

Governance—Executive Summary

Integrity and Compliance

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In order for the Mitsui & Co. global group to continue to be a truly trustworthy corporate group for society, we make serious efforts to ensure that all officers and employees are aware of the importance of compliance and act with integrity, while preventing compliance violations by maintaining our status as an organization with integrity on a global group basis.

Mitsui & Co. Group Conduct Guidelines—With Integrity

We formulated the Mitsui & Co. Group Conduct Guidelines -With Integrity to further clarify our basic approach towards integrity and compliance which had been shared within the global group. We revised these guidelines in November 2019 particularly to enhance items on human rights. We will continue to review these guidelines in accordance with changes both within and outside the company.

Compliance Program

The President & CEO, CCO, and other executives are proactively engaging in awareness-raising activities in order to realize an organization with integrity. At the “With Integrity Month” in November 2019, the President & CEO directly delivered his message about integrity to employees under the theme “Thinking about Integrity.” Other “With Integrity Month” programs included a panel discussion about integrity between young employees and members of the Compliance Committee as panelists, including the CCO, and lectures by external speakers. We held the Mitsui & Co. group CCO meeting, attended by the CCOs of Mitsui and its affiliated companies in Japan, which included seminars and group discussions about the whistleblowing system, and also formulated the Guidelines on the Establishment of Compliance System at Affiliated Companies. As the first step, these guidelines have been used to deepen discussions at the Board of Directors meetings and other such occasions at respective affiliated companies in Japan so that each company can strengthen the compliance framework based on its own issues and tasks.



Group CCO meeting (September 2019)

Facilitating Communication and Fostering a “Speak Up” Culture

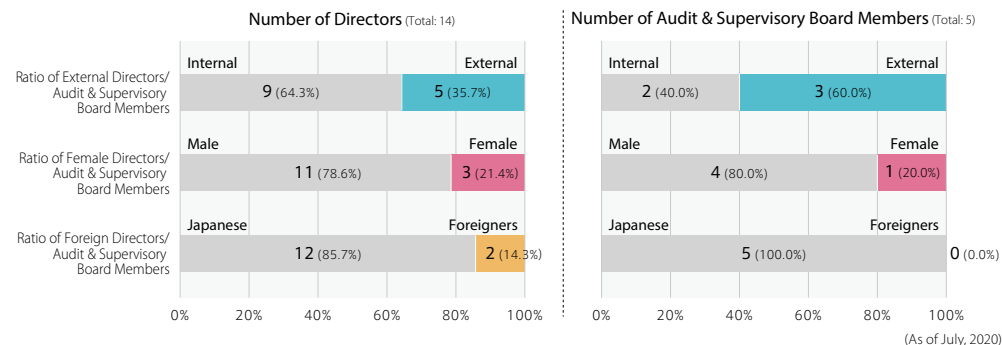
We believe that the essence of compliance lies in the development of an open working environment that reflects our management philosophy and values, so that problems can be prevented through smooth communication. Mitsui is also actively fostering a culture in which people speak up when they become aware of issues to discover problems at an early stage.

Corporate Governance and Internal Controls

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Corporate Governance

Mitsui places emphasis on “improved transparency and accountability” and “the clarification of the division of roles between the oversight activities and the executive activities of management.” Sound supervision and monitoring of management with the viewpoints of External Directors and External Audit & Supervisory Board Members are ensured, and an internal control system for disclosure is established so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, Mitsui implements corporate governance by maintaining an Audit & Supervisory Board system, believing that having Internal Directors who are familiar with its business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Audit & Supervisory Board Members participate, we achieve highly effective corporate governance to secure “improved transparency and accountability” and “the clarification of the division of roles between the oversight activities and the executive activities of management.”



Internal Controls

In accordance with the basic framework of the internal control process introduced by Business Accounting Council, the various systems are implemented in order to achieve the following: “Improvement of effectiveness and efficiency of operations,” “Compliance with accounting standards and securing reliability of financial reporting,” “Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy,” and “The conservation of company assets.”

Risk Management

ESG-Related Risk Management

In order to comprehensively manage risk from both quantitative and qualitative perspectives, while responding appropriately to changes in social conditions and business models, we have defined the business that has high qualitative risks, such as ESG-related risks, as “Specially Designated Business,” and are pursuing such businesses with due caution under our Specially Designated Business Management System.

Information Risk Management

Based on our Information Security Policy, we have established the Information Risk Management Subcommittee under the Information Strategy Committee, with the CDIO 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.

Business Continuity

We have formulated Business Continuity Management (BCM) framework 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 situation is expected to continue for a significant period of time.

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Integrity and Compliance

Our Approach towards Integrity and Compliance

Policy

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

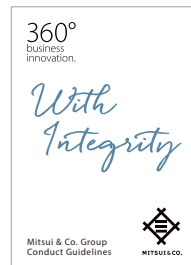
In order for the Mitsui & Co. global group to continue to be a truly trustworthy corporate group for society, we make serious efforts to ensure that all officers and employees are aware of the importance of compliance and act with integrity, while preventing compliance violations by maintaining our status as an organization with integrity on a global group basis.

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

Policy

Mitsui & Co. Group Conduct Guidelines—With Integrity

While each of the Mitsui & Co. group companies has individually established its own business conduct guidelines based on its specific business activities, we drew up the Mitsui & Co. Group Conduct Guidelines—With Integrity in November 2018 to further clarify our basic approach towards integrity and compliance that had been shared on a global group basis. We reviewed and revised these guidelines particularly to enhance items on human rights. We will continue to review and revise these guidelines in accordance with changes both within and outside our company.



Mitsui & Co. Group Conduct Guidelines—With Integrity

Five Key Principles

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



Mitsui & Co. Group Conduct Guidelines—With Integrity

Business Conduct Guidelines for Employees and Officers

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

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

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

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

- | | |
|--|---|
| 1. Compliance with the Law and Integrity | 8. Compliance with Procedures for Export and Import and Other Applicable Laws |
| 2. Respect for Human Rights and Diverse Cultures | 9. Company Fund, Financial Reporting and Meeting Tax Payment Obligations |
| 3. Office Environment and Harassment | 10. Political Donations and Other Contributions |
| 4. Compliance with Antitrust Law, etc. | 11. Social Contributions |
| 5. Conflicts of Interest between Employees and the Company | 12. Protection of Environment |
| 6. Gifts and Favor | 13. Action against Antisocial Group |
| 7. Treatment of the Company's Information | 14. Report and Sanctions |



Business Conduct Guidelines for Employees and Officers

Our Stories: Build an organization with integrity

P.31 Promoting the Concept of Integrity and Sharing Values in the East Asia Bloc



Compliance Framework

System

The Compliance Department of the Legal Division leads compliance-related initiatives on a global group basis under the direction and supervision of the Chief Compliance Officer (CCO) and in collaboration with the Compliance Supervising Officers appointed in each of Mitsui’s units and offices in Japan and overseas. The objectives of these efforts implemented on a Mitsui & Co. global group basis are to (i) heighten compliance awareness, (ii) improve and strengthen compliance programs, and (iii) respond to specific compliance-related matters as they arise. In the fiscal year ending March 2021, Compliance Administrators have been appointed in each business unit, and complement the fulfillment of duties of the Compliance Supervising Officers. Compliance Administrators also accelerate, on a practical level, activities to raise awareness for integrity and compliance within the business unit, as well as development and reinforcement of a compliance framework at each affiliated company supervised by the business unit.

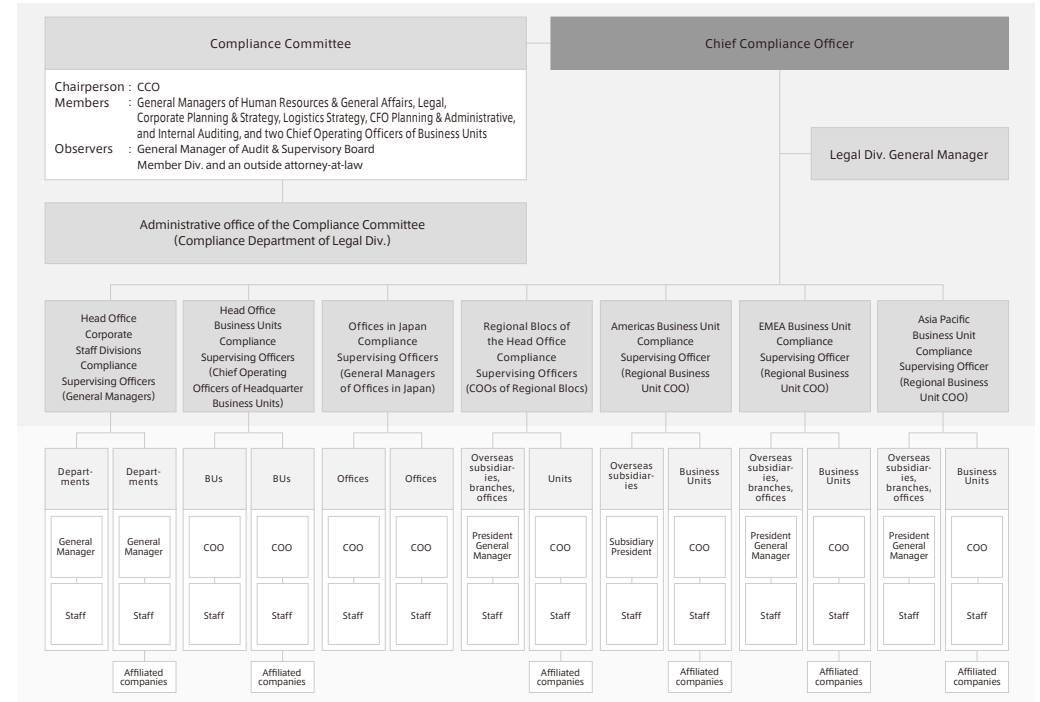
In addition, the Compliance Committee has been established as a forum for discussing topics relating to compliance. As the development of a compliance framework is becoming ever more important, we have increased the number of Compliance Committee meetings since the fiscal year ended March 2019. We also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

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

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

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

Compliance Organization chart



Compliance Program

Policy System Activity

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



A message from the President & CEO during “With Integrity Month” (November 2019)

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

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

Compliance Education and Training

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

In the fiscal year ended March 2020, we provided compliance training (including lectures on preventing violations of human rights and personal rights) for employees at all levels, from new entrants to managers, as well as for employees about to be transferred overseas or to group companies, or assigned outside the company, and seminars on important laws and regulations in Japan and overseas. We also implemented harassment-related training, which is mandatory for line managers and employees in managerial positions equivalent to line managers, as part of our efforts to prevent such occurrences. These training programs also include guidance on the procedures that staff members should follow when they receive reports or requests for advice about compliance violations, with the aim of creating an organization in which employees feel safe to speak up about such issues.

At the “With Integrity Month” in November 2019, the President & CEO directly delivered his message about integrity to employees under the theme “Thinking about Integrity.” Other “With Integrity Month” programs included panel discussions about integrity between young employees and members of the Compliance Committee, including the CCO, who participated as panelists.

Additionally, lectures were conducted by external speakers. Furthermore, in order to share the values of “With Integrity” with overseas subsidiaries and group companies in Japan and overseas, some programs were translated into English and are available for streaming via the company intranet. In addition to these company-wide initiatives, individual organizational units also ran active programs that included seminars, information-sharing sessions, and discussions.



With Integrity Month program “Thorough Panel Discussion on Integrity” (November 2019)

Moreover, we continued providing a learning course based on a compliance handbook explaining the Business Conduct Guidelines for Employees and Officers of Mitsui & Co. The purpose of these activities was to promote assimilation of basic compliance knowledge that officers and employees of Mitsui should possess in order to perform their day-to-day tasks.

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

Efforts to Ensure Compliance with Applicable Competition Laws

We regard compliance with competition laws in applicable jurisdictions as an important issue for our corporate management, and we provide various manuals and hold regular seminars to ensure that all officers and employees are informed of, and comply with, the applicable competition laws. In particular, with respect to the prevention of cartels, we established and enacted the “Code of Conduct in Relation to the Prevention of Cartels” as a sub-standard of the Business Conduct Guidelines for Employees and Officers of Mitsui & Co. in November 2018.

By presenting a specific code of conduct in relation to the prevention of cartels, we have clarified our stance on ensuring compliance with the applicable competition laws and raised awareness among all of our officers and employees of the compliance requirements. In addition, we also work to ensure that compliance with the applicable competition laws is achieved on a global group basis by each of the Mitsui & Co. group companies, by carrying out education and training on the applicable competition laws while taking into account the characteristics of each respective region.

Initiatives to Prevent Corruption

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

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



Mitsui & Co., Ltd. Anti-Corruption Policy

Compliance Awareness Survey

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

	FY2019	FY2020
① Do you think that there is good workplace communication, and that you can easily talk about compliance matters with your line managers, colleagues, and team members?	92.7%	93.2%
② Do you think that the company is serious about promoting the use of the whistleblowing system?	92.5%	92.7%
③ If you became aware of a compliance issue, would you use the whistleblowing system to report the matter or seek advice?	81.8%	80.9%

In relation to the third question, while working to create a workplace that facilitates open-minded communication, we will continue fostering a “speak up” culture so that everyone can feel safe to use the whistleblowing system, when necessary.

Other Initiatives

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

As in the previous fiscal year, we held the Mitsui & Co. group CCO meeting, attended by the CCOs of Mitsui and its affiliated companies in Japan, which included seminars and group discussions about the whistleblowing system. In addition, we work to ensure consistent compliance at the group level through visits to key affiliated companies in order to identify issues affecting each company, and to provide advice about the development and administration of autonomous, self-sufficient compliance programs.

In the fiscal year ended March 2020, with the aim of further accelerating these initiatives, we formulated the Guidelines on the Establishment of Compliance System at Affiliated Companies, which compile minimum rules and principles that are necessary for the development of a compliance framework at an affiliated company. As the first step, these guidelines have been used to deepen discussions at the Board of Directors meetings and other such occasions at respective affiliated companies in Japan so that each company can strengthen its compliance framework based on its own issues and tasks.



Group CCO meeting (September 2019)

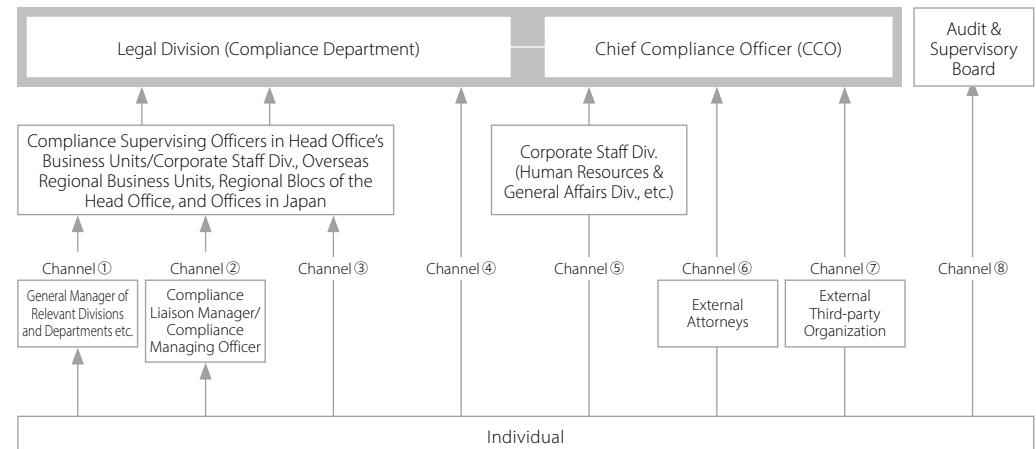
Facilitating Communication and Fostering a “Speak Up” Culture

System Activity

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

We have established eight channels for reporting/consulting about compliance-related matters within or outside employees' direct reporting line, including external attorneys and independent organizations outside of the company (anonymous access is possible). These channels are available for all officers and employees of Mitsui, as well as contract employees, and officers and employees at companies to which we entrust work who engaged in or are engaging in such work. Reporting can be made via telephone, email, fax, letter, or by other such means (accessible at all hours, except for reporting via telephone).

Channels for Reporting/Consulting about Compliance-Related Matters



The most important way to ensure that the whistleblowing system is used effectively is to prevent any form of retaliation against or disadvantageous treatment of whistleblowers. With regard to this point, in addition to stipulating prohibition of such actions against whistleblowers in the rules for the whistleblowing system, we specifically stipulated that any person engaging in retaliation against or disadvantageous treatment of a whistleblower could become subject to disciplinary action. In April 2019, we also stipulated additional measures in the whistleblowing system rules to encourage people to speak

up, such as guaranteeing the anonymity of people who make reports, and establishing a rule that if a person who is involved in a compliance violation reports the matter to the company himself/herself, such action will be taken into account when disciplinary actions are decided upon.

We further enhanced the transparency of whistleblowing processes and confidence in the system by posting a video entitled “Speak up when you think something is wrong!” on the intranet for officers and employees. The video explains Mitsui’s whistleblowing system, including the various routes for reporting/consulting about issues and the investigation process after an issue is reported.

Response after Whistleblowing

Reports are submitted to the CCO via the Compliance Dept. of the Legal Div., and necessary investigations are carried out under the supervision of the CCO. Based on such investigations, whether or not a compliance violation actually occurred is analyzed, prevention reoccurrence measures are formulated, and remedial action is taken in accordance with the direction and approvals given by the CCO. Feedback on the investigation results is provided based on a request from the whistleblower. Once a certain period of time has elapsed after necessary actions are taken for the reported matter, whether there were any acts of retaliation against the whistleblower is checked.



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

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

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

Number of Whistleblowing Reports

A total of 20 whistleblowing reports were submitted directly to the Compliance Department of the Legal Division or through external channels in the fiscal year ended March 2020. All of the reports were related to harassment.

Although the number of whistleblowing reports declined from 51 reports in the fiscal year ended March 2019, we believe that this is because matters related to harassment or embezzlement have started to be reported or consulted about via the employee’s direct reporting line, while they had previously been reported mainly via the whistleblowing system. We recognize that the culture of speaking up has steadily spread throughout the workplace.

	FY2018	FY2019	FY2020
Number of whistleblowing reports	25	51	20

Status of Compliance Reports

Activity

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

In the fiscal year ended March 2020, 1,050 reports were made in relation to compliance at the Head Office, offices in Japan and overseas, and affiliated companies. None of these matters had a material effect on the business of Mitsui or its affiliated companies. Furthermore, there were no cases where Mitsui received any legal sanctions or paid any fines or financial penalties due to violations of anti-bribery laws or anti-competition laws.

Global Tax Management Policy

Policy

We are committed to complying with our tax obligations in a proper and fair manner, and appropriately managing our global tax costs. Our Global Tax Management Policy is available below.



Global Tax Management Policy

Corporate Governance and Internal Control

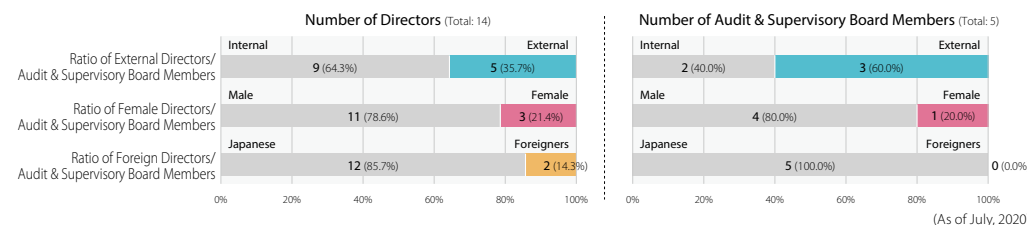
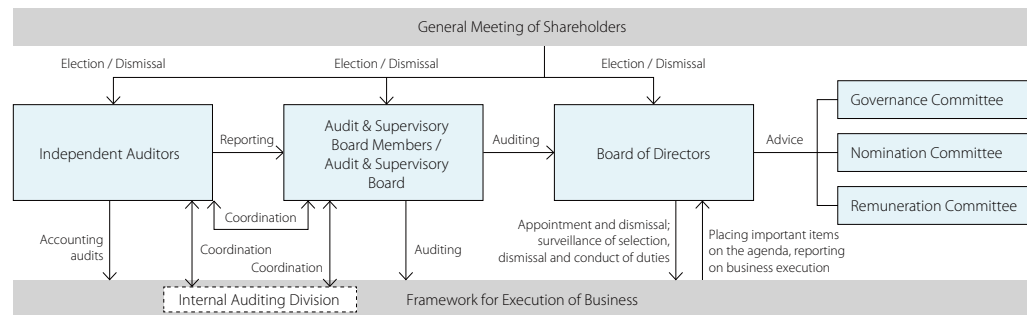
Basic View on Corporate Governance

Policy System

In structuring the corporate governance framework, the Company places emphasis on “improved transparency and accountability” and “the clarification of the division of roles between the oversight activities and the executive activities of management.” For “improved transparency and accountability,” the Company ensures sound supervision and monitoring of management with the viewpoints of External Directors and External Audit & Supervisory Board Members. The Company has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For “the clarification of the division of roles between the oversight activities and the executive activities of management,” the Company delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers’ business activities. Chief Operating Officers of the 16 Headquarter Business Units and the 3 Overseas Regional Business Units serve concurrently as Managing Officers and engage in business operations for the consolidated Group in a responsive and flexible manner.

While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, the Company implements corporate governance by maintaining an Audit & Supervisory Board system because it believes that having Internal Directors who are familiar with its business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Audit & Supervisory Board Members participate, the Company achieves highly effective corporate governance to secure “improved transparency and accountability” and “the clarification of the division of roles between the oversight activities and the executive activities of management.”

Corporate Governance Framework



Board of Directors

Activity

The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, the Company has maintained a number of Directors that is suitable for having substantial discussions. The tenure of Directors is one year, and Directors can be reappointed without obstruction. The Chairman is authorized to call for a meeting of the Board of Directors and to chair the meeting. His role as the Chairman of the Board of Directors of the Company chiefly involves carrying out supervision of management. He does not concurrently serve as an executive officer and he is not involved in the execution of day-to-day business operations. In addition, the Company has established the Governance Committee, the Nomination Committee, and the Remuneration Committee to serve as advisory bodies to the Board of Directors. These committees have majorities of external members, including their chairpersons.

At Board of Directors’ meetings, matters that are deliberated or reported on abide by the Company’s internal regulations. In addition to matters concerning fundamental policies related to management, important business execution and matters authorized by resolutions of the General Meeting of Shareholders, the Company passes resolutions on matters determined by law and company statute. The Board of Directors also receives reports regarding matters determined by law and the status of important business operations.

Regular meetings of the Board of Directors are held once every month in principle and extraordinary meetings are held from time to time at any time if deemed necessary. In the fiscal year ended March 31, 2020, 15 meetings were held.

Sustainability, internal control or risk management-related reports to the Board FYE March 2020

Agenda of the Board	Time of Meeting	Matters Reported	Relevant Risk Management Structures/Systems
Internal Control System Review	2020/4/8*	• Internal control overall	• Authority delegation system, <i>ringi</i> system, oversight and support by corporate staff divisions • Prior setting of position limits, monitoring by specialist units • Internal Control/Portfolio Management Committee
Sustainability related	2020/3/25	• Overall activities related to sustainability (including Climate Change)	• Sustainability Committee
Mitsui & Co. Group Compliance System	2019/10/30 2020/3/25	• Compliance risks	• Compliance Committee • Establishment of and compliance with Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd. • Development of internal whistle-blowing system • Implementation of training and other awareness-raising activities.
Internal control evaluation report given under the Financial Instruments and Exchange Law	2019/6/20	• Internal controls relating to financial reporting	• J-SOX Committee • Self-assessment of effectiveness of internal control systems by units under assessment, and testing by independent units
Internal Auditing Div. Activity Report	2019/9/11	• Result of internal auditing	• Internal audit framework centered on Internal Auditing Div.
Mitsui & Co.’s risk exposure and controls	2019/12/18	• Credit risk (commercial claims, external loans/guarantees, term deposits) • Market risk (commodity/forex long and short positions, inventories) • Business risk (business assets, loans/guarantees to related parties, external investments) • Country risk • Operational risk	• Examination of credit lines and <i>ringi</i> applications and monitoring • <i>Ringi</i> examination of commodity/forex long and short positions, on-site inspection of inventories, etc. • Examination through <i>ringi</i> processes, realization of returns from investment projects and their optimization • Collection and analysis of country risk information, position monitoring by country, designation of countries for suspension of transactions, designation of special countries, formulation of country-specific policies • We have taken further step to identify operational risk affecting individual business projects
Cyber Security	2019/12/18	• Cyber Security	• Technical support, human support (including security awareness activities), support to affiliated companies

* The status of Internal control regarding fiscal year ended March 2020 was reported to the board of directors held April 8, 2020, immediately after the ending of such fiscal year.

Audit & Supervisory Board

Activity

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

A meeting of the Audit & Supervisory Board Members is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2020, 24 meetings were held. The main items considered and discussed at the Audit & Supervisory Board are as follows: Audit policies, audit plans and work assignments; Assessment of Independent Auditor; Audit activities conducted by full-time Audit & Supervisory Board Members; Major issues and due process relating to matters to be discussed at the Board of Directors meetings; Major issues and resolutions relating to the internal control system on a Global Group basis; and Monitoring of progress on discussions between the Company and the Independent Auditor about various issues including "Key Audit Matters".

Each Audit & Supervisory Board Member has a duty to audit the following issues: (i) in the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of operation and improvement of the internal control systems, and (ii) in the area of financial auditing, the independence of the Independent Auditors, the system of financial reporting, accounting policies and processing of financial information, financial statements, reports from the Independent Auditors, and the system of corporate information disclosure.



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Execution of Business Activities

System

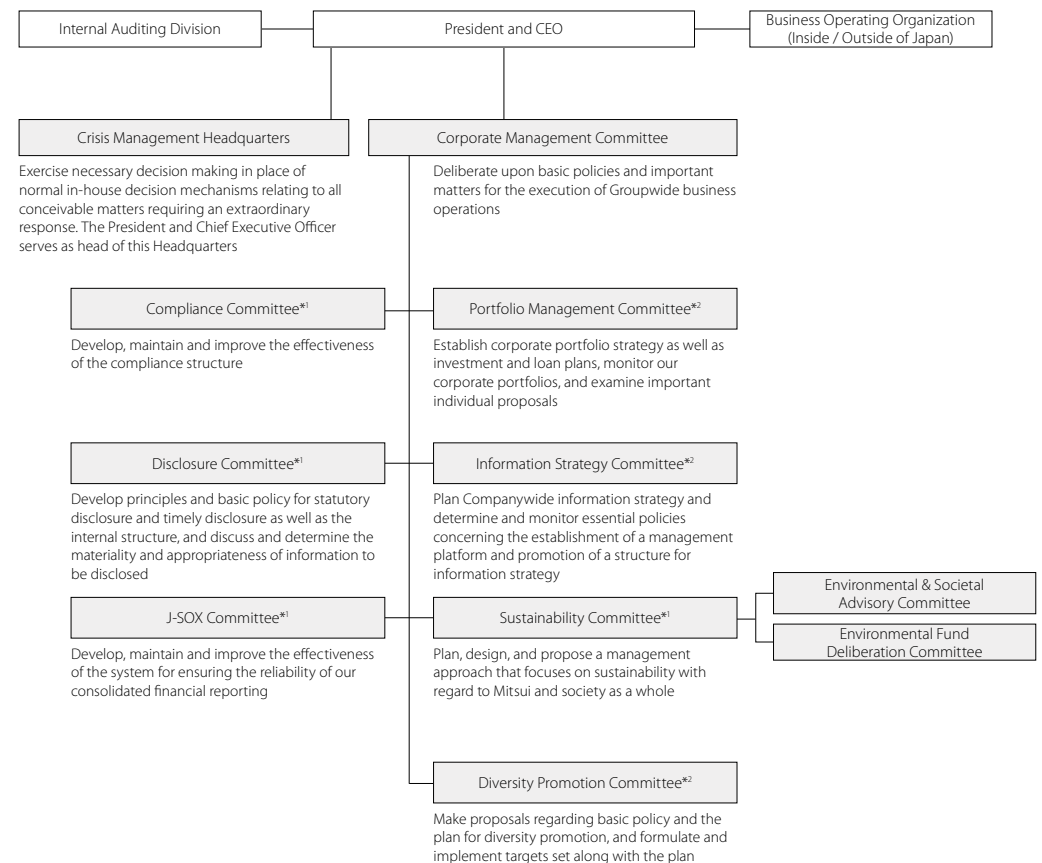
Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and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

Based on the basic design of internal controls provided for by the Board of Directors, management assumes the role and responsibility of maintaining, operating and assessing internal controls at Mitsui and

Mitsui affiliated companies. The Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui.

The Company has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

Framework for Internal Controls and Execution of Business Activities



*1. Sub-committees to the Corporate Management Committee

*2. Advisory bodies to the Corporate Management Committee

Corporate Governance and Internal Control

Internal Controls

System

In the construction of internal control processes, aiming to achieve the objective of the internal control process—"Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The conservation of company assets"—the following systems are implemented.

Risk Management System

Risks arising from Mitsui's business activities are monitored and managed by Chief Operating Officers of business units and regional business units within the authorization delegated to them from the Company's management. Measures taken by each business unit to manage quantitative risks include setting position limits and loss-cut limits and conducting monitoring through divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe relevant internal regulations. When a business unit or regional business unit takes on risks that are greater than the scope of authority granted to them, it is necessary to obtain approval of the Corporate Management Committee or a relevant representative director or senior managing officer, depending on the importance of the situation, in accordance with the standards of the internal approval system.

Furthermore, organizations such as the Portfolio Management Committee, the Sustainability Committee, and the Crisis Management Headquarters establish and develop risk management structures on a Companywide basis and handle significant risks. Members of the corporate staff of each committee are responsible for surveillance of Mitsui's position regarding the risks they are in charge of overseeing, as well as the control of risks within the prescribed range of their authority and the provision of support to relevant directors and managing officers.

Ensuring the Appropriateness of Operations within the Corporate Group

The Company has set forth the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles." In light of other laws and regulations, the Company requires its subsidiaries to develop and operate internal controls based on these principles and to the extent reasonable. For its equity-accounted investees, the Company coordinates with other equity participants and encourages the equity-accounted investees to develop and operate similar internal controls. In addition, from its officers and employees, the Company appoints supervising officers to each affiliated company and has them conduct management based on the "Rules on Delegation of Authority for Supervising Officers of Affiliated Companies."



Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles



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P.114 Information Risk Management



P.107 Compliance Framework



P.113 ESG-Related Risk Management

Risk Management

ESG-Related Risk Management

System

Activity

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 of comprehensively managing risk from both quantitative and qualitative perspectives, while responding appropriately to changes in social conditions and business models. We have defined business that has high qualitative risks, including risks related to the natural environment, society, and governance, as "Specially Designated Business," and have been endeavoring to develop such business 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 business. We have been reflecting the results of these analyses 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 is engaging in business in a variety of locations around the world, climate change-related measures implemented by various countries and regions could have a significant impact on the profitability and sustainability of our business. By utilizing the global network that we have established through our business activities over many years, we monitor the measures adopted in each country and region in a timely manner, as well as trends relating to stakeholders influencing those measures, and use the obtained information in our decision-making process.



P.40 Strategy and Risk Management for Climate Change Response

Specially Designated Business Management System and Environmental & Societal Advisory Committee

With reference to international standards related to environmental and social aspects, we have created an ESG due diligence checklist, which compiles environmental and social risks by business area. Each business unit uses the checklist to conduct ESG impact assessments, which encompass climate change, pollution prevention, ecosystems, water stress, human rights, and other matters. Based on the assessments, we designate business areas that pose high qualitative risks related to the environment, society, governance, etc., as "Specially Designated Business", and promote such business based on the Specially Designated Business Management System.

When we identify a project as Specially Designated Business, 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 project, 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 through the *ringi* (circular executive approval) process by the Corporate Management Committee, the Board of Directors, and representative directors, all of whom

supervise ESG risks, in accordance with the predetermined qualitative and quantitative standards. Furthermore, not only when beginning a new project, but also during operation and when terminating a project, we convene meetings of the Environmental & Societal Advisory Committee, if necessary, in order to deliberate ESG risks, including the impact of changes in environmental risks and occupational safety and health.

The members of the Environmental & Societal Advisory Committee consist mainly of external experts 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 2020, 13 projects were individually assessed under the Specially Designated Business Management System. Among these, six projects were categorized under the environment-related business domain, while seven were categorized as projects receiving subsidies and other projects. We will continue to conduct risk assessments and make improvements by utilizing the Specially Designated Business Management System and Internal Carbon Pricing Analysis, and implement comprehensive and well-balanced management of risks from the project formation stage up to the termination of the projects.

P.42 Introduction of Internal Carbon Pricing System

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.

3	<p>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
4	<p>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

Policy System

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 CDIO 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 Managing Officer of the Personal Information Protection Management System (PMS) and established a PMS office to work at 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 B2C (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 of personal data that falls within the scope of application of the GDPR at each Business Unit. 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 recognize 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 affiliated companies, we have developed a cyber security framework on a global group basis while utilizing the expert knowledge of our subsidiaries specialized in the area of cyber security. In addition, in case of a cyber-attack, we have strengthened dedicated units for responding to such events and are conducting regular inspections on our cyber security measures.

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

Policy

Mitsui regards business continuity in times of disaster as a vital management priority. We have formulated a Business Continuity Management (BCM) framework 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 BCM Policy in 2006. Under the BCM framework, we formulated the Business Continuity Plan (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 disaster, respectively for the Tokyo Head Office, other offices in Japan, overseas regional business units, and regional blocs.

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

In non-emergency situations, the BCM general representative (the GM of the Human Resources & General Affairs Division) is responsible for supervision of the overall BCM. The BCM general representative manages the BCP, which includes the provision of education for all employees and training for staff members in charge of emergency response with support from the secretariat of the Emergency Response Headquarters, the establishment and revisions of related rules and documents, and preparation for and response to emergency situations. In case of an emergency, such as a disaster, the Emergency Response Headquarters will be set up, with the BCM officer (the Managing Director who supervises the Human Resources & General Affairs Div.) serving as its head, who will be responsible for the approval of the BCP and implementation of tasks stipulated in the Rules on Emergency Business Continuity Management.

BCP Revision, and BCP-Related Training

Activity

The BCM general representative is responsible for supervision of 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. These manuals have been created based on the company-wide BCP and set forth 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 offices after the occurrence of a disaster. In addition, we regularly conduct business continuity drills involving the immediate start up and operation of the Emergency Response Headquarters 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. In the fiscal year ended March 2020, we conducted one Emergency Response Headquarters drill.

We have also introduced a system to confirm the whereabouts and safety of business and administrative staff, contract employees, and temporary staff in Japan. In the fiscal year ended March 2020, we conducted two general drills, and provided information on the results of responses in these drills to all employees, facilitating the use of this system.

In addition, each 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 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 have an urgent need to return to their homes.

 **P.116** Response to the Novel Coronavirus (COVID-19)