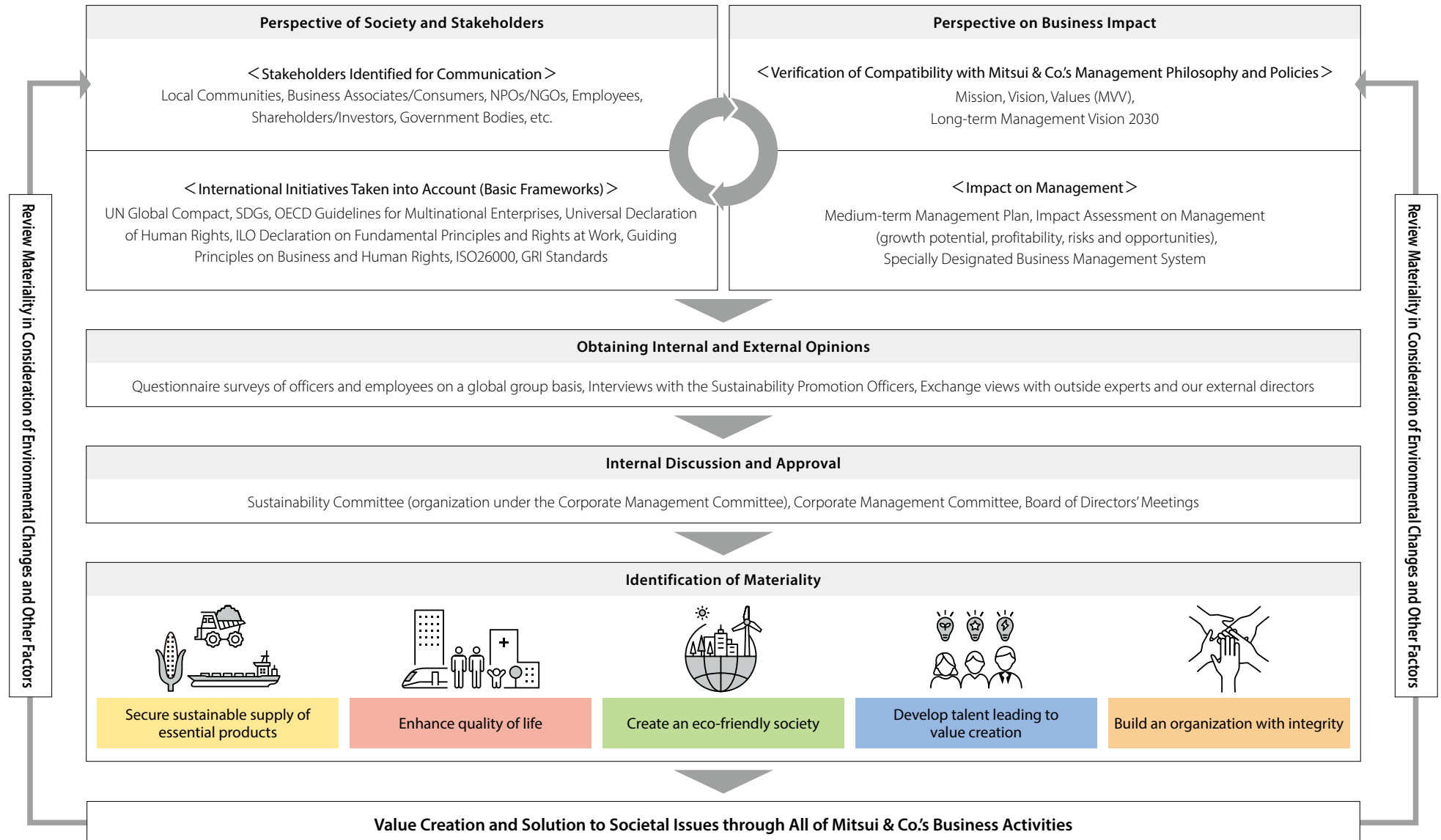
Toward 2030, with a greater focus on evolution from “connecting” to “creating,” which is called for in our Long-term Management Vision 2030 that we have formulated as our future image, we will identify challenges, set targets, and find solutions to achieve the goals. Furthermore, we will create changes, trends, and new value.

In order to respond to social challenges, needs, and expectations in line with changes in the times, and also to incorporate the formulation of new medium-term management plans and the resulting changes in impact on the economy, environment, and society into our sustainability management, we will review our Materiality and specific themes to work on every 3-5 years in consideration of environmental changes and other factors.

**P.117** Material Issues of Mitsui & Co.'s Materiality in Association with Initiative Themes and the GRI Standards

## Identification and Review of Materiality

Flowchart for Identification and Review of Materiality



## Mitsui &amp; Co.'s Approach



## Secure sustainable supply of essential products

Ensure the sustainable and stable supply of resources, materials, food and manufactured products that are vital for the development of society.

Recognition of Societal Issues	Major Risks and Opportunities	Major Initiatives
<ul style="list-style-type: none"> <li>Population growth and expanding demand for resources, energy, raw materials, food, manufactured products, etc.</li> <li>Improvement of production and supply capacity to respond to climate change</li> <li>Safety and security of food and manufactured products</li> </ul>	<div><b>Risks</b></div> <ul style="list-style-type: none"> <li>Supply failures of resources, energy, raw materials, food, manufactured products, etc. caused by climate change, COVID-19, etc.</li> <li>Reputational damage resulting from safety and health problems affecting the final consumers of food and manufactured products</li> </ul> <div><b>Opportunities</b></div> <ul style="list-style-type: none"> <li>Improvement of production and supply capacity through responding to the effects of climate change, COVID-19, etc.</li> <li>Enhancement of competitiveness through the establishment of traceability, responsible marketing leading to demand expansion</li> </ul>	<div><b>Stable Supply of Resources, Energy, Materials, Food and Products</b> 🔍 P.55</div> <ul style="list-style-type: none"> <li>Stable and efficient supply of resources, raw materials, and manufactured products (such as metals, chemicals, energy, and food) through building optimal supply chains from upstream to downstream</li> <li>Promotion of measures against climate change, abnormal weather events, and other disasters</li> </ul> <div><b>Targets</b></div> <ul style="list-style-type: none"> <li>Improvement of access to nutrition through the stable supply of food</li> </ul> <hr/> <div><b>Supplying Food and Products with Ensured Safety and Security</b> 🔍 P.56</div> <ul style="list-style-type: none"> <li>Provision of products in accordance with the Consumer Product Handling Policy, Consumer Product Handling Regulations, and detailed rules established by relevant business units</li> <li>Traceability management in the food business area, and management of safety and security risks by holding regular food safety seminars</li> <li>Promotion of responsible pharmaceutical marketing activities</li> </ul>

## Our Stories: Secure sustainable supply of essential products

# Contributing towards the Development of High-Productivity, Sustainable Agriculture through Environmentally-Friendly Biopesticides



**Christina Limbourg**

Third Business Dept., AgriScience Div., Nutrition & Agriculture Business Unit

\* Position as of the time of interview.



Certis USA LLC's head office



2.4

Contribute towards the establishment of sustainable agricultural systems that safeguard human health and the environment, through the manufacturing and sale of biopesticides.



3.9

Contribute towards making soil healthier by promoting and expanding the use of biopesticides.

As a result of population growth and economic development, annual global food demand is expected to rise by 70% between 2010 and 2050 to reach 5,817 million tons\*.

To increase the world's food supply to keep pace with rising demand, it will be necessary both to cultivate new land and increase yields on existing farmland. However, increasing the area of land under cultivation on a global scale will be challenging, so it is particularly important to boost yields by developing new agricultural technologies and reducing production loss.

During the Green Revolution of the 1960s, increased food production was underpinned by chemical fertilizers, pesticides and new high-yielding crop varieties. However, in today's world, where environmental pollution and food safety have become important issues, there are concerns about the impact of chemical fertilizers and pesticides on human health and on ecosystems, and, particularly in Europe, stringent controls are being placed on agrochemicals and on recombinant DNA technology, along with demands for the adoption of safer methods.

Mitsui & Co. recognized the potential for using biopesticides to address this issue, and established Certis USA L.L.C. (Certis USA) in 2001 after acquiring the biopesticide business of a U.S. agrochemicals manufacturer. Biopesticides utilize the abilities of microorganisms, natural enemies, parasites, etc., to combat insect pests and weeds, transforming them into agents that can be applied easily and effectively. They can be used to create an environment in which it is difficult for insect pests and weeds to thrive, and restrict their growth so that they do not cause economically significant damage. By promoting Integrated Pest Management (IPM) that integrates the biopesticides manufactured by Certis USA with agrochemicals, we are contributing towards the building of highly-productive, sustainable agricultural systems.

\* Source: Food Security Office, Policy Planning Division, Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries, Long-term World Food Supply and Demand Projection for 2050 (September 2019)



## Our Stories: Secure sustainable supply of essential products

### Using world-leading technology to help drive the transformation of agriculture

We established Certis USA at a time when there was growing concern about the negative impact of chemical pesticides and fertilizers on human health and on the environment, and when a transition towards more environmentally-friendly agriculture was being promoted. Focusing our attention on IPM technology, which controls the growth of pests by combining different preventive techniques, we acquired Thermo Trilogy Corporation (now Certis USA), a leader in the emerging biopesticides sector, and began promoting the adoption of IPM in the agricultural sector. We were confident that, by combining biopesticides and agrochemicals appropriately in ways tailored to the environment and the incidence of agricultural pests in individual countries and regions, it would be possible to simultaneously address the seemingly contradictory goals of enhancing crop yields and reducing the burden on the environment, thereby contributing towards agriculture and food production and enhancing the lives of people throughout the world. Anticipating that calls for this type of change would increase in the future, not only from farmers but also from sales companies, consumers, etc., we made the decision to invest in this area 19 years ago. Although it took some time to bring our vision to fruition, demand



Production equipment at a Certis USA subsidiary (India)

for IPM has risen significantly over the past five years.

Currently, Certis USA is a leading biopesticides company with a global market share of approximately 5%. While the know-how possessed by Certis USA employees certainly constitutes one of the company's strengths, other factors behind its superior performance include the fact that, unlike multinational corporations that have expanded into

biopesticides from agrochemicals manufacturing, Certis USA's sole focus on biopesticides has given it a strong product line-up, with first-rate technological capabilities in terms of the cultivation of the microorganisms that are used in biopesticide manufacturing, and possession of both solid fermentation and liquid fermentation technology. My role is to provide support to help grow Certis USA's corporate value and help the company to expand its business; I am delighted to have the opportunity to support a firm that is a world leader in the rapidly-growing biopesticides sector.

### Using biopesticides to enhance the productivity of the soil

Although Certis USA manufactures only biopesticides, this does not mean that we believe agrochemicals cannot be used at all. As biopesticides have little impact on organisms other than those which they are targeted to protect against, they make it possible to realize pest prevention while also reducing the harm caused to the health of humans and domestic animals and the negative impact on the environment. However, they do have disadvantages; they are relatively slow-acting, and it can be difficult to decide the best time to apply. Agrochemicals can compensate for these deficiencies because they are often quick-acting and easier to use. On the other hand, excessive use of agrochemicals can reduce the biodiversity of the microorganisms in the soil, creating an environment which is more conducive to the growth of pathogenic bacteria and insect pests. Biopesticides can play an important role in improving the soil environment, protecting plants' roots and enhancing the productivity of the soil.

For this reason, it is important to recognize the different roles that biopesticides and agrochemicals play. Certis USA's consultants and distributors hold presentations to explain ways of combining biopesticides and agrochemicals and how to use biopesticide products effectively, and also offer training so that farmers can learn how to adopt IPM smoothly.

### Working to ensure that the right products can be used in the regions that need them

Certis USA's current main markets include North America and

**I am hoping for a future in which we are able to realize a world free from hunger through the effective use of biopesticides.**

Europe, but the company is also working to increase sales in South America, Asia, and the Middle East in order to help foster the spread of sustainable agriculture. However, price competition in these markets is intense, therefore the method of approach is an issue: biopesticides tend to be more expensive than agrochemicals, making them hard to win acceptance in countries and regions where the emphasis is on low-cost, fast-acting products. What Certis USA is currently considering is moving away from the existing model whereby products manufactured in the U.S. are sold throughout the world, towards a system under which platforms will be created for local manufacturing and sale, which will help to make the products more cost competitive and enable the company to respond more effectively to customers' needs. While technical support for farmers has been carried out through distributors in the past, Certis USA is planning to provide more of such support directly in the U.S. market. By implementing similar measures in developing nations and regions in Asia and Africa, we hope to help people to understand the advantage for using biopesticides, which in turn should lead to increased sales.

### We want to use biopesticides to help ensure that people all over the world have enough to eat

The number of people suffering from hunger and malnutrition continues to increase, and this problem is especially pronounced in Asia and Africa. It has been reported that over two billion people lack adequate access to safe, nutritious food. There are many factors behind this situation; nevertheless, we believe that realizing sustainable agriculture can help to bring about a future in which people throughout the world have access to the food they need. By working through Certis USA, which plays a key role in our biopesticides business, we hope to continue supporting the adoption and expansion of sustainable agriculture in the future.

## Mitsui &amp; Co.'s Approach



## Enhance quality of life

Contribute to the betterment of living standards and the development of local industries to realize sustainable societies globally.

Recognition of Societal Issues	Major Risks and Opportunities	Major Initiatives
<ul style="list-style-type: none"> <li>• Infrastructure development in developing and emerging countries</li> <li>• Aging infrastructure in developed countries</li> <li>• Health maintenance, provision of healthcare, nursing, and welfare services</li> <li>• Consideration for indigenous peoples in relation to resource development and other activities</li> <li>• Expanding responsibility and increasing importance of consideration for human rights in supply chains (e.g., labor practices and impact on local communities)</li> </ul>	<div> <b>Risks</b> <ul style="list-style-type: none"> <li>• Reputational damage resulting from safety and health problems affecting infrastructure users</li> <li>• Decline in competitiveness due to the diversification of information dissemination methods and fund procurement means</li> <li>• Decline in service standards and other issues due to a shortage of healthcare personnel</li> <li>• Reputational damage resulting from human rights violations and environmental loads in supply chains</li> </ul> </div> <div> <b>Opportunities</b> <ul style="list-style-type: none"> <li>• Development of sustainable infrastructure for improvement of living standards in developing and emerging countries</li> <li>• Changes in disease structure due to population growth/economic development and increase in healthcare needs due to aging</li> <li>• Creation of markets by promoting ICT-based business to build urban social infrastructure in response to the move toward developing smart cities</li> <li>• Market expansion by meeting diversifying consumer needs</li> <li>• Improvement of value and reliability across entire value chains through consideration for the environment, human rights, labor, and local communities in the entire supply chain</li> </ul> </div>	<div> <b>Enhancement of Quality of Life and Social Infrastructure</b> 🔍 P.57           <ul style="list-style-type: none"> <li>• Contribution to the enhancement of local and social infrastructures that are essential for sustainable growth and development, particularly through promotion of projects in relation to renewable energy, water treatment, water supply and sewerage, logistics, railroads, and communications</li> <li>• Promotion of sustainable development and community investments aimed at creating employment at the regional level in developing and emerging countries where population growth and economic development is significant</li> </ul> </div> <div> <b>Health and Aging Society</b> 🔍 P.59           <ul style="list-style-type: none"> <li>• Contribution to the advancement of healthcare in terms of access, quality, and efficiency by responding to diverse medical needs due to population growth and aging</li> </ul> </div> <div> <b>Increasingly Diverse Consumer Needs</b> 🔍 P.60           <ul style="list-style-type: none"> <li>• Provision of products and services that meet diverse consumer needs</li> </ul> </div> <div> <b>Respect for Human Rights</b> 🔍 P.61           <ul style="list-style-type: none"> <li>• Respect human rights in its activities as a group and also aim to promote respect for human rights in collaboration with our business partners               <ul style="list-style-type: none"> <li>• Formulation of a human rights policy and implementation of human rights due diligence</li> <li>• Provision of human rights training programs aimed at raising awareness among officers and employees</li> </ul> </li> </ul> </div> <div> <b>Supply Chain Management</b> 🔍 P.65           <ul style="list-style-type: none"> <li>• Meeting society's expectations together with business partners by complying with laws, respecting human rights, maintaining safe and sanitary working conditions, reducing environmental load, and ensuring consumer safety and confidence in relation to products and services</li> <li>• Conducting surveys to monitor the status of sustainability measures in supply chains (supplier on-site surveys)</li> </ul> </div> <div> <b>Targets</b> <ul style="list-style-type: none"> <li>• Achievement of 100% awareness of our Sustainable Supply Chain Policy among new suppliers</li> </ul> </div> <div> <b>Social Contribution Activities</b> 🔍 P.99           <ul style="list-style-type: none"> <li>• Promotion of initiatives that are aimed at local community revitalization in partnership with local communities</li> <li>• Implementation of multifaceted initiatives at 74 locations of Mitsui's Forests (approximately 44,000 hectares) throughout Japan</li> <li>• Provision of opportunities to allow young people to broaden their horizons and knowledge as global leaders, and to build various networks, through Mitsui-endowed lecture programs at universities and training programs in Japan, as well as through provision of scholarships in countries and regions where Mitsui operates its business</li> <li>• Operation of the Mitsui &amp; Co. Environment Fund to support university research, and NPO/NGO activities targeting solutions for environmental problems</li> </ul> </div>

## Our Stories: Enhance quality of life

# Contributing towards Enhancement of People's Lives and Economic Development through Mini-grid Projects in Non-electrified Regions



**Thomas Alwin**

Division. II, Infrastructure Projects Business Unit, seconded to OMC Power Private Limited



A Power generation plant. In the background is a household that receives power supply from the facility.



7.1

Deliver stable and affordable electricity generated by solar power, and promote electrification across non-electrified regions.



9.4

Promote measures to increase efficiency in solar power generation and distribution, and strive to reduce cost.

Demand for energy has been growing throughout the world, especially in Asia and Africa, along with the steady economic growth of these regions. The power sector has seen a pronounced trend towards Decarbonization, Decentralization, and Digitalization (the “3 D’s”), and a rapid shift is underway towards renewable energy, which is more environment-friendly. Mitsui & Co. is responding to the “3 D’s” trend not only through the development of utility scale solar power and wind power projects, but also through the global roll-out of distributed power generation projects that provide service closer to the end-user.

Globally, approximately one billion people—mostly in Asia and Africa—have limited access to electricity\*, and for India also, this is a major problem. At the same time, mobile phone penetration rates tend to be very high even in the inadequately-electrified regions of India and Africa, making electricity necessary for communication purposes. In 2017, we invested in OMC Power Private Limited (OMC), which is specialized in a business model with a combination of solar power and batteries to implement a distributed electricity generation business in which electricity is produced and consumed locally. With mobile phone base stations being the anchor customers, OMC supplies reliable electricity to local businesses and communities as well. Rather than using conventional fossil fuels, OMC provides stable and affordable electricity mainly through environment-friendly solar power, with the aim of contributing to the realization of the Indian government’s goal of ensuring a 24-hour electricity supply to all Indian households, as well as enhancing the lives and economic prosperity of rural communities. We will be working with OMC to deliver electricity to other inadequately-electrified regions not only in India, but also in other parts of Asia and Africa.

\* Source: International Energy Agency, World Energy Outlook 2018.



## Our Stories: Enhance quality of life

### Expanding the customer base with a unique business model

Currently, OMC operates 197 power generation plants, which supply power to 211 mobile phone base stations, 5,000 local businesses, and approximately 100,000 residents in 15,000 households. I am working with the OMC team to expand the scale of operation and improve profitability, with the aim of expanding the number of power plants, which stood at 100 in 2017, to 1,000 plants in the near future, and bring stable power to over one million people living in remote and rural areas with inadequate access to the conventional grid.

In developing countries, due to the rapid increase in mobile phone usage, it is a common phenomenon that the wireless communication network exceeds the infrastructure provided to supply electric power, and India is no exception. OMC developed a unique business model that takes advantage of this situation. Starting out by supplying power to mobile phone base stations, OMC then built transmission and distribution lines in the vicinity of the base station, expanding its customer base to include local facilities, businesses and residents within a 2–3 kilometer radius of the base station. This business model makes effective use of the know-how that OMC has accumulated over the years as a leading



A store able to do business at night

mini-grid operator, the company's good relationship with mobile phone service providers, and its experience of working with India's individual state governments in the mini-grid sector. By building a distributed electricity generation platform, OMC is able to provide a stable and reliable electricity supply by managing the platform in line with customer demand. Furthermore, OMC aims to utilize this platform as a foundation for providing new businesses and services that enhance the standard of living of the local communities. Currently, the company is already providing a service that uses electricity for water purification, and a diverse range of other new services that have the potential to enrich local residents' lives—such as refrigeration facilities and electric vehicle charging facilities—are also under consideration.

### Continuous optimization of business processes to pursue higher quality and better cost

In inadequately-electrified regions of India, people normally rely on diesel fuel, kerosene, firewood, etc. for the basic needs of energy such as lighting and cooking. However, these methods place a significant burden on the environment, and they are also expensive in terms of cost per kilowatt hour. OMC's goal is to utilize solar power to provide clean energy to these residents while bringing down the cost to an optimum level. While providing environment-friendly clean energy, it has to be affordable as well for the target customers.

Solar power offers outstanding cost-performance, as once it is installed, it can keep generating electricity every day (as long as the sun is shining) without the need for fuel. In recent years, the cost of solar power generation has fallen significantly, and it now constitutes a low-cost source of electricity. Utilization of solar enables OMC to generate power at low cost; in addition, OMC's many years of experience in the sector enable the provision of highly efficient power generation. To ensure a stable power supply in response to customer demand, OMC uses solar panels to generate electricity during the day, and stores the excess energy in batteries to supply it during the night hours. Diesel generators are used only as back-up to ensure the 99.95% power availability that OMC has committed to

## Electricity can change society. We want to provide electricity to as many people as possible.

anchor customers. By efficiently using the solar panels, batteries, and diesel generators in combination, reliable power can be supplied 24 hours a day. Running a power plant efficiently and stably is a challenging task, but OMC has achieved this, thanks to the know-how it has accumulated over the years. OMC's generating facilities also make extensive use of information technology. It has developed its own unique power control unit to reduce generating loss within power plants and a remote monitoring system to manage multiple power plants efficiently; OMC continues to work tirelessly to realize further optimization and improvements that will enable it to produce electricity at even more competitive cost.

### Delivering electricity enriches people's lives

It is estimated that around one billion people are living in inadequately-electrified regions. Having myself grown up in the southern part of India, where the electricity power supply system was also not stable in the past, I understand personally how big a problem this can be. Living in an environment without access to electricity is more than just an inconvenience; it also causes sanitation problems, low levels of economic activity, lack of job opportunities, and even insufficient educational facilities. When OMC built its first power plant, there was little economic activity nearby. In some locations, with the establishment of OMC plants, the community has developed significantly, and now there is a primary school, a high school, a small hospital, and a large number of shops. Witnessing the improvement in living standards, and how the local economy has been invigorated, it really brought home to me how important electricity is for society.

In the future, we will be expanding our business in other countries and regions and working to strengthen OMC's organizational capabilities, so that we can deliver stable, affordable, sustainable electricity to everyone who needs it—starting from India and expanding into Africa, other parts of Asia, etc.—as soon as possible.

## Mitsui &amp; Co.'s Approach



## Create an eco-friendly society

Accelerate initiatives towards environmental issues, such as responding to climate change and water resource problems, and contributing to a circular economy.

Recognition of Societal Issues	Major Risks and Opportunities	Major Initiatives
<ul style="list-style-type: none"> <li>• Global warming, climate change</li> <li>• Water resource shortages</li> <li>• Circular economy</li> <li>• Environmental pollution</li> <li>• Loss of biodiversity</li> </ul>	<div> <b>Risks</b> <ul style="list-style-type: none"> <li>• Impact of tighter policies and regulations as part of the transition to a low-carbon society</li> <li>• Impact of new technologies and the creation of new markets on supply and demand in existing business areas</li> <li>• Disruption of business operations due to the impact of cyclones, hurricanes, and other physical impacts linked to climate change</li> <li>• Impacts on the natural environment, such as the large-scale use of water in business operations</li> <li>• Impact of leakage of hazardous chemicals</li> <li>• Increase of environmental costs due to the destruction/deterioration of eco-systems</li> </ul> </div> <div> <b>Opportunities</b> <ul style="list-style-type: none"> <li>• Accelerating market changes in the mobility area resulting from rising environmental awareness and the tightening of regulations</li> <li>• Expansion of markets for environment-related business areas, such as renewable energy</li> <li>• Demand for high-efficiency power plants</li> <li>• Creation of new business models based on the circular economy</li> <li>• Handling of products and services that contribute to the creation of a low-carbon society by conserving energy and reducing greenhouse gas emissions</li> </ul> </div>	<div> <b>Environmental Management</b> 🔍 P.34           <ul style="list-style-type: none"> <li>• Consideration for the environment in our business activities on a global group basis</li> <li>• Implementation of environmental management systems based on ISO14001 and various international guidelines</li> <li>• Active obtainment of environment-related certifications</li> </ul> <div> <b>Targets</b> <ul style="list-style-type: none"> <li>• Reduction in energy consumption intensity by 1% or higher on average per year for Mitsui and its subsidiaries in Japan</li> <li>• Improvement of the recycling rate in Head Office and corporate buildings in Osaka and Nagoya to at least 85% by 2020</li> <li>• Reduction of the use of resources (paper) in the Head Office and all offices in Japan</li> <li>• Increase in the ratio of sustainable certified palm oil procurement, including RSPO-certified, to 100% by 2030</li> </ul> </div> </div> <div> <b>Climate Change</b> 🔍 P.40           <ul style="list-style-type: none"> <li>• Improving the asset portfolio of the resource and power generation business and flexible take-up of new business challenges based on long-term perspectives of at least ten years, making the most of our existing wide-range business development activities</li> <li>• Promotion of business that contributes to the reduction of CO<sub>2</sub> emissions such as renewable energy and modal shift</li> <li>• Implementation of initiatives that contribute to the improvement of energy consumption efficiency</li> </ul> <div> <b>Targets</b> <ul style="list-style-type: none"> <li>• Formulating Mitsui's goal to achieve net-zero emissions as our Vision for 2050, and aiming to reduce GHG impact by 2030 to half of what it is in 2020 as the path to achieve the above goal</li> <li>• Increase in the percentage of renewable energy (including hydropower) in Mitsui's equity-based electricity generation capacity to 30% by 2030</li> </ul> </div> </div> <div> <b>Water Resources</b> 🔍 P.45           <ul style="list-style-type: none"> <li>• Work through our water business to conserve water resources and promote sustainable usage</li> </ul> </div> <div> <b>Circular Economy</b> 🔍 P.46           <ul style="list-style-type: none"> <li>• Promotion of the 3Rs</li> <li>• Introduction of designs and materials that minimize resource inputs</li> <li>• Promotion of sharing to improve usage rates for products and services</li> <li>• Extension of product life cycle through maintenance and repurposing</li> <li>• Development of mechanisms that allow the utilization of items once regarded as waste for other purposes</li> </ul> </div> <div> <b>Environmental Pollution</b> 🔍 P.47           <ul style="list-style-type: none"> <li>• Reduction of the quantity of chemical substances released into the atmosphere</li> <li>• Initiatives that lead to the reduction of water and soil contamination</li> </ul> </div> <div> <b>Biodiversity</b> 🔍 P.48           <ul style="list-style-type: none"> <li>• Promotion of business that takes biodiversity into account</li> <li>• Designation of 10% of Mitsui's Forests as "biodiversity conservation forests," and maintenance and management of these forests accordingly</li> </ul> </div>

## Our Stories: Create an eco-friendly society

## Creating Community-Based Biomass Power Generation Business for the Post-Carbon Society



Hiroki Yamashita

Hokkaido Energy Dept., Local Business Origination &amp; Innovation Div., Energy Business Unit I&amp;I



Biomass power plant in Shimokawa

Throughout the world, global warming has led to increased demand for renewable energy. In Japan, the government has announced its aim to realize an energy mix whereby renewable energy accounts for 22–24% of total electric power generation by 2030, and to actively promote renewable energy as the mainstream source of electric power generation.

With this in mind, Mitsui & Co. is working to grow its renewable energy business and reduce greenhouse gas (GHG) emissions. An example of a project where we have taken a leading role is the development of wood biomass power generation as a distributed local power source in Hokkaido, with new biomass power plants having begun operation in Tomakomai in 2017 and in Shimokawa in 2019, and construction of a further plant begun in Tobetsu in May 2020. Establishing small-scale, distributed power plant facilities close to power consumers reduces energy loss during transmission and also reduces GHG emissions. Hokkaido has extensive forest resources, with over 20% of Japan's total forest area, so there will be a stable supply of unused forest materials such as forest thinnings that can be used as fuel for the biomass power plants, and we believe that biomass power generation—which, unlike solar power or wind power, can consistently maintain more or less stable power output, regardless of the weather—has the potential to make renewable energy the mainstream form of electric power generation.

Whereas most biomass power generation projects undertaken by general trading companies use a business model that involves importing wood fuel from overseas and supplying the generated power to electric power utilities, we have created a unique model in which distributed local power plants are operated using 100% Hokkaido-produced fuel. Forestry is one of Hokkaido's main industries, and the use of wood biomass power generation facilitates “cascade” type utilization of timber\*<sup>1</sup>. We have Mitsui's Forests totaling around 44,000 hectares at 74 locations throughout Japan, of which approximately 36,000 hectares are in Hokkaido. We are contributing towards the reinvigoration of the forestry sector not only through our own forests, but also by creating demand for unused forest materials such as forest thinnings, creating new employment opportunities for forestry and logistics sector workers, and enhancing the efficient utilization of forest materials.



7.1, 7.2

Contribute towards increasing renewable energy's share of electric power generation in Japan and enhancing access to renewable energy through the development and operation of wood biomass power generation projects.



8.3

Generate continued, stable job creation in the forestry and logistics sectors through local procurement of the fuel needed for electric power generation.



9.4

Contribute towards the reduction of fossil fuel usage and CO<sub>2</sub> emissions by reusing the heat generated during electric power generation within the power plant and also undertaking planning for sharing the heat with the local community and industrial facilities.



15.1, 15.2

Support the proper management of degraded forest and restoration of its functions by monetizing unused forest materials such as forest thinnings.



## Our Stories: Create an eco-friendly society

### Making a difficult experience the springboard for launching projects in new locations

Having overseen new project development in Hokkaido since 2017, I realized that efforts to make renewable energy the mainstream form of electricity generation face a number of problems. One issue is constraints on connection to the electric power system<sup>\*2</sup>. Traditionally, the electric power companies built transmission lines to connect large-scale power stations with areas where there is demand for electric power, so areas with spare electric power system capacity and areas with potential for renewable energy development do not necessarily coincide. Grid capacity constraints have been a problem, and within Hokkaido, the establishment of a new upstream grid system can take 5–9 years and cost huge amounts of money, so the hurdles that need to be overcome are very high.

System connection has also been a problem with the Tobetsu project which began construction this year. After a survey that took nearly six months, we found out that the new project could not be connected to the electric power system at the site we originally thought we would be able to secure in another local municipality. Since we had already spent money on a soil boring survey, I was at a loss as to how to explain the situation to other project stakeholders. However, we did not give up, and in the end we were able to receive support from the town of Tobetsu and the staff of the town office, who were hoping to adopt renewable energy, to allocate suitable land to use. After the allocation of a suitable site, as the main project manager, I had a to-do list of nearly 500 items including having to confirm over 70 permits and authorizations from central government ministries and local government authorities, sign nearly 30 contracts with EPC<sup>\*3</sup> contractors and other external partners, engage in financing negotiations with regional banks, arrange O&M<sup>\*4</sup>, undertake raw materials procurement, build consensus with the local community, and also liaise with joint investor Hokkaido Electric Power Co., Inc. and complete approval processes within Mitsui. When the groundbreaking ceremony was held, there was a real sense that it had all been worth doing.

### Using German gasification technology and U.S. IoT technology to support power plant establishment

Both the Shimokawa and Tobetsu power plants were designed as compact facilities, which offer advantages in terms of system connection. However, when conventional steam turbine type generators are built on a small scale there can be problems with reduced generating efficiency. While on

assignment in Germany to research technology that could be used to address this problem, I was impressed by the technology of Burkhardt GmbH, which generates electricity using a unique type of gasification furnace with wood pellets<sup>\*5</sup> as the fuel. As the gasifiers require high-level pellet quality management, even after commencing power plant operation, we continued to make steady improvements of 1% or so in terms of the water content of pellets. We also adopted the PI System developed by OSIsoft, LLC., a company that our IT & Communications Business Unit has invested in, to realize real-time data aggregation and visualization, thereby facilitating effective management decision-making to optimize operation and enhance availability, representing a DX<sup>\*6</sup> initiative based linkage that a general trading company like Mitsui excels in.

In terms of environmental contribution, the gasifier technology has the additional advantage of requiring less wood than conventional steam turbine technology. Additionally, at the Shimokawa Plant the heat generated during electricity generation with gasifier technology is reused in the drying process during pellet manufacturing, realizing an improvement in overall energy efficiency. At Ladbergen, a village in Germany that Mitsui visited to examine the generators in use there, the power plant supplies hot water to an airport located 3 kilometers away and to local factories. This has made it possible to bring down expenditures on heavy oil and kerosene, thereby reducing the flow of funds out of the village, and the money that is saved can be used to support the health of local forests, creating a “virtuous circle” of fund utilization. We would like to adopt similar business model whereby hot water is supplied



The Tobetsu power plant, which is currently under construction and scheduled for commencement of operation in or after 2021 (conceptual image)

**I want to create a power station that is rooted in a resource-circulating local economy, and in which funds that previously would have flowed out of the community will be returned to local forests, as in Germany.**

by power plants to agricultural facilities that have been invited to operate nearby so that none of wood material is wasted.

### Using the integrated capability of a general trading company to develop locally-rooted businesses

We have committed ourselves to strengthening domestic business development within Japan, and in July this year the Energy Business Unit I&I established the new Local Business Origination & Innovation Division, with the aim of expanding businesses that are rooted in local communities. In the case of the current project, we are considering beyond horizontal dissemination, and are discussing how we can meet the needs of individual municipalities using the experience acquired in collaborating with local government authorities, so that we can generate opportunities for cross-business-unit development of local projects. Our good relationship with the town of Shimokawa has led to another local project, and we have begun industry/university/government collaboration to develop new products that make effective use of agricultural produce cultivated in Shimokawa, in partnership with the municipality of Shimokawa, Sapporo Ueshima Coffee Co., Ltd., and Fuji Women's University.

Hokkaido is blessed with extensive land and diverse natural resources, while also requiring large amounts of energy to cope with its severe winters; as such, it has great potential for renewable energy development. In line with my initial vision of wanting to create a village like Ladbergen in Japan, I will continue working towards the realization of an eco-friendly society.

<sup>\*1</sup> With the “cascade” model, after timber has been used as construction material, the left-over material can be used to manufacture paper pulp, and in the final stage it is used as fuel, so that no material is wasted.

<sup>\*2</sup> “Electric power system” is used here to refer collectively to the electricity generation, transformer operation, transmission, and distribution needed to supply electric power to customers’ equipment.

<sup>\*3</sup> Engineering, Procurement and Construction (EPC) agreement is negotiated between the project company and the contractor.

<sup>\*4</sup> Operation & Maintenance (O&M)

<sup>\*5</sup> Wood pellets are a form of solid fuel that is made by crushing round raw timber into small pieces and then compressing these to form small, rod-like pellets.

<sup>\*6</sup> Digital Transformation (DX) represents the transformation to a new model which emphasizes the role of ICT in business infrastructure, through the utilization of AI and IoT.



## Mitsui &amp; Co.'s Approach



# Develop talent leading to value creation

Respect diversity and develop human resources with the competence to create innovation and new value.

Recognition of Societal Issues	Major Risks and Opportunities	Major Initiatives
<ul style="list-style-type: none"> <li>• Innovation platforms</li> <li>• Diversity and inclusion</li> <li>• Improvement of creativity through work-style innovation and career development for diverse human resources</li> </ul>	<div> <b>Risks</b> <ul style="list-style-type: none"> <li>• Decline in the quality and competitiveness of human resources due to market and environmental changes</li> <li>• Outflows of employees due to the loss of career development opportunities for diverse human resources</li> </ul> </div> <div> <b>Opportunities</b> <ul style="list-style-type: none"> <li>• New value creation initiatives</li> <li>• Improvements in productivity, efficiency, and motivation along with accelerating work-style innovation</li> <li>• Recruitment of competitive talent through selection processes centering on abilities and personal qualities, and fair and diverse recruitment activities</li> <li>• Fine-tuned human resources development with an increased emphasis on diversity</li> <li>• Appropriate appointment and deployment of personnel on a global consolidated basis</li> <li>• Improvement of corporate competitiveness by creating innovations through diversity management promotion</li> </ul> </div>	<div> <b>Creating New Value</b> 🔍 P.69           <ul style="list-style-type: none"> <li>• Initiatives through Moon, an innovation lab aimed at new business development and business incubation</li> <li>• Advancement of business models in the digital economy area through digital transformation (DX), such as use of Mitsui's own data assets, creation of added value using AI and IoT, etc.</li> </ul> </div> <div> <b>Human Resources Management</b> 🔍 P.70           <p><b>Personnel Management in the Medium-term Management Plan 2023</b></p> <ul style="list-style-type: none"> <li>• Deployment of diverse professional talent to the right positions on a global group basis as a human resource strategy, one of the six corporate strategies that realize "Transform and Grow" under the Medium-term Management Plan 2023</li> </ul> <p><b>Human Resources Development and Allocation</b></p> <ul style="list-style-type: none"> <li>• Basic policy of fair recruitment, purely based on an individual's abilities and aptitude</li> <li>• Respect for diverse individuals and fostering of personnel who can contribute to the management of our global group and create new value</li> <li>• Appropriate appointment and allocation of personnel</li> </ul> <p><b>Career Development Initiatives for Our Diverse Human Resources</b></p> <ul style="list-style-type: none"> <li>• Promotion of management to realize the concept of "Diversity &amp; Inclusion" so that it embraces true diversity</li> </ul> <p><b>Creating an Environment for Taking on Challenges and Driving Creation</b></p> <ul style="list-style-type: none"> <li>• Rollout of the "Work-X" initiative, which embodies new work styles at Mitsui to create an environment in which employees work energetically so that both employees and the company can grow sustainably</li> <li>• Work-style innovation to review existing ways of working and realize flexible and priority-focused work styles that are unconstrained by spatial or temporal restrictions</li> <li>• Support for "work-life management" so that every employee is able to fully meet life's responsibilities, while pursuing career development by displaying their potential in the workplace to the full</li> </ul> <p><b>Health Management, Occupational Health and Safety</b></p> <ul style="list-style-type: none"> <li>• Creation of safe and healthy working environments in which employees can continue to work with confidence</li> <li>• Implementation of measures required under laws and regulations in the countries and regions where we have business operations</li> <li>• Establishment of systems to ensure an effective response to emergencies, such as accidents and disasters</li> </ul> </div> <div> <b>Targets</b> <ul style="list-style-type: none"> <li>• <b>Action Plan Related to the Promotion of Women's Empowerment</b></li> <li>• <b>Voluntary Action Plan on Promotion of Women to Managerial and Executive Positions</b> <ul style="list-style-type: none"> <li>• Achievement of a 10% ratio of female managers by the fiscal year ending March 2025</li> </ul> </li> <li>• <b>Work-Style Innovation Action Plan</b> <ul style="list-style-type: none"> <li>• Reduction in the number of employees working more than 620 hours of overtime per year (statutory calculation) to zero by the fiscal year ending March 2021 by supporting individual employees' efforts to improve productivity and efficiency through a priority-focused work style</li> <li>• Increase of the percentage of annual leave taken (including leave taken in half-day and hourly units) to 70% by the fiscal year ending March 2021 by supporting individual employees' efforts to improve productivity and efficiency through a priority-focused work style</li> <li>• Increase of the percentage of employees giving positive answers to questions on work styles in in-house surveys, such as whether the workplace environment is suitable for the maximization of productivity, and whether there are no obstacles to work in the workplace, to 60-70% of all employees by the fiscal year ending March 2024</li> </ul> </li> <li>• <b>Health Performance Index</b> <ul style="list-style-type: none"> <li>• Percentage of employees undergoing health checks: 100% by the fiscal year ending March 2021</li> <li>• Medical questionnaire response rate: 100% by the fiscal year ending March 2021</li> <li>• Percentage of employees undergoing stress checks: 90% or higher by the fiscal year ending March 2021</li> <li>• Smoking rate: Reduction by 0.5% compared to the previous fiscal year</li> </ul> </li> <li>• <b>Mental Health Promotion Plan</b> <p>The following targets have been set to be achieved in the five-year period up to the fiscal year ending March 2021.</p> <ul style="list-style-type: none"> <li>• All employees, including managers, shall understand mental health issues, and become able to fulfill his or her own role in promoting mental health</li> <li>• Fully establish and permeate the stress check system</li> <li>• Achievement of a 100% response rate in the regular medical questionnaire</li> </ul> </li> <li>• <b>Workplace Accident Targets (FY 2021)</b></li> </ul> </div>

## Our Stories: Develop talent leading to value creation

## Work-X—Driving a transformation of employees' mindsets and behavior

**Hiroko Takashiro**

Workplace Experience Dept.,  
Human Resources & General Affairs Div.

**Daisen Suzuki**

General Manager, Workplace Experience Dept.,  
Human Resources & General Affairs Div.



The Camp—A communication space in the new Head Office building



4.4

Inculcate the habit of acting proactively, and provide opportunities and an environment for the creation of new businesses through collaboration between human talent both within and outside the company.



8.2, 8.3

Provide a working environment in which people can work productively and creatively at any time, and in any location.

In our Long-term Management Vision 2030 (LTMV), which outlines our vision for the future, Mitsui & Co. has announced our determination to realize our evolution from “connecting” to “creating.” Through effective collaboration between individuals, we aim to generate cognitive “intellectual chemical reactions” that will make the Mitsui & Co. Group able to create unprecedented new value and new business proactively.

In May 2020, we moved into a new Head Office building. Taking this relocation as an opportunity to realize new work-style in our company, in 2018 we launched the Workplace Experience (Work-X) project to make our vision of the new workplace experience a reality throughout the company. It is a cross-organizational project within the company seeking to promote a transformation of each employee's mindset and behavior, which goes beyond the improvement of the workplace environment in the new Head Office building.

So as to continue creating new value by effectively utilizing the diverse individuals that make up Mitsui, we need to transform employees' working styles to be more flexible and more agile. Prior to the implementation of the Work-X project, we had already been implementing greater diversification in terms of working hours. Now, with Work-X, our main focus is on promoting cross-departmental communication and collaboration through the diversification of work locations. By making it possible for employees to proactively select the work location that is best suited to their current work situation and work content, we aim to realize more productive, more creative work-style.

The key aspect of Work-X is not the transformation of physical office environments, but rather the transformation of individual employees' mindsets and behavior, which in turn will enable us to realize the Medium-term Management Plan 2023—Transform and Grow. By disseminating this transformation of mindsets and behavior throughout the Mitsui global group, we will continue to challenge ourselves and realize further innovation.

## Our Stories: Develop talent leading to value creation

### Work-X has been underpinned by the proactive stance adopted by the Work-X Ambassadors

Over the past year, the Workplace Experience Dept. has been taking the LTMV as a foundation for enunciating and realizing our approach to the adoption of new work-style. Turning the content of the LTMV into concrete implementation strategies was no easy task, but the biggest challenge was to help Mitsui's approximately 6,000 employees to understand and accept the new approach, and to inspire them to take action. In promoting these changes, the single biggest role has been played by Ambassadors, who were selected from business and corporate units.

Initially, the expected role of the Ambassadors was to promote Work-X in each unit. However, once the project commenced, there were many instances where the Ambassadors provided a wide range of advice and suggestions from a frontline perspective, and actively exchanged views with others. Reflecting the Ambassadors' frontline perspectives and suggestions in promoting Work-X naturally made the project easier for the employees to take in, and this has been one of the major reasons why the dissemination of the new approach at individual workplaces has proceeded so well.

### Creating new business in a new environment

Following the Work-X discussions, several new measures have been implemented at Mitsui's new Head Office to foster communication and collaboration. One of these measures is the adoption of a free address system (hot desking system within each organizational unit). This system has made it possible to implement flexible team formation in line with operational and project needs. The second measure is the establishment of Camps (dedicated communication areas). These serve as places where employees can engage in cross-departmental collaboration, in a relaxed atmosphere conducive to the free generation of ideas. The third measure is "stacking"; through a strategic placement based on Mitsui's management strategy, departments that are likely to generate business synergy together are located on the same floor of the building, or on the floors immediately above and below one another, with the potential for changing these arrangements flexibly as needed. These three measures combine with one another to provide maximum effectiveness. When adopting the free address system, we firstly implemented a trial to verify the effectiveness and identify problems. Initially, many departments were cautious about

participating, but after repeated, careful explanation of why the change was needed, and once they heard the positive comments from the departments that had taken part in the initial trial, there was a steady increase in the number of units that wanted to adopt the new system.

The introduction of the free address system has also led to significant progress in paperless office implementation. With this initiative, the acceptance and active participation by our employees made it possible for significant results to be achieved.

Another major transformation realized by Work-X is the proactive utilization of digital technology. As a means of fostering real-time communication and making business processes more efficient, we have promoted a shift away from fixed-line telephony towards utilization of iPhones, and the adoption of digital technology such as Microsoft Teams and DocuSign. With the outbreak of the novel coronavirus disease (COVID-19) pandemic, all employees suddenly found themselves having to work from home, but because of the preparations that had already been made to adopt new working methods, employees were able to adapt smoothly and promptly. In this sense, the recent challenges have helped to promote further digitalization. With employees now back in the office, they have already become more accepting of new forms of communication, and this is contributing to a substantial improvement in productivity.

### Realizing further evolution on a global group basis

The mission of the Workplace Experience Dept. is not only the continuous improvement of the office environment, but also to contribute towards the enhancement of our productivity and corporate value by improving the company's internal ethos and atmosphere, promoting an even higher level of collaboration, and transforming employees' mindsets and behavior. Given the rapid pace of change in today's world, and the ongoing trend towards diversification, a company will be unable to take full advantage of new business opportunities if it continues to rely on a conventional organizational structure. In the future, we are aiming to build synergy by developing horizontal and diagonal linkages, while maintaining and continuing the productivity of the existing vertical organization.

The next challenge is to expand the adoption of Work-X to include the entire global group. Although the catalyst for the launching of the Work-X

**The relocation of our Head Office was just the catalyst. The fundamental goal of Work-X is the transformation of behavior throughout the global group.**

project was the relocation of the Head Office, the fundamental goal of the project is to generate "intellectual chemical reactions" between people both within and outside the company through spontaneous collaboration, to create new business value regardless of the physical location. By adjusting the initiatives and activities best suited to the needs of each individual business location, we anticipate that this will lead to a major transformation in the overall performance of the Mitsui Group as a whole. As the physical office environment varies depending on the business location, we are hoping that original and innovative Work-X measures will be generated based on the specific characteristics of each location.

Precisely because we are living in an era of uncertainty and rapid change, in the implementation of the Work-X project we have been working to raise awareness among our employees of the need to move beyond conventional wisdom and become used to responding flexibly to changing times. It is thanks to the dissemination of such an approach that we have been able to implement a flexible response to the recent COVID-19 pandemic. The term "new normal" has started to be used with the spread of the pandemic. Having a mindset that can flexibly adjust to a new environment will contribute to invigorating our growth going forward.



Workplace Experience Dept. staff and Work-X Ambassadors (February 2020)

## Mitsui &amp; Co.'s Approach



## Build an organization with integrity

Strengthen our governance and compliance as a corporate group trusted by society.

Recognition of Societal Issues	Major Risks and Opportunities	Major Initiatives
<ul style="list-style-type: none"> <li>• Raising integrity awareness, including ensuring compliance among all officers and employees</li> <li>• Reinforcement of corporate governance and internal control</li> </ul>	<div><b>Risks</b></div> <ul style="list-style-type: none"> <li>• Compliance violations, including anti-competitive actions, corruption, and bribery, resulting from a lack of integrity awareness on the part of officers and employees</li> <li>• Business stagnation, scandals, and other situations resulting from dysfunctional corporate governance and internal control, leading to a failure to take appropriate management decisions, and the loss of stakeholder confidence as a consequence of such situations</li> <li>• Information security problems</li> <li>• Loss of customers and damage to our corporate reputation resulting from the suspension of important business processes in the event of natural disasters, terrorist attacks, epidemics, or other contingencies</li> </ul> <div><b>Opportunities</b></div> <ul style="list-style-type: none"> <li>• Organizational revitalization and improvement in reputation through initiatives to raise the integrity awareness of officers and employees, including measures to ensure compliance</li> <li>• Sustainable improvement of corporate value through achievement of highly effective corporate governance and continuous review</li> </ul>	<div><b>Integrity and Compliance</b> 🔍 P.106</div> <ul style="list-style-type: none"> <li>• Efforts at the global group level to build an organization with integrity to maintain its reputation as a company that is truly trusted by society</li> <li>• Establishment and enhancement of the compliance framework and provision of compliance education/training to further ensure the compliance awareness of our employees</li> <li>• Facilitating communication and fostering a “speak up” culture</li> </ul> <hr/> <div><b>Corporate Governance &amp; Internal Controls</b> 🔍 P.111</div> <ul style="list-style-type: none"> <li>• Emphasis on improved transparency and accountability, and clarification of the division of roles between management oversight and execution</li> <li>• Implementation of various systems in accordance with the basic framework of the internal control indicated by the Business Accounting Council, an advisory body to the Financial Services Agency of Japan</li> </ul> <hr/> <div><b>Risk Management</b> 🔍 P.113</div> <ul style="list-style-type: none"> <li>• Cautious execution of business initiatives under the specially designated business management system for business areas exposed to high qualitative risks relating to the environment, society, governance, and other aspects that are classified as “specially designated businesses”</li> <li>• Implementation of measures to protect personal information and cyber-security to appropriately manage information, our vital business asset</li> <li>• Formulation and periodic review of the business continuity plan (BCP) under the business continuity management (BCM) system</li> </ul>



## Our Stories: Build an organization with integrity

### Promoting the Concept of Integrity and Sharing Values in the East Asia Bloc



**Yu Lingling**

Deputy General Manager, Legal Division, Mitsui & Co. (China) Ltd.



5.5

Respecting the individuality and diversity of each employee, and maintaining and cultivating a corporate culture that is open-minded and accepting of other



10.2, 10.3

Cultivating a corporate culture that fosters the empowerment of every individual employee and promotes equal opportunity



16.5

Specifying the need to comply with a bribery legislation and striving to heighten awareness among our employees

Mitsui & Co. believes that, in business, trust is most important. In order to maintain and enhance trust, besides compliance with laws, regulations, and rules, it is also vital for employees to be aware of the need for integrity, in terms of one's own conscience and dignity.

To ensure that values relating to integrity and compliance are shared throughout the Mitsui & Co. group, we put together the Mitsui & Co. Group Conduct Guidelines—With Integrity in 2018, in which we revisit our approach to integrity and compliance, and shared it with group companies around the world. In order for the Mitsui & Co. group to continue to be a corporate group that is genuinely trusted by society, we are taking steps on a global group basis to build an organization with integrity, in which individual employees will act with integrity.

In promoting the “With Integrity” conduct guidelines globally, translating “With Integrity” into local languages is certainly important, as is taking the initiative to conduct activities at the local level related to the conduct guidelines. Of these activities, in the East Asia Bloc comprising the Beijing, Shanghai, Guangzhou, Hong Kong and Taiwan units, the Compliance Leader Meeting, held with the participation of branches, offices, and intra-bloc affiliated companies, forms the core of our engagement efforts, and we are making a powerful push to build an organization with integrity.

## Our Stories: Build an organization with integrity

### Integrity is acting with intention in order to earn respect and trust

In the East Asia Bloc, we have built a compliance promotion system with the Chief Representative of the East Asia Bloc as the Compliance Supervising Officer, and we conduct various compliance-related activities under the responsibility of the Chief Compliance Officer (CCO) of the East Asia Bloc. In the Legal Division of Mitsui & Co. (China) Ltd. where I work, we handle putting together the aforementioned system, respond when compliance violations and other incidents arise, and promote the concept of integrity and compliance to employees as the organization supporting the CCO.

We believe that integrity for companies is established based on the integrity demonstrated by individual employees, so in conducting activities to promote integrity we are focusing on having individuals enhance their integrity, which means getting individuals to think about what they should do to be respected by others and by society and acting accordingly. We often hear from employees that they are able to understand the main points of "With Integrity," but they do not know what to do in terms of specific actions in real life. "With Integrity" is written as conduct guidelines to follow in situations where it is difficult to make decisions, and we further ask employees to consult someone they can trust when they do not know what to do, instead of worrying about the problem alone. By



Workshop held at an affiliated company to promote "With Integrity" (October 2019)

consulting someone they can trust who has a strong sense of integrity, they can be more certain of their decision. As a start, we in the Legal Division want to be those who are trusted and to whom others can turn for advice about anything.

### Promoting our values also at branches, offices, and affiliated companies through discussion

One of our most important compliance activities in the East Asia Bloc is the Compliance Leader Meeting held regularly in each regional unit, with the inclusion of branches, offices, and affiliated companies. The meeting, attended by the Chief Representative of East Asia Bloc, President, and the CCO of East Asia Bloc, is a venue to directly communicate the importance of integrity and compliance, as well as an opportunity where employees from different group entities can discuss and share their views on integrity and compliance. Almost all employees from branches in China and affiliated companies participate in the meeting.

Having participants acquire a more practical understanding of integrity is an area of focus during the Compliance Leader Meeting, and domestic and international examples of incidents involving integrity are used, with participants thinking about and discussing what course of action should be taken during the meeting. To build an organization with integrity, however, discussing integrity once or twice a year is not enough; and activities that prompt people to maintain a constant awareness of integrity are required. To achieve this, we believe that by having people who have a strong sense of integrity present in the various workplaces, their integrity will organically spread to other employees as well, and we are now exploring ways to maximize their influence.

### Further challenge as recognition of integrity rises

We conduct a compliance awareness survey every other year in the East Asia Bloc, and the results of this survey show that recognition of integrity is rising. I feel that the concept of integrity is becoming established among employees, and recently I was pleased to learn that "With Integrity" was mentioned in casual conversations of

## I believe that the interaction between companies and employees mutually acting with integrity leads to sustained growth for the group.

employees. We also view the "speak up" concept, in which employees who feel that something is wrong speak up about it, as an effective means to discover problems at an early stage. After continuous communication encouraging employees to use the internal whistleblowing system, the number of reports and consultations is trending higher, and we are in the process of developing a more open internal environment in which employees feel comfortable about using the system.

A current challenge is promoting activities at affiliated companies. Corporations that are joint investors in an affiliated company often have different corporate cultures, and I sense the difficulty of promoting our group's values. Going forward, we will address this to create more effective promotion activities by coordinating with the legal divisions of affiliated companies and meeting directly with the legal divisions of partner corporations that are joint investors.

### Aiming for sustained growth with integrity ingrained in hearts and minds

For a corporate group to earn trust, it is becoming imperative that the group makes contributions through its business activities that benefit the entire world, without making the distinction of the countries and/or regions in which it is located. I believe that the values of "With Integrity," which are a world standard, will definitely become one of our strengths.

The corporate group and its employees make one whole. If we can achieve a state in which the company is proud to have employees who act with integrity, and employees are proud to work at a company that acts with integrity, integrity within the organization will be continuously enhanced and the group will be able to achieve sustained growth. We will accelerate our efforts to this end.